The following is the text of a report received from our Company's reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong,for the purpose of incorporation in the document.

[To insert the firm's letterhead]

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF ZHEJIANG ZENTEL MEMORY TECHNOLOGY CO., LTD. AND CITIC SECURITIES (HONG KONG) LTD.

Introduction

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

Directors' responsibility for the Historical Financial Information

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

Reporting accountants' responsibility

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

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

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

Opinion

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

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

Adjustments

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

Dividends

We refer to note 11 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

[●]
Certified Public Accountants
Hong Kong
[Date]

I HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

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

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

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

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Notes	Year ended 31 December		
		2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
REVENUE	*5*	580,346	646,401	1,104,889
Cost of sales				
Cost of sales of goods and services		(529,458)	(562,092)	(929,944)
(Impairment losses)/reversal of impairment losses on inventories		(29,684)	(24,026)	3,004
Gross profit		21,204	60,283	177,949
Other income and gains	*5*	2,470	15,286	8,107
Selling and marketing expenses		(32,430)	(40,609)	(27,852)
Administrative expenses		(153,196)	(42,548)	(62,374)
Research and development expenses		(77,242)	(95,762)	(102,126)
Other expenses		(1,644)	(84)	(2,924)
(Impairment losses)/reversal of impairment losses on financial assets, net		(356)	(1,199)	701
Finance costs	*7*	(4,030)	(5,205)	(2,594)
LOSS BEFORE TAX	*6*	(245,224)	(109,838)	(11,113)
Income tax credit	*10*	916	933	576
LOSS FOR THE YEAR		(244,308)	(108,905)	(10,537)
Loss attributable to:				
Owners of the parent		(233,333)	(106,790)	(10,537)
Non-controlling interests		(10,975)	(2,115)	–
		(244,308)	(108,905)	(10,537)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT				
Basic and diluted (RMB)	*12*	(1.20)	(0.46)	(0.04)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
LOSS FOR THE YEAR	(244,308)	(108,905)	(10,537)
OTHER COMPREHENSIVE LOSS			
Other comprehensive loss that may be reclassified to profit or loss in subsequent periods:			
Exchange differences:			
Exchange differences on translation of foreign operations	(3,461)	(1,057)	(1,016)
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	(3,461)	(1,057)	(1,016)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	(247,769)	(109,962)	(11,553)
Attributable to:			
Owners of the parent	(236,397)	(107,918)	(11,553)
Non-controlling interests	(11,372)	(2,044)	–
	(247,769)	(109,962)	(11,553)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS				
Prepayments, other receivables and other assets	22	528	5,699	9,507
Property, plant and equipment	13	65,282	69,064	75,281
Right-of-use assets	14	2,123	3,725	5,481
Goodwill	15	24,141	24,501	23,957
Other intangible assets	17	23,676	17,134	10,551
Total non-current assets		115,750	120,123	124,777
CURRENT ASSETS				
Inventories	20	158,303	152,813	299,355
Trade receivables	21	99,605	112,723	152,906
Prepayments, other receivables and other assets	22	41,582	16,158	101,371
Cash and cash equivalents	23	32,688	34,674	43,003
Total current assets		332,178	316,368	596,635
CURRENT LIABILITIES				
Trade payables	24	98,530	94,844	124,999
Other payables and accruals	25	9,615	47,307	33,128
Due to related companies	33	195,092	201,879	–
Interest-bearing bank borrowings	26	–	28,026	90,000
Lease liabilities	14	2,100	2,692	2,296
Deferred income	16	–	589	589
Tax payable		262	239	239
Total current liabilities		305,599	375,576	251,251
NET CURRENT ASSETS/(LIABILITIES)		26,579	(59,208)	345,384
TOTAL ASSETS LESS CURRENT LIABILITIES		142,329	60,915	470,161
NON-CURRENT LIABILITIES				
Lease liabilities	14	–	1,509	3,307
Deferred income	16	5,722	5,133	4,544
Deferred tax liabilities	19	3,536	2,357	1,179
Total non-current liabilities		9,258	8,999	9,030
Net assets		133,071	51,916	461,131
EQUITY				
Equity attributable to owners of the parent				
Paid-in capital/Share capital	27	19,652	21,167	270,000
Reserves	29	108,467	30,749	191,131
		128,119	51,916	461,131
Non-controlling interests		4,952	–	–
Total equity		133,071	51,916	461,131

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2023

	Attributable to owners of the parent									
	Paid-in capital	**Capital reserve***	**Merge reserve and other reserve***	**Share-based payment reserve***	**Statutory surplus reserve***	**Exchange fluctuation reserve***	**Accumulated losses***	**Total**	**Non-controlling interests**	**Total equity**
	RMB'000 *Note 27*	*RMB'000* *Note 29*	*RMB'000* *Note 29*	*RMB'000* *Note 28*	*RMB'000* *Note 29*	*RMB'000* *Note 29*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2023	13,274	361,824	(81,868)	4,781	508	(17,684)	(92,219)	188,616	16,324	204,940
Loss for the year	–	–	–	–	–	–	(233,333)	(233,333)	(10,975)	(244,308)
Other comprehensive loss for the year:										
Exchange differences related to foreign operations	–	–	–	–	–	(3,064)	–	(3,064)	(397)	(3,461)
Total comprehensive loss for the year	–	–	–	–	–	(3,064)	(233,333)	(236,397)	(11,372)	(247,769)
Capital injection	2,151	75,849	–	–	–	–	–	78,000	–	78,000
Capital reduction	(244)	(53,001)	–	–	–	–	–	(53,245)	–	(53,245)
Share-based payments (*note 28*)	–	–	–	151,145	–	–	–	151,145	–	151,145
Transfer of capital reserve to paid-in capital	4,471	(4,471)	–	–	–	–	–	–	–	–
As at 31 December 2023	19,652	380,201	(81,868)	155,926	508	(20,748)	(325,552)	128,119	4,952	133,071

Year ended 31 December 2024

	Attributable to owners of the parent									
	Paid-in capital	**Capital reserve***	**Merge reserve and other reserve***	**Share-based payment reserve***	**Statutory surplus reserve***	**Exchange fluctuation reserve***	**Accumulated losses***	**Total**	**Non-controlling interests**	**Total equity**
	RMB'000 *Note 27*	*RMB'000* *Note 29*	*RMB'000* *Note 29*	*RMB'000* *Note 28*	*RMB'000* *Note 29*	*RMB'000* *Note 29*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2024	19,652	380,201	(81,868)	155,926	508	(20,748)	(325,552)	128,119	4,952	133,071
Loss for the year	–	–	–	–	–	–	(106,790)	(106,790)	(2,115)	(108,905)
Other comprehensive loss for the year:										
Exchange differences related to foreign operations	–	–	–	–	–	(1,128)	–	(1,128)	71	(1,057)
Total comprehensive loss for the year	–	–	–	–	–	(1,128)	(106,790)	(107,918)	(2,044)	(109,962)
Capital injection	1,515	22,434	–	–	–	–	–	23,949	–	23,949
Share-based payments *(note 28)*	–	–	–	56,095	–	–	–	56,095	–	56,095
Acquisition of non-controlling interests	–	–	(48,329)	–	–	–	–	(48,329)	(2,908)	(51,237)
As at 31 December 2024	21,167	402,635	(130,197)	212,021	508	(21,876)	(432,342)	51,916	–	51,916

Year ended 31 December 2025

	Attributable to owners of the parent									
	Paid-in capital/ share capital	Capital reserve/ share premium*	Merge reserve and other reserve*	Share-based payment reserve*	Statutory surplus reserve*	Exchange fluctuation reserve*	Accumulated losses*	Total	Non-controlling interests	Total equity
	RMB'000 *Note 27*	*RMB'000* *Note 29*	*RMB'000* *Note 29*	*RMB'000* *Note 28*	*RMB'000* *Note 29*	*RMB'000* *Note 29*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2025	21,167	402,635	(130,197)	212,021	508	(21,876)	(432,342)	51,916	–	51,916
Loss for the year	–	–	–	–	–	–	(10,537)	(10,537)	–	(10,537)
Other comprehensive loss for the year:										
Exchange differences related to foreign operations	–	–	–	–	–	(1,016)	–	(1,016)	–	(1,016)
Total comprehensive loss for the year	–	–	–	–	–	(1,016)	(10,537)	(11,553)	–	(11,553)
Conversion into a joint stock company	–	(389,674)	–	–	(508)	–	390,182	–	–	–
Capital injection	3,449	400,014	–	–	–	–	–	403,463	–	403,463
Capitalisation Issue	245,384	(245,384)	–	–	–	–	–	–	–	–
Share-based payments (*note 28*)	–	–	–	17,305	–	–	–	17,305	–	17,305
As at 31 December 2025	270,000	167,591	(130,197)	229,326	–	(22,892)	(52,697)	461,131	–	461,131

* These reserve accounts represent the total consolidated reserves of RMB108,467,000, RMB30,749,000 and RMB191,131,000 in the consolidated statements of financial position as at 31 December 2023, 2024 and 2025, respectively.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended 31 December 2023	2024	2025
		RMB'000	RMB'000	RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before tax		(245,224)	(109,838)	(11,113)
Adjustments for:				
Depreciation of property, plant and equipment	6, 13	2,378	5,566	9,770
Depreciation of right-of-use assets	6, 14	1,764	3,525	2,712
Amortisation of other intangible assets	6, 17	7,953	7,962	8,469
Share-based payment expenses	28	151,145	56,095	17,305
Impairment losses/(reversal of impairment losses) on financial assets, net		356	1,199	(701)
Foreign exchange difference, net	6	1,644	(7,488)	2,868
Write-down of inventories to net realisable value	6, 20	29,684	24,026	(3,004)
Finance costs	7	4,030	5,205	2,594
Gains on disposal of a subsidiary	5	–	–	(908)
Interest income	5	(27)	(90)	(390)
Losses on disposal of items of property, plant and equipment	6	–	9	4
Gains on disposal of right-of-use assets	6	–	(69)	(135)
Investment income	5	–	–	(67)
		(46,297)	(13,898)	27,404
Decrease/(increase) in inventories		5,561	(18,536)	(143,538)
Increase in trade receivables		(55,264)	(13,414)	(40,806)
Increase/(decrease) in deferred income		5,722	–	(589)
(Increase)/decrease in prepayments, other receivables and other assets		(2,621)	19,643	(85,576)
Increase in other payables and accruals		4,085	2,654	21,755
Increase in trade payables		33,254	5,497	29,444
Cash used in operations		(55,560)	(18,054)	(191,906)
Interest received		27	90	390
Income tax paid		(7,350)	(269)	(603)
Net cash flows used in operating activities		(62,883)	(18,233)	(192,119)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of items of property, plant, and equipment		(19,778)	(9,434)	(19,798)
Refund of prepayment relating to land use right		48,202	–	–
Purchase of other intangible assets		(106)	(1,423)	(1,886)
Withdraw of financial investments at fair value through profit or loss		–	–	(65,000)
Purchases of financial assets at fair value through profit or loss		–	–	65,000
Investment income received		–	–	67
Net cash flows from/(used in) investing activities		28,318	(10,857)	(21,617)

