The following is the text of a report, prepared for the purpose of incorporation in this Document, received from the independent reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong.

[To insert the firm's letterhead]

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF BASIC SEMICONDUCTOR CO., LTD., SINOLINK SECURITIES (HONG KONG) COMPANY LIMITED, AND BOCI ASIA LIMITED

Introduction

We report on the historical financial information of BASiC Semiconductor Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") set out on pages I-3 to I-67, which comprises the consolidated statements of profit or loss and other 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 page I-3 to I-67 forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [●] (the "Document") in connection with the initial [**REDACTED**] of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

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

Reporting accountants' responsibility

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

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

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

Opinion

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

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

Adjustments

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

Dividends

We refer to note 11 to the Historical Financial Information which 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 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 AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31 December 2023	2024	2025
		RMB'000	RMB'000	RMB'000
REVENUE	5	220,586	299,015	311,165
Cost of sales		(352,150)	(327,996)	(345,025)
Gross loss		(131,564)	(28,981)	(33,860)
Other income and gains	5	4,884	26,704	13,074
Selling and distribution expenses		(38,700)	(35,524)	(43,658)
Administrative expenses		(82,365)	(86,352)	(129,333)
Research and development costs		(75,827)	(91,087)	(109,734)
Impairment losses of impairment losses on financial assets, net		(3,279)	(2,209)	(6,644)
Other expenses		(924)	(924)	(611)
Finance costs	7	(14,419)	(18,729)	(23,918)
LOSS BEFORE TAX	6	(342,194)	(237,102)	(334,684)
Income tax expense	10	(1)	–	(533)
LOSS FOR THE YEAR		(342,195)	(237,102)	(335,217)
Attributable to:				
Owners of the parent		(342,201)	(237,090)	(335,217)
Non-controlling interests		6	(12)	–
		(342,195)	(237,102)	(335,217)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT				
Basic and diluted (RMB)	12	(1.30)	(0.88)	(1.22)
LOSS FOR THE YEAR		(342,195)	(237,102)	(335,217)
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		(218)	(40)	(648)
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods		(218)	(40)	(648)
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX		(218)	(40)	(648)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(342,413)	(237,142)	(335,865)
Attributable to:				
Owners of the parent		(342,419)	(237,130)	(335,865)
Non-controlling interests		6	(12)	–
		(342,413)	(237,142)	(335,865)

For the details of pre-[**REDACTED**] investments, please refer to note 29 to this report.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December		
	Notes	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS				
Property, plant and equipment	*13*	401,366	418,628	436,672
Right-of-use assets	*14*	129,722	109,385	107,275
Intangible assets	*15*	1,845	1,390	5,602
Financial assets at fair value through profit or loss	*16*	2,400	2,150	1,900
Prepayments, other receivables and other assets	*17*	67,292	66,650	41,146
Total non-current assets		602,625	598,203	592,595
CURRENT ASSETS				
Inventories	*18*	80,851	78,942	82,957
Trade and bills receivables	*19*	121,666	163,582	175,054
Prepayments, other receivables and other assets	*17*	60,100	55,352	65,242
Financial assets at fair value through profit or loss	*16*	7	7	–
Financial assets at fair value through other comprehensive income	*20*	1,579	390	159
Pledged deposits	*21*	–	1	–
Cash and cash equivalents	*21*	34,790	45,371	98,676
Total current assets		298,993	343,645	422,088
CURRENT LIABILITIES				
Trade payables	*22*	76,016	156,250	188,376
Contract liabilities	*23*	4,344	1,433	2,297
Other payables and accruals	*24*	112,157	181,301	134,578
Interest-bearing bank and other borrowings	*25*	179,149	233,589	313,987
Lease liabilities	*14*	14,666	19,022	13,395
Redemption liabilities to non-controlling shareholders	*27*	–	41,976	45,795
Provision	*26*	317	3,959	2,562
Total current liabilities		386,649	637,530	700,990
NET CURRENT LIABILITIES		(87,656)	(293,885)	(278,902)
TOTAL ASSETS LESS CURRENT LIABILITIES		514,969	304,318	313,693