	Notes	Year ended 31 December		
		2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
CASH FLOWS FROM FINANCING ACTIVITIES				
Acquisition of non-controlling interests		–	(51,237)	–
Capital injection from the Company's shareholders		78,000	23,949	403,463
Capital deduction from the Company's shareholders		(53,245)	–	–
Share issue expenses		–	–	(2,270)
Lease payments	*14(b)*	(2,437)	(2,927)	(3,109)
New interest-bearing bank borrowings		–	28,000	90,000
Repayment of interest-bearing bank borrowings		–	–	(28,000)
Advances from a third party		–	35,000	30,000
Advances from related companies		7,083	65,000	–
Repayment of advances from a third party		–	–	(65,000)
Repayment of advances from related companies		(10,000)	(65,000)	(185,144)
Interest paid		(127)	(1,039)	(17,715)
Net cash flows from financing activities		19,274	31,746	222,225
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(15,291)	2,656	8,489
Cash and cash equivalents at beginning of year		47,913	32,688	34,674
Effect of foreign exchange rate changes, net		66	(670)	(160)
Cash and cash equivalents at end of year		32,688	34,674	43,003
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS				
Cash and bank balances	*23*	32,688	34,674	43,003
Cash and cash equivalents as stated in the statements of cash flows and statements of financial position		32,688	34,674	43,003

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at 31 December		
	Notes	2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS				
Investments in subsidiaries	*18*	–	3,100	167,278
Prepayments, other receivables and other assets	*22*	528	5,699	9,507
Property, plant and equipment	*13*	65,198	68,663	74,950
Right-of-use assets	*14*	2,043	3,354	4,945
Other intangible assets	*17*	93	1,415	2,691
Total non-current assets		67,862	82,231	259,371
CURRENT ASSETS				
Inventories	*20*	152,070	150,447	297,881
Trade receivables	*21*	68,277	77,452	88,052
Prepayments, other receivables and other assets	*22*	7,122	15,376	99,736
Due from subsidiaries		65,329	37,756	110,555
Cash and cash equivalents	*23*	21,976	19,711	33,498
Total current assets		314,774	300,742	629,722
CURRENT LIABILITIES				
Trade payables	*24*	96,103	94,728	104,932
Other payables and accruals	*25*	9,159	44,453	26,043
Due to subsidiaries		14,348	1,902	25,971
Due to related companies		237	328	–
Interest-bearing bank borrowings	*26*	–	28,026	90,000
Lease liabilities	*14*	2,016	2,417	2,028
Deferred income	*16*	–	589	589
Tax payable		3	–	–
Total current liabilities		121,866	172,443	249,563
NET CURRENT ASSETS		192,908	128,299	380,159
TOTAL ASSETS LESS CURRENT LIABILITIES		260,770	210,530	639,530
NON-CURRENT LIABILITIES				
Lease liabilities	*14*	–	1,407	3,046
Deferred income	*16*	5,722	5,133	4,544
Total non-current liabilities		5,722	6,540	7,590
Net assets		255,048	203,990	631,940
EQUITY				
Paid-in capital/Share capital	*27*	19,652	21,167	270,000
Reserves	*29*	235,396	182,823	361,940
Total equity		255,048	203,990	631,940

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE AND GROUP INFORMATION

The Company was incorporated in the People's Republic of China ("PRC") with limited liability on 23 March 2020. The registered office of the Company is located at Room 1608, 16th Floor, Building 5 (3-1#), Heyu Innovation Center, 433 Tiancheng East Road, Xiasha Subdistrict, Qiantang District, Hangzhou, Zhejiang, PRC. On 25 April 2025, the Company was converted into a joint stock company with limited liability.

During the Relevant Periods, the Company and its subsidiaries (collectively, the "Group") were involved in the following principal activities:

- research and development ("R&D") and sale of Dynamic Random Access Memory ("DRAM") chips, modules and wafers
- provision of design services for DRAM chips, modules and wafers

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

Name	Notes	Place and date of incorporation/ registration and operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
				%	%	
Eaglestream Technology Holdings (Hong Kong) Limited	*(1), (3)*	Hong Kong/ 14 February 2018	HK$76	100	–	Investment Holding
Zentel Japan Co., Ltd.	*(1), (3)*	Japan/ 26 September 2003	JPY90,000,000	–	100	R&D, design and sale of DRAM chips, modules and wafers
Hangzhou Lixin Storage Technology Co., Ltd. 杭州力芯存儲科技有限公司	*(1), (2)*	PRC/Chinese mainland/5 March 2024	RMB10,000,000	90	–	Sale of DRAM chips, modules and wafers
Hebi Zentel Memory Technology Co., Ltd. 鶴壁力積存儲科技有限公司	*(1)*	PRC/Chinese mainland/ 18 August 2022	RMB1,000,000	100	–	Sale of DRAM chips, modules and wafers
Chengdu Zentel Memory Technology Co., Ltd. 成都力積存儲科技有限公司	*(1)*	PRC/Chinese mainland/24 May 2024	RMB100,000	100	–	R&D and design of DRAM chips and modules
Zhejiang Jicun Technology Co., Ltd. 浙江積存技術有限公司	*(1)*	PRC/Chinese mainland/10 June 2022	RMB10,000,000	100	–	Not yet operational
Beijing Zentel Memory Technology Co., Ltd. 北京力積存儲科技有限公司	*(1)*	PRC/Chinese mainland/26 July 2024	RMB1,000,000	100	–	Not yet operational
Changzhi Zentel Technology Co., Ltd. 長治力存科技有限公司	*(1)*	PRC/Chinese mainland/10 May 2021	RMB1,000,000	100	–	Not yet operational
Zentel Memory (Jinhua) Limited 金華力存科技有限公司	*(1)*	PRC/Chinese mainland/ 3 February 2021	RMB1,000,000	100	–	Not yet operational
Shenzhen Zentel Memory Technology Co., Ltd. 深圳力積存儲科技有限公司	*(1)*	PRC/Chinese mainland/19 June 2025	USD7,000,000	100	–	Not yet operational

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

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

Notes:

(1) No audited financial statements have been prepared for these entities since their dates of incorporation.

(2) This company is a non-wholly-owned subsidiary of the Company and, accordingly, is accounted for as a subsidiary by virtue of the Company having control over them.

(3) On 27 November 2023, the Group acquired 100% of the equity interests in Eaglestream Technology Holdings (Hong Kong) Limited and its subsidiary, Zentel Japan Co., Ltd. from the Company's controlling shareholder in a business combination under common control, for a total cash consideration of HK$76.

This transaction has been accounted for using the book value method. For the purpose of the consolidated financial statements, the Group is deemed to have had control over the acquired entities throughout the Relevant Periods, and the financial information of these entities has been presented as if the combination had occurred at the beginning of the earliest period presented.

Japanese Yen is hereafter referred to as "JPY".

Hong Kong Dollars are hereafter referred to as "HK$".

United States Dollars are hereafter referred to as "USD".

2.1 BASIS OF PREPARATION

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

The Historical Financial Information has been prepared under the historical cost convention.

Basis of consolidation

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

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

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

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

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

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

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

2.2 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

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

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

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

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

3 No mandatory effective date yet determined but available for adoption

The Group is in the process of making an assessment of the impact of these new and amended standards upon initial application. Further information about those IFRS Accounting Standards that are expected to be applicable to the Group is described below.

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

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

2.3 MATERIAL ACCOUNTING POLICIES

Business combinations and goodwill

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

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

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

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

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

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

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

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

Fair value measurement

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

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

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

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

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

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

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

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

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets, financial assets and non-current assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

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

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

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

Related parties

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

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group; and the sponsoring employers of the post-employment benefit plan;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with IFRS 5. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

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

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

Leasehold improvements	Shorter of remaining lease terms and estimated useful lives
Buildings	5% to 10%
Machinery	10% to 33%
Office equipment and electronic devices	20% to 33%
Vehicles	20% to 25%

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 recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

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

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Patents and licences

Purchased patents and licences are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 7 years.

Trademarks

Trademarks are stated at cost less any impairment loss and are amortised on the straight-line basis over their estimated useful lives of 7 years.

Software

Software is stated at cost less any impairment loss and is amortised on the straight-line basis over its estimated useful lives of 3 years.

Research and development costs

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

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

Deferred development costs are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products not exceeding five to seven years, commencing from the date when the products are put into commercial production.

Leases

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

Group as a lessee

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

(a) Right-of-use assets

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

Leased office buildings	1.4 to 4 years

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

(b) Lease liabilities

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

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

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

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

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

Investments and other financial assets

Initial recognition and measurement

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

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

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

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

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

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

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

Financial assets at fair value through profit or loss

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

Derecognition of financial assets

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

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

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Impairment of financial assets

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

General approach

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

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

The Group considers a financial asset in default when contractual payments are 360 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

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

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

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

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

For trade receivables that contain a significant financing component, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as interest-bearing bank borrowings, trade payables, or other payables and accruals.

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

The Group's financial liabilities include trade and other payables, amounts due to related parties and interest-bearing bank borrowings.

Subsequent measurement

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

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

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

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

Derecognition of financial liabilities

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

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

Inventories

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

Cash and cash equivalents

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

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

Provisions

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

When the Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

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

The Group provides for warranties in relation to the sale of certain chips and modules and the provision of construction services for general repairs of defects occurring during the warranty period. Provisions for these assurance-type warranties granted by the Group are initially recognised based on sales volume and past experience of the level of repairs and returns, discounted to their present values as appropriate. The warranty-related cost is revised annually.

Income tax

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

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

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

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

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

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

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

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or 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 recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

(a) Sale of DRAM chips, modules and wafers

The Group manufactures and sells DRAM chips and modules to customers. Revenue from the sale of products is recognised at the point in time when control of the products is transferred to the customer, generally when the products are delivered to the customer.

(b) Provision of design services

The Group recognises revenue from design services at a point in time when the relevant services are rendered and acknowledged by the customers. Contract costs include contract fulfilment costs. Costs incurred for the provision of design services are recognised as contract fulfilment costs, which are recognised as the cost of sales when recognising revenue. If the carrying amount of the contract costs is higher than the remaining consideration expected to be obtained by rendering service net of the estimated cost to be incurred, the Group makes provision for impairment on the excess portion and recognises it as an asset impairment loss.

(c) Licensing revenue

The licenses granted by the Group are right to use Group's intellectual property. Revenue from license arrangements is recognised at a point in time, when the license is transferred to the licensee and the licensee is reasonably able to use and benefit from the licensee.

Other income

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

Contract liabilities

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

Share-based payments

The Company operates a share option scheme. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in note 28 to the Historical Financial Information.

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

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

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

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

Other employee benefits

Pension schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for certain of its employees. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

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

Borrowing costs

All borrowing costs are expensed in the periods in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

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

Foreign currencies

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

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

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

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

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

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates of the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

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

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are contained in note 19 to the Historical Financial Information.

Estimation uncertainty

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

Share-based payments

The Group operates employee incentive schemes for the purpose of providing incentives to the Company's directors and the Group's employees. The grant date fair value of the shares of the employee incentive schemes was determined based on investors' recent capital injection price. Further details are contained in note 28 to the Historical Financial Information.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Further details are given in note 15 to the Historical Financial Information.

Provision for impairment losses on inventories

The Group periodically assesses the net realisable value of its inventories and provides for inventory impairment based on the difference between the cost of the inventory and the net realisable value. When estimating the net realisable value of inventories, management considers the purpose for which the inventories are held, as well as future use or sales as the basis for estimation. Where the expectation is different from the original estimate, such difference will impact the carrying value of the inventories and write-down of inventories in the period in which such estimates have been changed.

4. OPERATING SEGMENT INFORMATION

Management has determined the operating segment based on the information reviewed by the Group's chief operating decision maker, who is responsible for allocating resources and assessing the performance of the operating segment. The chief operating decision maker has been identified as the executive directors of the Company.

Management monitors the results of the Group's operating segment separately for the purpose of making decisions about resource allocation and performance assessment. It focuses on the operating results of the Group as a whole as the Group's resources are integrated and no discrete operating segment information is available. Accordingly, no further information about the operating segment is presented.

Geographical information

(a) Revenue from external customers

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
China (including Hong Kong and Taiwan)	468,724	499,361	971,327
Other countries and regions	111,622	147,040	133,562
Total revenue	580,346	646,401	1,104,889

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

(b) Non-current assets

Almost all the non-current assets of the Group are physically located in Chinese mainland.

Information about major customers

External customers that contributed over 10% of the total revenue of the Group for the years ended 31 December 2023, 2024 and 2025, including sales to a group of entities which are known to be under common control with those customers, were as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
CHONG WAI (HONGKONG) ELECTRONICS LIMITED	174,016	77,409	170,293
Customer Group A	101,790	68,644	*
BLUE OCEAN Group**	*	87,513	*

* The corresponding revenue of the customer is not disclosed as the revenue individually did not account for 10% or more of the Group's revenue during the respective period.

** BLUE OCEAN Group consists of BLUE OCEAN (HONG KONG) ELECTRONIC TECHNOLOGY CO., LIMITED (香港藍海晨曦電子科技有限公司) and SHENZHEN LANHAI CHENXI ELECTRONIC TECHNOLOGY CO., LIMITED (深圳嵐海晨曦電子科技有限公司).

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Revenue from contracts with customers	580,346	646,401	1,104,889

Revenue from contracts with customers

(a) Disaggregated revenue information

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Types of goods or services			
Sale of DRAM chips, modules and wafers	578,528	645,886	1,083,478
Design services	–	–	6,372
Licensing revenue	–	–	7,659
Others	1,818	515	7,380
Total	580,346	646,401	1,104,889
Geographical markets			
China (including Hong Kong and Taiwan)	468,724	499,361	971,327
Other countries/regions	111,622	147,040	133,562
Total	580,346	646,401	1,104,889
Timing of revenue recognition			
Goods transferred or services provided at a point in time	578,528	645,886	1,104,406
Services transferred over time	1,818	515	483
Total	580,346	646,401	1,104,889

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

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period	–	5,306	4,281

(b) Performance obligations

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

Sale of DRAM chips, modules and wafers

The performance obligation is satisfied upon delivery of chips, modules and wafers to the customer and payment is generally due within 10 to 90 days, except for certain new customers, where payment in advance is normally required.

Provision of design services

For designing services, revenue is recognised at a point in time upon completion of the provision of services.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) for the years ended 31 December 2023, 2024 and 2025 are as follows:

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Amounts expected to be recognised as revenue:			
Within one year	5,306	4,281	11,722

The amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year. The amounts disclosed above do not include variable consideration which is constrained.

An analysis of other income and gains is as follows:

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Other income and gains			
Government grants	1,930	6,214	6,103
Interest income	27	90	390
Foreign exchange gains, net	–	7,488	–
Gain on disposal of a subsidiary	–	–	908
Gain on disposal of right-of-use assets	–	69	135
Investment income	–	–	67
Others	513	1,425	504
Total	2,470	15,286	8,107

6. LOSS BEFORE TAX

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

	Notes	Year ended 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Cost of goods sold*		529,439	561,794	928,014
Cost of design services provided*		–	–	1,930
Depreciation of property, plant and equipment	13	2,378	5,566	9,770
Depreciation of right-of-use assets	14	1,764	3,525	2,712
Amortisation of other intangible assets	17	7,953	7,962	8,469
Research and development costs		38,198	30,332	30,641
Lease payments not included in the measurement of lease liabilities	14(c)	464	472	1,770
Foreign exchange differences, net		1,644	(7,488)	2,868
Impairment losses on financial assets, net				
Impairment of trade receivables	21	341	1,206	(701)
Impairment of financial assets included in prepayments, other receivables and other assets		15	(7)	–
Write-down of inventories to net realisable value	20	29,684	24,026	(3,004)
Losses on disposal of items of property, plant and equipment		–	9	4
Gains on disposal of right-of-use assets		–	(69)	(135)
[**REDACTED**] expenses		[REDACTED]	[REDACTED]	[REDACTED]
Investment income		–	–	(67)
Employee benefit expense (including directors' and supervisors' remuneration *(note 8)*):				
Wages and salaries		39,961	54,554	75,027
Equity-settled share-based payment expense	28	151,145	56,095	17,305
Pension scheme contributions (defined contribution scheme)**		8,383	10,626	14,298
Total		199,489	121,275	106,630

* The depreciation of property, plant and equipment, the depreciation of right-of-use assets and the amortisation of other intangible assets related to manufacturing for the Relevant Periods are included in "Depreciation of property, plant and equipment", "Depreciation of right-of-use assets" and "Amortisation of other intangible assets", respectively.

** There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Interest on interest-bearing bank and other borrowings and due to related parties	3,902	5,007	2,417
Interest on lease liabilities	128	198	177
Total	4,030	5,205	2,594

8. DIRECTORS' AND SUPERVISORS' REMUNERATION

Directors' and supervisors' remuneration for the Relevant Periods, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Fees	–	–	–
Other emoluments:			
Salaries, bonuses, allowances and benefits in kind	3,399	3,684	3,818
Performance related bonuses*	537	608	828
Share-based payment expenses	114,129	5,809	1,278
Pension scheme contributions	157	228	228
Subtotal	118,222	10,329	6,152
Total	118,222	10,329	6,152

* Certain directors of the Company are entitled to bonus payments which are determined by key performance indicators.

During the Relevant Periods, certain directors were granted restricted shares, in respect of their services to the Group, under the employee incentive schemes of the Company, further details of which are set out in note 28 to the Historical Financial Information. The difference between the fair value of the shares granted and the subscription price was recorded in the share-based payment reserve within equity with the corresponding "share-based payment expenses" recognised in profit or loss over the vesting period. The amounts of the share-based payment expenses during the Relevant Periods are included in the above directors' and supervisors' remuneration disclosures.

The remuneration of each director/supervisor of the Company paid/payable by the Group (including emoluments for services as employees of the group entities prior to becoming the directors/supervisors of the Company) for the Relevant Periods is set out as follows:

(a) Independent non-executive directors

There were no fees and other emoluments payable to the independent non-executive directors during the Relevant Periods. Mr. HO Hung Tim Chester and Mr. XU Qian were appointed as independent non-executive directors of the Company on 23 May 2025, Mr. WANG Chi-Kuo was appointed as an independent non-executive director with effect from the [**REDACTED**].

(b) Directors and supervisors

	Salaries, allowances and benefits in kind	Performance related bonuses	Share-based payment expenses	Pension scheme contributions	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2023					
Director and chairman of the Board:					
Mr. Ying Wei *(i)*	–	–	85,957	–	85,957
Directors:					
Mr. Wang Na Xin *(ii)*	–	–	–	–	–
Ms. Li Yu Jun *(iii)*	–	–	–	–	–
Ms. Mei Wei *(iv)*	–	–	–	–	–
Mr. Yu Xiao *(v)*	1,080	480	26,699	79	28,338
Mr. LIN Kuo Hsiung *(vi)*	2,240	50	1,473	57	3,820
Subtotal	3,320	530	28,172	136	32,158
Supervisor:					
Ms. Zhuang Yan Hua *(vii)*	79	7	–	21	107
Total	3,399	537	114,129	157	118,222

	Salaries, allowances and benefits in kind	Performance related bonuses	Share-based payment expenses	Pension scheme contributions	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2024					
Director and chairman of the Board:					
Mr. Ying Wei *(i)*	–	–	–	–	–
Directors:					
Mr. Wang Na Xin *(ii)*	–	–	–	–	–
Ms. Li Yu Jun *(iii)*	–	–	–	–	–
Ms. Mei Wei *(iv)*	–	–	–	–	–
Mr. Yu Xiao *(v)*	1,440	540	3,518	114	5,612
Mr. LIN Kuo Hsiung *(vi)*	2,138	50	2,291	74	4,553
Subtotal	3,578	590	5,809	188	10,165
Supervisor:					
Ms. Zhuang Yan Hua *(vii)*	106	18	–	40	164
Total	3,684	608	5,809	228	10,329

	Salaries, allowances and benefits in kind	Performance related bonuses	Share-based payment expenses	Pension scheme contributions	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2025					
Director and chairman of the Board:					
Mr. Ying Wei *(i)*	–	–	–	–	–
Directors:					
Mr. Wang Na Xin *(ii)*	–	–	–	–	–
Ms. Li Yu Jun *(iii)*	–	–	–	–	–
Ms. Mei Wei *(iv)*	–	–	–	–	–
Mr. Yu Xiao *(v)*	1,440	660	688	125	2,913
Mr. LIN Kuo Hsiung *(vi)*	2,301	150	590	75	3,116
Subtotal	3,741	810	1,278	200	6,029
Supervisor:					
Ms. Zhuang Yan Hua *(vii)*	77	18	–	28	123
Total	3,818	828	1,278	228	6,152

Notes:

(i) Mr. Ying Wei was appointed as a director and chairman of the Board in November 2020, and he was re-designated as chairman of the Board and a non-executive director on 23 May 2025.

(ii) Mr. Wang Na Xin was appointed as a director of the Company in November 2020 and resigned as the director in April 2025.

(iii) Ms. Li Yu Jun was appointed as a director of the Company in January 2022 and resigned as the director in December 2023.

(iv) Ms. Mei Wei was appointed as a director of the Company in August 2022 and was re-designated as a non-executive director on 23 May 2025.

(v) Mr. Yu Xiao joined the Group in April 2023 as general manager of the Company and was appointed as a director of the Company since December 2023. He was re-designated as an executive director on 23 May 2025.

(vi) Mr. LIN Kuo Hsiung joined the Group in November 2020 and was appointed as a director of the Company since December 2023. He was re-designated as vice chairman of the Board and an executive director on 23 May 2025. He was also the general manager of the Company from November 2020 to April 2023.