		As at 31 December		
	Notes	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
NON-CURRENT LIABILITIES				
Interest-bearing bank and other borrowings	*25*	5,775	20,332	10,310
Lease liabilities	*14*	62,367	48,487	36,362
Redemption liabilities to non-controlling shareholders	*27*	38,466	–	168,467
Deferred income	*28*	65,371	87,735	80,444
Provision	*26*	4,226	4,522	4,319
Total non-current liabilities		176,205	161,076	299,902
Net assets		338,764	143,242	13,791
EQUITY				
Equity attributable to owners of the parent				
Share capital	*29*	–	53,771	55,381
Paid-in capital	*29*	53,663	–	–
Reserves/(deficits)	*30*	284,709	89,471	(41,590)
		338,372	143,242	13,791
Non-controlling interests		392	–	–
Total equity		338,764	143,242	13,791

For the details of pre-[**REDACTED**] investments, please refer to note 29 to this report.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2023

	Attributable to owners of the parent							
	Paid-in capital	Capital reserve	Share-based payment reserve	Accumulated losses	Exchange fluctuation reserve	Total	Non-controlling interest	Total equity
	RMB'000 *(note 29)*	*RMB'000* *(note 30)*	*RMB'000* *(note 31)*	*RMB'000*	*RMB'000* *(note 30)*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2023	51,018	953,394	78,755	(526,291)	(532)	556,344	386	556,730
Loss for the year	–	–	–	(342,201)	–	(342,201)	6	(342,195)
Other comprehensive income for the year:								
Exchange differences related to foreign operations	–	–	–	–	(218)	(218)	–	(218)
Total comprehensive loss for the year	–	–	–	(342,201)	(218)	(342,419)	6	(342,413)
Capital contribution by shareholders	2,645	93,105	–	–	–	95,750	–	95,750
Share-based payments *(note 31)*	–	–	28,697	–	–	28,697	–	28,697
As at 31 December 2023	53,663	1,046,499*	107,452*	(868,492)*	(750)*	338,372	392	338,764

Year ended 31 December 2024

	Attributable to owners of the parent								
	Share capital	Paid-in capital	Capital reserve	Share-based payment reserve	Accumulated losses	Exchange fluctuation reserve	Total	Non-controlling interest	Total equity
	RMB'000 *(note 29)*	*RMB'000* *(note 29)*	*RMB'000* *(note 30)*	*RMB'000* *(note 31)*	*RMB'000*	*RMB'000* *(note 30)*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2024	–	53,663	1,046,499	107,452	(868,492)	(750)	338,372	392	338,764
Loss for the year	–	–	–	–	(237,090)	–	(237,090)	(12)	(237,102)
Other comprehensive income for the year:									
Exchange differences related to foreign operations	–	–	–	–	–	(40)	(40)	–	(40)
Total comprehensive loss for the year	–	–	–	–	(237,090)	(40)	(237,130)	(12)	(237,142)
Issue of ordinary shares	–	108	9,892	–	–	–	10,000	–	10,000
Share-based payments *(note 31)*	–	–	–	32,000	–	–	32,000	–	32,000
Conversion into a joint stock company	53,771	(53,771)	(800,844)	–	800,844	–	–	–	–
Acquisition of non-controlling interests	–	–	–	–	–	–	–	(380)	(380)
As at 31 December 2024	53,771	–	255,547*	139,452*	(304,738)*	(790)*	143,242	–	143,242