(vii) Ms. Zhuang Yan Hua was appointed as a supervisor of the Company in January 2022 and resigned as the supervisor in April 2025.

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

9. FIVE HIGHEST PAID EMPLOYEES

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

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Salaries, allowances and benefits in kind	1,695	2,613	2,880
Performance related bonuses	141	570	1,417
Equity-settled share option expense	35,532	16,873	3,052
Pension scheme contributions	361	350	394
Total	37,729	20,406	7,743

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

	Number of employees		
	Year ended 31 December		
	2023	*2024*	*2025*
HK$1,000,001 to HK$1,500,000	–	–	1
HK$1,500,001 to HK$2,000,000	–	–	1
HK$3,500,001 to HK$4,000,000	–	1	–
HK$5,500,001 to HK$6,000,000	1	1	1
HK$12,000,001 to HK$13,000,000	1	1	–
HK$23,000,001 to HK$24,000,000	1	–	–
Total	3	3	3

10. INCOME TAX

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

Chinese mainland

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

The Company was granted the qualification of High and New Technology Enterprises ("HNTE") and was entitled to a preferential corporate income tax rate of 15% during the Relevant Periods.

Certain subsidiaries of the Group were entitled to a preferential income tax rate of 20% for small and micro enterprises during the relevant periods with the first RMB1,000,000 of annual taxable income eligible for a 75% reduction. The provision for Chinese mainland current income tax is based on the statutory rate of 25% of the assessable profits of the subsidiaries in Chinese mainland as determined in accordance with the Corporate Income Tax Law.

Hong Kong

The subsidiary incorporated in Hong Kong is qualified as an entity under the two-tiered profits tax rates regime. Accordingly, it is subject to Hong Kong profits tax at the rate of 8.25% for taxable income not exceeding HK$2,000,000, and 16.5% for taxable income exceeding HK$2,000,000 on any estimated assessable profits arising in Hong Kong during the Relevant Periods. No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the Relevant Periods.

Japan

The subsidiary incorporated in Japan is qualified as an entity under the two-tiered profits tax rates regime. Accordingly, it is subject to Japan profits tax at the rate of 19% for taxable income not exceeding JPY8,000,000, and 23.2% for taxable income exceeding JPY8,000,000 on any estimated assessable profits arising in Japan during the Relevant Periods. No provision for Japan profits tax has been made as the Group had no assessable profits derived from or earned in Japan during the Relevant Periods.

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Current income tax	262	246	603
Deferred tax credit	(1,178)	(1,179)	(1,179)
Total tax credit for the year	(916)	(933)	(576)

A reconciliation of the tax credit applicable to loss before tax at the statutory rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled and/or operate to the credit at the effective tax rates are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Loss before tax	(245,224)	(109,838)	(11,113)
Tax at the statutory tax rates	(61,306)	(27,460)	(2,778)
Different tax rates enacted by local authorities	21,344	10,012	1,366
Tax effect of withholding tax	–	–	354
Expenses not deductible for tax *(a)*	22,720	8,273	2,676
Super deduction on research and development expenses *(b)*	(5,708)	(5,010)	(7,617)
Tax losses not recognised	22,034	13,252	5,423
Tax credit at the Group's effective tax rates	(916)	(933)	(576)

Notes:

(a) Expenses not deductible for tax mainly include the tax effect of share-based payments and non-deductible business entertainment expenses.

(b) Based on Public Notice 2023 No. 7 issued by the State Tax Bureau of the PRC on 26 March 2023, the enterprises were eligible for an additional 100% deduction of eligible R&D expenses from 1 January 2023. The Group's certain subsidiaries have claimed such additional super deduction during the Relevant Periods.

11. DIVIDENDS

No dividends were paid or declared by the Company during the Relevant Periods.

12. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share amount is based on the loss for the year attributable to ordinary equity holders of the parent, and the weighted average numbers of ordinary shares of 194,908,000, 230,927,000, and 259,027,000 outstanding during the Relevant Periods, as adjusted to reflect the rights issue during the Relevant Periods.

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Loss			
Loss attributable to ordinary equity holders of the parent	(233,333)	(106,790)	(10,537)
Shares			
Weighted average number ('000) of ordinary shares during the year	194,908	230,927	259,027
Loss per share			
Basic and diluted (RMB)	(1.20)	(0.46)	(0.04)

On 25 December 2023, the Shareholders resolved to convert RMB4,471,000 from the capital reserve into share capital. After the completion of this conversion, the registered capital of the Company increased to RMB19,652,000. On 22 May 2025, the shareholders resolved to capitalise the capital reserve of the Company ("Capitalisation Issue"), After the completion of the Capitalisation Issue, the registered share capital of the Company increase from RMB24,616,000 to RMB270,000,000. The calculation of basic and diluted loss per share for all periods presented was retrospectively adjusted.

The Group had no potentially dilutive ordinary shares in issue during the Relevant Periods.

13. PROPERTY, PLANT AND EQUIPMENT

The Group

	Machinery	Office equipment and electronic devices	Vehicles	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2023						
At 1 January 2023:						
Cost	4,195	2,492	92	1,507	43,072	51,358
Accumulated depreciation and impairment	(1,500)	(1,172)	(3)	(746)	–	(3,421)
Exchange realignment	(43)	–	–	(8)	–	(51)
Net carrying amount	2,652	1,320	89	753	43,072	47,886
At 1 January 2023, net of accumulated depreciation and impairment	2,652	1,320	89	753	43,072	47,886
Additions	8,848	3,056	–	615	7,259	19,778
Depreciation provided during the year	(1,355)	(506)	(22)	(495)	–	(2,378)
Exchange realignment	(3)	–	–	(1)	–	(4)
At 31 December 2023, net of accumulated depreciation and impairment	10,142	3,870	67	872	50,331	65,282
At 31 December 2023:						
Cost	13,043	5,548	92	2,122	50,331	71,136
Accumulated depreciation and impairment	(2,855)	(1,678)	(25)	(1,241)	–	(5,799)
Exchange realignment	(46)	–	–	(9)	–	(55)
Net carrying amount	10,142	3,870	67	872	50,331	65,282

	Buildings	Machinery	Office equipment and electronic devices	Vehicles	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2024							
At 1 January 2024:							
Cost	–	13,043	5,548	92	2,122	50,331	71,136
Accumulated depreciation and impairment	–	(2,855)	(1,678)	(25)	(1,241)	–	(5,799)
Exchange realignment	–	(46)	–	–	(9)	–	(55)
Net carrying amount	–	10,142	3,870	67	872	50,331	65,282
At 1 January 2024, net of accumulated depreciation and impairment	–	10,142	3,870	67	872	50,331	65,282
Additions	–	1,121	2,808	–	1,071	4,434	9,434
Transfers	21,630	32,050	99	1	985	(54,765)	–
Disposals	–	–	(78)	–	–	–	(78)
Depreciation provided during the year	–	(3,593)	(1,231)	(22)	(720)	–	(5,566)
Exchange realignment	–	(6)	–	–	(2)	–	(8)
At 31 December 2024, net of accumulated depreciation and impairment	21,630	39,714	5,468	46	2,206	–	69,064
At 31 December 2024:							
Cost	21,630	46,214	8,377	93	4,178	–	80,492
Accumulated depreciation and impairment	–	(6,448)	(2,909)	(47)	(1,961)	–	(11,365)
Exchange realignment	–	(52)	–	–	(11)	–	(63)
Net carrying amount	21,630	39,714	5,468	46	2,206	–	69,064

	Buildings	Machinery	Office equipment and electronic devices	Vehicles	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2025							
At 1 January 2025:							
Cost	21,630	46,214	8,377	93	4,178	–	80,492
Accumulated depreciation and impairment	–	(6,448)	(2,909)	(47)	(1,961)	–	(11,365)
Exchange realignment	–	(52)	–	–	(11)	–	(63)
Net carrying amount	21,630	39,714	5,468	46	2,206	–	69,064
At 1 January 2025, net of accumulated depreciation and impairment	21,630	39,714	5,468	46	2,206	–	69,064
Additions	–	6,021	1,235	21	1,601	7,112	15,990
Transfers	2,161	4,863	–	–	88	(7,112)	–
Disposals	–	–	(4)	–	–	–	(4)
Depreciation provided during the year	(1,177)	(5,846)	(1,604)	(23)	(1,120)	–	(9,770)
Exchange realignment	–	2	–	–	(1)	–	1
At 31 December 2025, net of accumulated depreciation and impairment	22,614	44,754	5,095	44	2,774	–	75,281
At 31 December 2025:							
Cost	23,791	57,098	9,526	114	5,867	–	96,396
Accumulated depreciation and impairment	(1,177)	(12,294)	(4,431)	(70)	(3,081)	–	(21,053)
Exchange realignment	–	(50)	–	–	(12)	–	(62)
Net carrying amount	22,614	44,754	5,095	44	2,774	–	75,281

The Company

	Machinery	Office equipment and electronic devices	Vehicles	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2023						
At 1 January 2023:						
Cost	2,985	1,873	92	1,358	43,072	49,380
Accumulated depreciation and impairment	(425)	(553)	(3)	(647)	–	(1,628)
Net carrying amount	2,560	1,320	89	711	43,072	47,752
At 1 January 2023, net of accumulated depreciation and impairment	2,560	1,320	89	711	43,072	47,752
Additions	8,848	3,056	–	615	7,259	19,778
Depreciation provided during the year	(1,313)	(506)	(22)	(491)	–	(2,332)
At 31 December 2023, net of accumulated depreciation and impairment	10,095	3,870	67	835	50,331	65,198
At 31 December 2023:						
Cost	11,833	4,929	92	1,973	50,331	69,158
Accumulated depreciation and impairment	(1,738)	(1,059)	(25)	(1,138)	–	(3,960)
Net carrying amount	10,095	3,870	67	835	50,331	65,198

	Buildings	Machinery	Office equipment and electronic devices	Vehicles	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2024							
At 1 January 2024:							
Cost	–	11,833	4,929	92	1,973	50,331	69,158
Accumulated depreciation and impairment	–	(1,738)	(1,059)	(25)	(1,138)	–	(3,960)
Net carrying amount	–	10,095	3,870	67	835	50,331	65,198
At 1 January 2024, net of accumulated depreciation and impairment	–	10,095	3,870	67	835	50,331	65,198
Additions	–	727	2,808	–	1,068	4,374	8,977
Transfers	21,630	32,050	39	1	985	(54,705)	–
Disposals	–	–	(78)	–	–	–	(78)
Depreciation provided during the year	–	(3,464)	(1,231)	(22)	(717)	–	(5,434)
At 31 December 2024, net of accumulated depreciation and impairment	21,630	39,408	5,408	46	2,171	–	68,663
At 31 December 2024:							
Cost	21,630	44,610	7,698	93	4,026	–	78,057
Accumulated depreciation and impairment	–	(5,202)	(2,290)	(47)	(1,855)	–	(9,394)
Net carrying amount	21,630	39,408	5,408	46	2,171	–	68,663

	Buildings	Machinery	Office equipment and electronic devices	Vehicles	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2025							
At 1 January 2025:							
Cost	21,630	44,610	7,698	93	4,026	–	78,057
Accumulated depreciation and impairment	–	(5,202)	(2,290)	(47)	(1,855)	–	(9,394)
Net carrying amount	21,630	39,408	5,408	46	2,171	–	68,663
At 1 January 2025, net of accumulated depreciation and impairment	21,630	39,408	5,408	46	2,171	–	68,663
Additions	–	6,021	1,162	21	1,601	7,112	15,917
Transfers	2,161	4,863	–	–	88	(7,112)	–
Disposals	–	–	(4)	–	–	–	(4)
Depreciation provided during the year	(1,177)	(5,737)	(1,577)	(23)	(1,112)	–	(9,626)
At 31 December 2025, net of accumulated depreciation and impairment	22,614	44,555	4,989	44	2,748	–	74,950
At 31 December 2025:							
Cost	23,791	55,494	8,774	114	5,715	–	93,888
Accumulated depreciation and impairment	(1,177)	(10,939)	(3,785)	(70)	(2,967)	–	(18,938)
Net carrying amount	22,614	44,555	4,989	44	2,748	–	74,950

Management of the Group assessed and identified there were indicators of impairment for long-lived assets mainly included property plant and equipment, other intangible assets and right-of-use assets, with a consideration of net loss during the Relevant Periods.

The recoverable amounts of the cash-generating units including such long-lived assets at the balance sheet days had been determined based on value in use calculations, using cash flow projections covering the corresponding operating periods. The discount rates applied to the cash flow projections were in a range from 12.24% to 13.21%. The discount rates used are before tax and reflect specific risks relating to the relevant units. In the opinion of the Company's directors, any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause each cash-generating unit's carrying amount to exceed its recoverable amount.

Based on the result of the assessments, the directors of the Group concluded that the recoverable amounts of the cash-generating units were higher than their carrying amounts and no impairment was recognised during the Relevant Periods.

The Company have paid the purchase price of the building amounting to RMB19,391,000 in full and have been occupying the building. As at 31 December 2025, the seller, Zhejiang Jinyi Zhiyuan Industrial Co., Ltd. ("Jinyi Zhiyuan") had not complete transferring the real property ownership registration to the Company because it is still coordinating with the relevant regulatory authorities to satisfy the preconditions required for transferring the real property ownership registration.

The Company have obtained a written confirmation from Jinyi Zhiyuan in May 2025 (the "Confirmation"), confirming, among others, that: (1) as of the date of the Confirmation. The building is free from any mortgage, or other encumbrances, and is not subject to any disputes over debts and claims, or any property preservation measures in litigation, and that there are no defects or other inherent faults that would affect the use of the building; (2) The Company have full rights to use the building; (3) Transferring real property ownership registration of the building to the Company is not subject to any material legal impediments; and (4) The Company and Jinyi Zhiyuan have no existing or potential disputes, controversies, or claims with respect to the building. In addition, Jinyi Zhiyuan undertakes to complete the real property ownership registration transfer as soon as possible. Jinyi Zhiyuan had obtained the real property ownership certificate of the building. As advised by the Company's PRC legal advisor, the purchase agreement is legally binding on Jinyi Zhiyuan and the Company. Accordingly, they are entitled to require Jinyi Zhiyuan to complete the transfer of real property ownership registration to the Company.

14. LEASES

The Group as a lessee

The Group has lease contracts for various items of office buildings used in its operations. Leases of office buildings generally have lease terms between 17 months and 4 years. Other equipment generally has lease terms of 12 months or less or is individually of low value. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

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

The Group

	Leased office buildings
	RMB'000
As at 1 January 2023	3,904
Depreciation charge	(1,764)
Exchange realignment	(17)
As at 31 December 2023 and 1 January 2024	2,123
Additions	5,268
Depreciation charge	(3,525)
Disposals	(363)
Exchange realignment	222
As at 31 December 2024 and 1 January 2025	3,725
Additions	5,005
Depreciation charge	(2,712)
Disposals	(537)
As at 31 December 2025	5,481

The Company

	Leased office Buildings
	RMB'000
As at 1 January 2023	3,485
Depreciation charge	(1,442)
As at 31 December 2023 and 1 January 2024	2,043
Additions	4,898
Depreciation charge	(3,224)
Disposals	(363)
As at 31 December 2024 and 1 January 2025	3,354
Additions	4,352
Depreciation charge	(2,224)
Disposals	(537)
As at 31 December 2025	4,945

(b) Lease liabilities

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

The Group

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount at 1 January	4,426	2,100	4,201
New leases	–	5,268	5,005
Disposal	–	(432)	(672)
Accretion of interest recognised during the year	128	198	177
Payments	(2,437)	(2,927)	(3,109)
Exchange realignment	(17)	(6)	1
Carrying amount at the end of the year	2,100	4,201	5,603
Analysed into:			
Current portion	2,100	2,692	2,296
Non-current portion	–	1,509	3,307

The Company

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount at 1 January	4,000	2,016	3,824
New leases	–	4,898	4,352
Disposal	–	(432)	(672)
Accretion of interest recognised during the year	116	180	143
Payments	(2,100)	(2,838)	(2,573)
Carrying amount at the end of the year	2,016	3,824	5,074
Analysed into:			
Current portion	2,016	2,417	2,028
Non-current portion	–	1,407	3,046

The maturity analysis of lease liabilities is disclosed in note 36 to the Historical Financial Information.

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

The Group

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Interest on lease liabilities	128	198	177
Depreciation charge of right-of-use assets	1,764	3,525	2,712
Expenses relating to short-term leases	464	472	1,770
Total amount recognised in profit or loss	2,356	4,195	4,659

The Company

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Interest on lease liabilities	116	180	143
Depreciation charge of right-of-use assets	1,442	3,224	2,224
Expenses relating to short-term leases	–	38	877
Total amount recognised in profit or loss	1,558	3,442	3,244

Management of the Group assessed and identified there were indicators of impairment for long-lived assets, which mainly included property, plant and equipment, other intangible assets and right-of-use assets, with a consideration of net loss during the Relevant Periods. Further details are given in note 13 to the Historical Financial Information.

15. GOODWILL

	RMB'000
At 1 January 2023:	
Cost	23,738
Accumulated impairment	–
Net carrying amount	23,738
Cost at 1 January 2023, net of accumulated impairment	23,738
Impairment during the year	–
Exchange realignment	403
Cost and net carrying amount at 31 December 2023	24,141
At 31 December 2023:	
Cost	24,141
Accumulated impairment	–
Net carrying amount	24,141
Cost at 1 January 2024, net of accumulated impairment	24,141
Impairment during the year	–
Exchange realignment	360
Cost and net carrying amount at 31 December 2024	24,501
At 31 December 2024:	
Cost	24,501
Accumulated impairment	–
Net carrying amount	24,501
Cost at 1 January 2025, net of accumulated impairment	24,501
Impairment during the year	–
Exchange realignment	(544)
Cost and net carrying amount at 31 December 2025	23,957
At 31 December 2025:	
Cost	23,957
Accumulated impairment	–
Net carrying amount	23,957

Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to the following cash-generating unit for impairment testing:

Zentel cash-generating unit

The recoverable amount of the Zentel cash-generating unit has been determined based on a value-in-use calculation using cash flow projections based on financial budgets covering a 5-year period approved by management. The discount rates applied to the cash flow projections were 12.89%, 13.21% and 12.24% for the years ended 31 December 2023, 2024 and 2025, respectively.

The management of the Group believes that any reasonably possible change in the key assumptions used in the value-in-use calculation would not cause the carrying amount to exceed the recoverable amount of the Zentel cash-generating unit.

The carrying amount of goodwill allocated to the cash-generating unit is as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Zentel	24,141	24,501	23,957

Assumptions were used in the value-in-use calculation of the Zentel cash-generating unit during the Relevant Periods. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Budgeted revenue – Amounts of the budgeted sales are based on the historical data and management's expectation of the future market.

Budgeted gross margins – The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the year immediately before the budget year.

Discount rate – The discount rate used is before tax and reflects specific risks relating to the relevant unit.

The values assigned to the key assumptions on the annual revenue growth rates of Zentel and discount rate are consistent with external information sources.

Sensitivity to changes in key assumptions:

The management of the Company has performed a sensitivity test by decreasing the budgeted gross margin by 1% or increasing the discount rates by 1%, with all other assumptions held constant. The impacts on the amount by which the Zentel cash-generating unit's recoverable amount exceeds its carrying amount (headroom) are as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Headroom	237,039	559,305	707,388
Impact by decreasing budgeted gross margins	(127,395)	(149,658)	(174,501)
Impact by increasing discount rates	(77,823)	(90,894)	(114,494)

Considering there was still sufficient headroom based on the assessment, the management of the Company believes that a reasonably possible change in the above key parameters would not cause the carrying amount of the Zentel cash-generating unit to exceed its recoverable amount as at 31 December 2023, 2024 and 2025.

The goodwill had been tested for impairment as at 31 December 2023, 2024 and 2025. The directors of the Company concluded that there were no significant changes in the key assumptions adopted compared with those used when completing the impairment assessment of the goodwill as at 31 December 2023, 2024 and 2025 and they were of the opinion that there was no impairment provision as at 31 December 2023, 2024 and 2025.

16. DEFERRED INCOME

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Government grants	5,722	5,722	5,133
Analysed into:			
Current portion	–	589	589
Non-current portion	5,722	5,133	4,544

Government grants are recorded as a liability upon receipt and recognised as other operating income over the useful life of research and development equipments. In 2023, the Group received government grants of RMB5,722,000.

17. OTHER INTANGIBLE ASSETS

The Group

	Software	Trademark	Patents and licences	Total
	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2023				
Cost at 1 January 2023, net of accumulated amortisation	96	6,857	24,571	31,524
Additions	33	73	–	106
Amortisation provided during the year	(71)	(1,739)	(6,143)	(7,953)
Exchange realignment	(1)	–	–	(1)
At 31 December 2023	57	5,191	18,428	23,676
At 31 December 2023 and at 1 January 2024:				
Cost	216	12,073	43,000	55,289
Accumulated amortisation	(159)	(6,882)	(24,572)	(31,613)
Net carrying amount	57	5,191	18,428	23,676
31 December 2024				
Cost at 1 January 2024, net of accumulated amortisation	57	5,191	18,428	23,676
Additions	1,418	5	–	1,423
Amortisation provided during the year	(80)	(1,739)	(6,143)	(7,962)
Exchange realignment	(3)	–	–	(3)
At 31 December 2024	1,392	3,457	12,285	17,134
At 31 December 2024 and at 1 January 2025:				
Cost	1,634	12,078	43,000	56,712
Accumulated amortisation	(242)	(8,621)	(30,715)	(39,578)
Net carrying amount	1,392	3,457	12,285	17,134
31 December 2025				
Cost at 1 January 2025, net of accumulated amortisation	1,392	3,457	12,285	17,134
Additions	1,037	94	755	1,886
Amortisation provided during the year	(515)	(1,748)	(6,206)	(8,469)
At 31 December 2025	1,914	1,803	6,834	10,551
At 31 December 2025				
Cost	2,671	12,172	43,755	58,598
Accumulated amortisation	(757)	(10,369)	(36,921)	(48,047)
Net carrying amount	1,914	1,803	6,834	10,551

The Company

	Software	Trademark	Patents and licences	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2023				
Cost at 1 January 2023, net of accumulated amortisation	86	–	–	86
Additions	–	73	–	73
Amortisation provided during the year	(42)	(24)	–	(66)
At 31 December 2023	44	49	–	93
At 31 December 2023 and at 1 January 2024:				
Cost	125	73	–	198
Accumulated amortisation	(81)	(24)	–	(105)
Net carrying amount	44	49	–	93
31 December 2024				
Cost at 1 January 2024, net of accumulated amortisation	44	49	–	93
Additions	1,418	–	–	1,418
Amortisation provided during the year	(72)	(24)	–	(96)
At 31 December 2024	1,390	25	–	1,415
At 31 December 2024 and at 1 January 2025:				
Cost	1,543	73	–	1,616
Accumulated amortisation	(153)	(48)	–	(201)
Net carrying amount	1,390	25	–	1,415
31 December 2025				
Cost at 1 January 2025, net of accumulated amortisation	1,390	25	–	1,415
Additions	1,037	94	755	1,886
Amortisation provided during the year	(515)	(32)	(63)	(610)
At 31 December 2025	1,912	87	692	2,691
At 31 December 2025				
Cost	2,580	167	755	3,502
Accumulated amortisation	(668)	(80)	(63)	(811)
Net carrying amount	1,912	87	692	2,691

Management of the Group assessed and identified there were indicators of impairment for long-lived assets mainly included property plant and equipment, other intangible assets and right-of-use assets, with a consideration of net loss during the Relevant Periods. Details please refer to note 13 to the Historical Financial Information.

18. INVESTMENTS IN SUBSIDIARIES

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Investments, at cost	–	54,175	218,353
Impairment loss on investment in a subsidiary	–	(51,075)	(51,075)
Investments in subsidiaries	–	3,100	167,278

19 DEFERRED TAX

The Group

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

Deferred tax assets

	Lease liabilities
	RMB'000
At 1 January 2023	545
Deferred tax charged to profit or loss during the year	(223)
Deferred tax assets at 31 December 2023	322
Deferred tax credited to profit or loss during the year	190
Deferred tax assets at 31 December 2024	512
Deferred tax credited to profit or loss during the year	233
Deferred tax assets at 31 December 2025	745

Deferred tax liabilities

	Fair value adjustment from business combination	Right-of-use assets	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2023	4,714	545	5,259
Deferred tax credited to profit or loss during the year	(1,178)	(223)	(1,401)
Deferred tax liabilities at 31 December 2023	3,536	322	3,858
Deferred tax (credited)/charged to profit or loss during the year	(1,179)	190	(989)
Deferred tax liabilities at 31 December 2024	2,357	512	2,869
Deferred tax (credited)/charged to profit or loss during the year	(1,178)	233	(945)
Deferred tax liabilities at 31 December 2025	1,179	745	1,924

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

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Net deferred tax assets recognised in the consolidated statements of financial position	–	–	–
Net deferred tax liabilities recognised in the consolidated statements of financial position	3,536	2,357	1,179

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

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Tax losses	266,877	346,738	406,387
Deductible temporary differences	33,152	32,805	11,641
Total	300,029	379,543	418,028

The Group has tax losses arising in Chinese mainland of RMB210,664,000, RMB268,829,000 and RMB321,140,000 as at 31 December 2023, 2024 and 2025, respectively, that will expire in one to ten years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses as it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

20. INVENTORIES

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	47,360	8,413	1,188
Work in progress	96,732	62,700	111,183
Finished goods	43,892	105,709	191,451
	187,984	176,822	303,822
Less: Provision for impairment losses on inventories	29,681	24,009	4,467
Total	158,303	152,813	299,355

As at 31 December 2023, 2024 and 2025, inventories are stated at the lower of cost and net realisable value.

The movements in provision

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At beginning of year	80,546	29,681	24,009
Impairment losses recognised/(reversed)	29,684	24,026	(3,004)
Amounts written off	(80,546)	(29,681)	(16,574)
Exchange realignment	(3)	(17)	36
At end of year	29,681	24,009	4,467

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	47,343	8,320	1,097
Work in progress	85,684	59,775	109,791
Finished goods	44,736	105,420	191,460
	177,763	173,515	302,348
Less: Provision for impairment losses on inventories	25,693	23,068	4,467
Total	152,070	150,447	297,881

As at 31 December 2023, 2024 and 2025, inventories are stated at the lower of cost and net realisable value.

The movements in provision

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At beginning of year	70,254	25,693	23,068
Impairment losses recognised/(reversed)	25,693	23,068	(3,004)
Amounts written off	(70,254)	(25,693)	(15,597)
At end of year	25,693	23,068	4,467

21. TRADE RECEIVABLES

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	100,796	115,090	154,551
Impairment	(1,191)	(2,367)	(1,645)
Net carrying amount	99,605	112,723	152,906

The Group's trading terms with its customers are mainly on credit. The credit terms granted generally range from 10 to 90 days, depending on the specific payment terms in each contract. Each customer has a maximum credit limit, except for some customers without credit limits, where payment in advance is normally required. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk.

The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

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

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 1 month	68,855	42,933	57,101
1 to 2 months	16,553	32,869	59,714
2 to 3 months	12,460	20,443	29,939
Over 3 months	1,737	16,478	6,152
Total	99,605	112,723	152,906

The movements in the loss allowance for impairment of trade receivables are as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At beginning of year	884	1,191	2,367
Impairment losses/(reversal of impairment losses)	341	1,206	(701)
Exchange realignment	(34)	(30)	(21)
At end of year	1,191	2,367	1,645

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on invoice date for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than five years and are not subject to enforcement activity.

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

As at 31 December 2023

	Less than 1 month	1 to 2 months	2 to 3 months	Over 3 months	Total
Expected credit loss rate	0.62%	1.36%	2.92%	8.19%	1.18%
Gross carrying amount (RMB'000)	69,288	16,781	12,835	1,892	100,796
Expected credit losses (RMB'000)	433	228	375	155	1,191

As at 31 December 2024

	Less than 1 month	1 to 2 months	2 to 3 months	Over 3 months	Total
Expected credit loss rate	0.62%	1.39%	2.18%	6.69%	2.06%
Gross carrying amount (RMB'000)	43,200	33,332	20,899	17,659	115,090
Expected credit losses (RMB'000)	267	463	456	1,181	2,367

As at 31 December 2025

	Less than 1 month	1 to 2 months	2 to 3 months	Over 3 months	Total
Expected credit loss rate	0.47%	0.82%	1.47%	6.56%	1.06%
Gross carrying amount (RMB'000)	57,372	60,208	30,387	6,584	154,551
Expected credit losses (RMB'000)	271	494	448	432	1,645

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	69,122	79,314	89,137
Impairment	(845)	(1,862)	(1,085)
Net carrying amount	68,277	77,452	88,052

An ageing analysis of the Company's trade receivables as at the end of each of the Relevant Periods, based on the invoice date and net of loss allowance, is as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 1 month	45,986	22,606	27,744
1 to 2 months	10,068	26,212	37,383
2 to 3 months	11,390	14,184	19,507
Over 3 months	833	14,450	3,418
Total	68,277	77,452	88,052

The movements in the loss allowance for impairment of trade receivables are as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of year	22	845	1,862
Impairment losses/(reversal of impairment losses)	823	1,017	(777)
At the end of year	845	1,862	1,085

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

As at 31 December 2023

	Less than 1 month	1 to 2 months	2 to 3 months	Over 3 months	Total
Expected credit loss rate	0.62%	1.36%	2.92%	8.16%	1.22%
Gross carrying amount (RMB'000)	46,275	10,207	11,733	907	69,122
Expected credit losses (RMB'000)	289	139	343	74	845

As at 31 December 2024

	Less than 1 month	1 to 2 months	2 to 3 months	Over 3 months	Total
Expected credit loss rate	0.62%	1.39%	2.18%	6.68%	2.35%
Gross carrying amount (RMB'000)	22,747	26,582	14,500	15,485	79,314
Expected credit losses (RMB'000)	141	370	316	1,035	1,862

As at 31 December 2025

	Less than 1 month	1 to 2 months	2 to 3 months	Over 3 months	Total
Expected credit loss rate	0.47%	0.82%	1.48%	9.36%	1.22%
Gross carrying amount (RMB'000)	27,874	37,692	19,800	3,771	89,137
Expected credit losses (RMB'000)	130	309	293	353	1,085

22. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Deposits	34,280	1,047	1,825
Other tax recoverable	1,939	9,467	20,915
Prepayments	4,890	9,622	81,440
Prepaid expenses	1,052	1,765	4,472
Deferred [**REDACTED**] expenses	[REDACTED]	[REDACTED]	[REDACTED]
	42,161	21,901	110,922
Impairment allowance	(51)	(44)	(44)
Total	42,110	21,857	110,878
Analysed into:			
Current portion	41,582	16,158	101,371
Non-current portion	528	5,699	9,507

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Deposits	180	708	845
Other tax recoverable	1,579	9,068	20,393
Prepayments	4,890	9,622	81,440
Prepaid expenses	1,052	1,721	4,339
Deferred [**REDACTED**] expenses	[REDACTED]	[REDACTED]	[REDACTED]
	7,701	21,119	109,287
Impairment allowance	(51)	(44)	(44)
Total	7,650	21,075	109,243
Analysed into:			
Current portion	7,122	15,376	99,736
Non-current portion	528	5,699	9,507

An impairment analysis was performed at the end of each of the Relevant Periods.

23. CASH AND CASH EQUIVALENTS

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Cash and cash equivalents	32,688	34,674	43,003

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Cash and cash equivalents			
Denominated in USD	6,440	22,116	9,073
Denominated in HK$	40	33	4
Denominated in RMB	22,904	9,775	31,908
Denominated in JPY	3,304	2,750	2,018
Total	32,688	34,674	43,003

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Cash and cash equivalents	21,976	19,711	33,498

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Cash and cash equivalents			
Denominated in USD	177	12,501	3,580
Denominated in RMB	21,799	7,210	29,918
Total	21,976	19,711	33,498

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

As at 31 December 2023, 2024 and 2025, the Group and the Company assessed the credit risk of cash and cash equivalents to be minimal as they were placed in reputable financial institutions.

24. TRADE PAYABLES

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

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 1 month	74,714	72,330	87,650
1 to 2 months	23,816	19,693	37,349
2 to 3 months	–	751	–
Over 3 months	–	2,070	–
Total	98,530	94,844	124,999

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 1 month	72,770	72,214	87,650
1 to 2 months	23,333	19,693	17,282
2 to 3 months	–	751	–
Over 3 months	–	2,070	–
Total	96,103	94,728	104,932

The trade payables are non-interest-bearing and are normally settled within 7 to 60 days upon receipt of the invoices and billings.

25. OTHER PAYABLES AND ACCRUALS

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Contract liabilities *(a)*	5,306	4,281	11,722
Payroll and welfare payable	3,380	7,086	13,968
Other tax payables	654	612	1,324
Deposits	122	–	17
Due to a third party	–	35,038	–
Payable for [**REDACTED**] expenses	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Others	153	290	335
Total	9,615	47,307	33,128

Except for the amount due to a third party and deposits, the remaining payables are non-interest-bearing, unsecured and repayable on demand.

Note:

(a) Details of contract liabilities are as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Short-term advances received from customers			
Sale of DRAM chips, modules and wafers	5,306	4,281	10,819
Design services	–	–	903
Total	5,306	4,281	11,722

Contract liabilities include short-term advances received from customers for the sale of DRAM chips, modules and wafers and design services, which will be recognised as revenue as the performance obligation is satisfied within one year.

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Contract liabilities *(a)*	5,246	3,657	9,570
Payroll and welfare payable	3,113	5,123	9,831
Other tax payables	541	420	609
Deposits	122	–	17
Due to a third party	–	35,038	–
Payable for [**REDACTED**] expenses	[REDACTED]	[REDACTED]	[REDACTED]
Others	137	215	254
Total	9,159	44,453	26,043

Note:

(a) Details of contract liabilities are as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Short-term advances received from customers			
Sale of DRAM chips, modules and wafers	5,246	3,657	9,570

26. INTEREST-BEARING BANK BORROWINGS

The Group and the Company

	As at 31 December 2024			As at 31 December 2025		
	Effective interest rate (%)	*Maturity*	*RMB'000*	*Effective interest rate (%)*	*Maturity*	*RMB'000*
Current						
Bank loans – unsecured	3.5-3.6	2025	28,026	2.2-2.3	2026	90,000
Total			28,026			90,000

The Group's bank loans are unsecured, bear interest at rates ranging from 2.2% to 3.6% per annum, and are denominated in RMB.

27. PAID-IN CAPITAL/SHARE CAPITAL

The Group and the Company

Shares

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Issued and fully paid:			
Paid-in capital/share capital	19,652	21,167	270,000

A summary of movements in the Company's paid-in capital/share capital is as follows:

		Numbers of shares	Paid-in capital/ share capital
		'000	*RMB'000*
As at 1 January 2023		N/A	13,274
Capital injection	*(i)*	N/A	2,151
Capital reduction	*(i)*	N/A	(244)
Transfer of share premium to share capital	*(i)*	N/A	4,471
As at 1 January 2024		N/A	19,652
Capital injection	*(i)*	N/A	1,515
As at 1 January 2025		N/A	21,167
Capital injection	*(ii)*	N/A	789
Issue of ordinary shares upon conversion into a joint company	*(iii)*	21,956	N/A
Capital injection	*(iv)*	2,660	2,660
Capitalisation Issue	*(v)*	245,384	245,384
As at 31 December 2025		270,000	270,000

Notes:

(i) On 25 December 2023, the Company entered into an investment agreement with three [**REDACTED**] investors, pursuant to which (a) these three [**REDACTED**] investors agreed to subscribe for registered capital of RMB3,479,000 in the Company at a consideration of RMB55,000,000. The consideration of RMB28,000,000, RMB23,950,000 and RMB3,050,000 was settled, and subscribed for registered capital of RMB1,771,000, RMB1,515,000 and RMB193,000 during the years ended 31 December 2023, 2024 and 2025, respectively, (b) the Company agreed to decrease registered capital of RMB244,000 at a consideration of RMB53,245,000, which was settled in 2023, and (c) the registered capital of the Company was increased by RMB4,471,000 through capitalisation of the capital reserve as approved by the shareholders' resolution of the Company.

On 27 December 2023, One [**REDACTED**] investor entered into a capital increase agreement with the Company to subscribe for registered capital of RMB380,000 in the Company at a consideration of RMB50,000,000, which was settled in 2023.

(ii) In 2025, the Company subscribed for registered capital of RMB19,000, RMB577,000 and RMB193,000 at the consideration of RMB2,130,000, RMB10,533,000 and RMB3,050,000, respectively, which were approved by the shareholders' resolution of the Company on 10 December 2021, 29 August 2022 and 25 December 2023. The consideration was settled in 2025.

(iii) On 25 April 2025, the Company was converted from a limited liability company into a joint stock limited company. Upon completion of such conversion, the registered capital of the Company became RMB21,956,000 divided into 21,956,000 Shares with a nominal value of RMB1 each, which were subscribed by all the then Shareholders.

(iv) On 27 April 2025, the Company entered into an investment agreement with six [**REDACTED**] investors, pursuant to which these six [**REDACTED**] investors agreed to subscribe for registered capital of RMB1,087,000 in the Company at a consideration of RMB158,500,000. The consideration was settled in April and May 2025, respectively.

From 28 April 2025 to 16 May 2025, the Company entered into six [**REDACTED**] investors, pursuant to which (i) five [**REDACTED**] investors agreed to subscribe for registered capital of RMB1,324,000 in the Company at a consideration of RMB193,000,000, and one [**REDACTED**] investor agreed to subscribe for registered capital of RMB249,000 in the Company at a consideration of USD5,000,000. The consideration was settled in May 2025.

(v) On 22 May 2025, the Shareholders resolved to capitalise the capital reserve of the Company by issuing 9.9682579 new Shares for each existing Share to all the then Shareholders. The Shareholders' respective shareholding percentages remain unchanged immediately before and after the Capitalisation Issue. Upon completion of the Capitalisation Issue, the registered share capital of the Company increased from RMB24,616,000 to RMB270,000,000 and was divided into 270,000,000 Shares with a nominal value of RMB1 per Share.

28. SHARE-BASED PAYMENTS

To provide incentives and rewards to eligible participants who contribute to the Group's operations, one of the controlling shareholders of the Company, Mr. Ying Wei, designed and established several employee shareholding platforms for the Company to operate a series of Employee Incentive Schemes (the "Schemes"). Eligible participants of the Schemes, including members of senior management, mid-level managers and other employees of the Group, were determined by the actual controller and approved by the Company through board resolutions. The actual controller of the Company acted as the general partner of these platforms, and had the right to determine the eligible participants and vesting criteria, and was obliged to repurchase the shares of the resigned eligible participants at subscription prices and then reallocate these shares to other eligible participants.

On 10 December 2021, 4 May 2023, 30 November 2023, 25 December 2023, 10 September 2024, 28 December 2024 and 15 May 2025, 116,498 shares, 28,000 shares, 576,976 shares, 731,448 shares, 17,565 shares, 285,804 shares and 219,560 shares of the Company were granted to eligible participants through the employee shareholding platforms of the Schemes at subscription prices of RMB1.00 per share, RMB1.00 per share, RMB24.77 per share, RMB15.80 per share, RMB0.64 per share, RMB14.47 and RMB15.92 per share, respectively. The fair values of the shares of the Schemes on the grant date were RMB125.07 per share, RMB204.92 per share, RMB204.92 per share, RMB131.72 per share, RMB131.72 per share, RMB145.75 per share and RMB145.75 per share, respectively, which were determined based on investors' recent capital injection price. The difference between the fair value of the shares granted and the subscription price was recorded in the share-based payment reserve within equity with the corresponding "share-based payment expenses" recognised in profit or loss.

The shares held by the employee shareholding platforms of the Schemes will be vested based on service condition (i.e. successful [**REDACTED**], 5 years' service period) or vested immediately. Therefore, service conditions are included in assumptions about the number of equity instruments that are expected to vest. The vesting period will be reviewed and determined by management and the related expense is recognised over the vesting period, which is from the date of grant to the expected [**REDACTED**].

Movements in the number of equity interest shares granted were as follows:

	Year ended 31 December		
	2023	2024	2025
At 1 January	77,534	367,819	436,757
Granted during the year	1,336,424	303,369	219,560
Vested during the year	(1,100,033)	(97,361)	–
Transfer of share premium to share capital/Capitalisation Issue	56,947	–	6,542,337
Forfeited/cancellation during the year	(3,053)	(137,070)	–
At 31 December	367,819	436,757	7,198,654

Share-based payment expenses relating to employees recognised for the Relevant Periods are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Administrative expenses	134,960	17,319	6,431
Research and development expenses	1,168	16,906	8,985
Selling and marketing expenses	15,017	21,870	1,889
	151,145	56,095	17,305

29. RESERVES

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

(i) Share premium

The share premium of the Group mainly represents the premium in issuing shares.

(ii) Merger reserve and other reserve

The merger reserve and other reserve of the Group represent the differences arising from transactions with non-controlling interests without changes in control. Specifically, these reserves mainly represent the difference between the consideration paid and the carrying amount of the non-controlling interests acquired at the date of the transaction. The transaction is accounted for as an equity transaction with the resulting differences recognised directly in equity.

(iii) Statutory surplus reserve

In accordance with the Company Law of the PRC, certain subsidiaries of the Group which are domestic enterprises are required to allocate 10% of their profit after tax, as determined in accordance with the relevant PRC accounting standards, to their respective statutory surplus reserves until the reserves reach 50% of their respective registered capital. Subject to certain restrictions set out in the Company Law of the PRC, part of the statutory surplus reserve may be converted into share capital, provided that the remaining balance after the capitalisation is not less than 25% of the registered capital.

(iv) Exchange fluctuation reserve

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

(v) Share-based payment reserve

The share-based payment reserve represents the equity-settled share awards as set out in note 28 to the Historical Financial Information.

The Company

	Capital reserve/ share premium	Share-based payment reserve	Statutory surplus reserve	Accumulated losses	Total
	RMB'000 *Note 27*	*RMB'000* *Note 28*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2023	361,824	4,781	508	(103,243)	263,870
Total comprehensive loss for the year	–	–	–	(197,996)	(197,996)
Capital injection	75,849	–	–	–	75,849
Capital rejection	(53,001)	–	–	–	(53,001)
Share-based payments *(note 28)*	–	151,145	–	–	151,145
Transfer of share premium to share capital	(4,471)	–	–	–	(4,471)
As at 31 December 2023 and 1 January 2024	380,201	155,926	508	(301,239)	235,396
Total comprehensive loss for the year	–	–	–	(131,102)	(131,102)
Capital injection	22,434	–	–	–	22,434
Share-based payments *(note 28)*	–	56,095	–	–	56,095
As at 31 December 2024 and 1 January 2025	402,635	212,021	508	(432,341)	182,823
Total comprehensive income for the year	–	–	–	7,182	7,182
Conversion into a joint stock company	(389,674)	–	(508)	390,182	–
Capital injection	400,014	–	–	–	400,014
Capitalisation Issue	(245,384)	–	–	–	(245,384)
Share-based payments *(note 28)*	–	17,305	–	–	17,305
As at 31 December 2025	167,591	229,326	–	(34,977)	361,940

30. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the years ended 31 December 2023, 2024 and 2025, the Group had non-cash additions to right-of-use assets and lease liabilities of nil, RMB5,268,000 and RMB5,005,000, respectively, in respect of lease arrangements for office buildings.

(b) Changes in liabilities arising from financing activities

	Interest-bearing bank borrowings	Lease liabilities	Due to related companies	Due to a third party	Payable for [REDACTED] expenses
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	–	4,426	191,185	–	**[REDACTED]**
Changes from financing cash flows	–	(2,437)	(3,044)	–	**[REDACTED]**
Interest expense	–	128	3,902	–	**[REDACTED]**
Exchange realignment	–	(17)	3,049	–	**[REDACTED]**
At 31 December 2023	–	2,100	195,092	–	**[REDACTED]**
Changes from financing cash flows	27,774	(2,927)	(813)	35,000	**[REDACTED]**
New leases	–	5,268	–	–	**[REDACTED]**
Disposal	–	(432)	–	–	**[REDACTED]**
Interest expense	252	198	4,717	38	**[REDACTED]**
Exchange realignment	–	(6)	2,883	–	**[REDACTED]**
At 31 December 2024	28,026	4,201	201,879	35,038	**[REDACTED]**
Changes from financing cash flows	61,331	(3,109)	(201,746)	(35,444)	**[REDACTED]**
Changes from non-financing cash flows	–	–	–	–	**[REDACTED]**
New leases	–	5,005	–	–	**[REDACTED]**
Disposal	–	(672)	–	–	**[REDACTED]**
Interest expense	643	177	1,368	406	**[REDACTED]**
Increase in deferred [**REDACTED**] expenses	–	–	–	–	**[REDACTED]**
[**REDACTED**] expenses	–	–	–	–	**[REDACTED]**
Exchange realignment	–	1	(1,501)	–	**[REDACTED]**
At 31 December 2025	90,000	5,603	–	–	**[REDACTED]**

(c) Total cash outflow for leases

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

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within operating activities	464	472	1,770
Within financing activities	2,437	2,927	3,109
Total	2,901	3,399	4,879

31. CONTINGENT LIABILITIES

As at 31 December 2023, 2024 and 2025, neither the Group nor the Company had any material contingent liabilities.

32. COMMITMENTS

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

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Contracted, but not provided for:			
Property, plant and equipment	–	–	1,587
Other intangible assets	83	500	91
Right-of-use assets	–	–	2,597
Total	83	500	4,275

33. RELATED PARTY TRANSACTIONS

(a) Name of related parties and relationship with the Group

Name of related parties	Relationship with the Group
Beijing Guangtai Huixin Investment Consulting Co., Ltd. ("Beijing Guangtai")	Company controlled by the controlling shareholders
Eaglestream Technology Holdings Limited ("Eaglestream Technology")	Company controlled by the controlling shareholders

(b) Transactions with related parties:

The Group had the following material transactions with related parties during the Relevant Periods:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Interest expense			
Eaglestream Technology	3,665	3,822	1,368
Beijing Guangtai	237	896	–
Total	3,902	4,718	1,368
Advances from related parties			
Eaglestream Technology	7,083	–	–
Beijing Guangtai	–	65,000	–
Total	7,083	65,000	–
Repayment of advances from related parties and interest			
Eaglestream Technology	–	–	201,418
Beijing Guangtai	10,127	65,813	328
Total	10,127	65,813	201,746

(c) Outstanding balances with related parties:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Due to related parties			
Non-trade-related			
Beijing Guangtai	237	328	–
Eaglestream Technology	194,855	201,551	–
Total	195,092	201,879	–

The amount due to related parties are unsecured, bear interest at 2% to 6% per annum, and repayable on demand.

(d) Compensation of key management personnel of the Group

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Salaries, bonuses, allowances and benefits in kind	7,101	8,435	8,995
Performance related bonuses	783	1,652	2,455
Share-based payments	150,031	22,938	4,350
Pension scheme contributions	663	970	1,003
Total compensation paid to key management personnel	158,578	33,995	16,803

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

34. FINANCIAL INSTRUMENTS BY CATEGORY

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

As at 31 December 2023

Financial assets

	Financial assets at amortised cost
	RMB'000
Trade receivables	99,605
Financial assets included in prepayments, other receivables and other assets	34,229
Cash and cash equivalents	32,688
Total	166,522

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Trade payables	98,530
Financial liabilities included in other payables and accruals	275
Due to related companies	195,092
Total	293,897

As at 31 December 2024

Financial assets

	Financial assets at amortised cost
	RMB'000
Trade receivables	112,723
Financial assets included in prepayments, other receivables and other assets	1,003
Cash and cash equivalents	34,674
Total	148,400

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Trade payables	94,844
Financial liabilities included in other payables and accruals	35,328
Due to related companies	201,879
Interest-bearing bank borrowings	28,026
Total	360,077

As at 31 December 2025

Financial assets

	Financial assets at amortised cost
	RMB'000
Trade receivables	152,906
Financial assets included in prepayments, other receivables and other assets	1,825
Cash and cash equivalents	43,003
Total	197,734

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Trade payables	124,999
Financial liabilities included in other payables and accruals	6,114
Interest-bearing bank borrowings	90,000
Total	221,113

35. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

The Group's finance department is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At the end of each of the Relevant Periods, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The directors review the results of the fair value measurement of financial instruments periodically for annual financial reporting.

There were no financial assets at fair value through profit or loss at the end of each of the Relevant Periods.

36. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments mainly include interest-bearing borrowings, the amounts due to related companies and cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has other financial assets and liabilities such as trade receivables, trade payables, financial assets included in prepayments and other receivables, and financial liabilities included in other payables and accruals, which arise directly from its operations.

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

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bank borrowings set out in note 26 to the Historical Financial Information. The Group does not use derivative financial instruments to hedge interest rate risk. The Group manages its interest cost using a fixed rate.

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies. Approximately 97%, 89% and 63% of the Group's sales were denominated in currencies other than the functional currencies of the operating units making the sales for the years ended 31 December 2023, 2024 and 2025, respectively, whilst approximately 97%, 88% and 72% of costs were denominated in the units' functional currencies for the years ended 31 December 2023, 2024 and 2025, respectively.

The following table demonstrates the sensitivity at the end of each of the Relevant Periods to a reasonably possible change in the USD and JPY, with all other variables held constant, of the Group's profit before tax (due to changes in the fair values of monetary assets and liabilities) and the Group's equity (due to changes in the fair value of forward currency contracts).

	Increase/(decrease) in USD/JPY rate	Increase/(decrease) in profit before tax	(Decrease)/increase in equity
	%	*RMB'000*	*RMB'000*
31 December 2023			
If the RMB weakens against the USD	5	(7,919)	(5,940)
If the RMB strengthens against the USD	(5)	7,919	5,940
If the RMB weakens against the JPY	5	119	89
If the RMB strengthens against the JPY	(5)	(119)	(89)

	Increase/(decrease) in USD/JPY rate	Increase/(decrease) in profit before tax	(Decrease)/increase in equity
	%	*RMB'000*	*RMB'000*
31 December 2024			
If the RMB weakens against the USD	5	(8,622)	(6,467)
If the RMB strengthens against the USD	(5)	8,622	6,467
If the RMB weakens against the JPY	5	138	103
If the RMB strengthens against the JPY	(5)	(138)	(103)

	Increase/(decrease) in USD/JPY rate	Increase/(decrease) in profit before tax	(Decrease)/increase in equity
	%	*RMB'000*	*RMB'000*
31 December 2025			
If the RMB weakens against the USD	5	755	755
If the RMB strengthens against the USD	(5)	(755)	(755)
If the RMB weakens against the JPY	5	141	141
If the RMB strengthens against the JPY	(5)	(141)	(141)

* Excluding retained profits

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without specific verification procedures.

Maximum exposure and year-end staging

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

The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables*	–	–	–	100,796	100,796
Financial assets included in prepayments, other receivables and other assets					
– Normal**	34,280	–	–	–	34,280
Cash and cash equivalents					
– Not yet past due	32,688	–	–	–	32,688
Total	66,968	–	–	100,796	167,764

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables*	–	–	–	115,090	115,090
Financial assets included in prepayments, other receivables and other assets					
– Normal**	1,047	–	–	–	1,047
Cash and cash equivalents					
– Not yet past due	34,674	–	–	–	34,674
Total	35,721	–	–	115,090	150,811

As at 31 December 2025

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables*	–	–	–	154,551	154,551
Financial assets included in prepayments, other receivables and other assets					
– Normal**	1,825	–	–	–	1,825
Cash and cash equivalents					
– Not yet past due	43,003	–	–	–	43,003
Total	44,828	–	–	154,551	199,379

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 21 to the Historical Financial Information.

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

Liquidity risk

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

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

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

As at 31 December 2023

	Less than 3 months or on demand	More than 3 months and within 1 year	Over 1 year	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	98,530	–	–	98,530
Financial liabilities included in other payables and accruals	275	–	–	275
Lease liabilities	659	1,541	–	2,200
Due to related parties	195,092	–	–	195,092
Total	294,556	1,541	–	296,097

As at 31 December 2024

	Less than 3 months or on demand	More than 3 months and within 1 year	Over 1 year	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	94,844	–	–	94,844
Financial liabilities included in other payables and accruals	35,328	–	–	35,328
Interest-bearing bank borrowings	–	28,399	–	28,399
Lease liabilities	1,691	1,136	1,581	4,408
Due to related parties	201,879	–	–	201,879
Total	333,742	29,535	1,581	364,858

As at 31 December 2025

	Less than 3 months or on demand	More than 3 months and within 1 year	Over 1 year	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	124,999	–	–	124,999
Financial liabilities included in other payables and accruals	6,114	–	–	6,114
Interest-bearing bank borrowings	703	91,299	–	92,002
Lease liabilities	1,069	1,410	3,379	5,858
Total	132,885	92,709	3,379	228,973

Capital management

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

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

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net debt includes interest-bearing bank borrowings, trade payables, other payables and accruals and lease liabilities, less cash and cash equivalents. Capital includes equity attributable to the owners of the parent. The gearing ratios as at the end of each of the Relevant Periods were as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	98,530	94,844	124,999
Other payables and accruals	9,615	47,307	33,128
Due to related companies	195,092	201,879	–
Interest-bearing bank borrowings	–	28,026	90,000
Lease liabilities	2,100	4,201	5,603
Less: Cash and cash equivalents	32,688	34,674	43,003
Net debt	272,649	341,583	210,727
Equity attributable to owners of the parent	128,119	51,916	461,131
Capital and net debt	400,768	393,499	671,858
Gearing ratio	68%	87%	31%

37. EVENTS AFTER THE RELEVANT PERIODS

Except above and otherwise disclosed in the Historical Financial Information, there were no other significant events that required additional disclosure or adjustments occurred after the end of the Relevant Periods.

38. SUBSEQUENT FINANCIAL STATEMENTS

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