Year ended 31 December 2025

	Attributable to owners of the parent								
	Share capital	Paid-in capital	Capital reserve	Share-based payment reserve	Accumulated losses	Exchange fluctuation reserve	Total	Non-controlling interest	Total equity
	RMB'000 *(note 29)*	*RMB'000* *(note 29)*	*RMB'000* *(note 30)*	*RMB'000* *(note 31)*	*RMB'000*	*RMB'000* *(note 30)*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2025	53,771	–	255,547	139,452	(304,738)	(790)	143,242	–	143,242
Loss for the year	–	–	–	–	(335,217)	–	(335,217)	–	(335,217)
Other comprehensive loss for the year:									
Exchange differences related to foreign operations	–	–	–	–	–	(648)	(648)	–	(648)
Total comprehensive loss for the year	–	–	–	–	(335,217)	(648)	(335,865)	–	(335,865)
Issue of ordinary shares	1,610	–	148,390	–	–	–	150,000	–	150,000
Share-based payments *(note 31)*	–	–	–	72,457	–	–	72,457	–	72,457
Put option granted to non-controlling shareholders *(note 29)*	–	–	(18,203)	–	–	–	(18,203)	(147,840)	(166,043)
Capital contribution of non-controlling shareholders	–	–	2,160	–	–	–	2,160	147,840	150,000
As at 31 December 2025	55,381	–	387,894*	211,909*	(639,955)*	(1,438)*	13,791	–	13,791

* The reserve accounts comprise the consolidated reserves of RMB284,709,000, RMB89,471,000 in the consolidated statements of financial position as at 31 December 2023 and 2024, respectively.

The deficits accounts comprise the consolidated deficits of RMB41,590,000 in the consolidated statements of financial position as at 31 December 2025.

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended 31 December		
	Notes	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before tax		(342,194)	(237,102)	(334,684)
Adjustments for:				
Interest income	5	(531)	(360)	(538)
Investment income from financial asset at fair value through profit or loss	5	(159)	(96)	(118)
Fair value losses on financial assets at fair value through profit or loss	6	700	250	250
Finance costs	7	14,419	18,729	23,918
Loss on disposal of investment in an associate	6	198	–	–
Depreciation of property, plant and equipment	6	22,570	29,538	54,434
Depreciation of right-of-use assets	6	15,616	20,001	18,404
Amortisation of intangible assets	6	436	406	1,060
Loss/(gain) on disposal of items of property, plant and equipment	6	5	–	(5)
Gain on disposal of right-of-use assets	6	(319)	(149)	(17)
Loss on disposal of intangible assets	6	38	70	–
Impairment of trade receivables	6	3,288	2,512	6,575
(Reversal of impairment)/impairment of other receivables	6	(9)	(303)	69
Foreign exchange (gains)/losses		(236)	376	(310)
Write-down/(reversal) of inventories to net realisable value	6	8,984	(18,076)	9,657
Equity-settled share-based payments	6	28,697	32,000	72,457
		(248,497)	(152,204)	(148,848)
Decrease/(increase) in inventories		22,635	19,985	(13,667)
Increase in trade and bills receivables		(65,516)	(44,366)	(25,043)
Decrease in financial assets at fair value through other comprehensive income		2,397	1,190	231
Decrease in prepayments, other receivables and other assets		38,180	5,383	33,445
Decrease/(increase) in pledged deposits		68,578	(1)	1
Increase in trade payables		40,777	80,234	32,126
Increase in other payables and accruals		11,336	42,526	18,750
Increase/(decrease) in contract liabilities		1,372	(2,911)	864
Increase/(decrease) in deferred income		11,426	22,364	(7,291)
(Decrease)/increase/in provision		(2,740)	3,642	(1,916)
Cash flows used in operations		(120,052)	(24,158)	(111,348)
Interest received		371	90	375
Income tax paid		(1)	–	(533)
Net cash flows used in operating activities		(119,682)	(24,068)	(111,506)

	Notes	Year ended 31 December 2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of financial asset at fair value through profit or loss		(111,747)	(78,100)	(194,720)
Proceeds from redemption of financial assets at fair value through profit or loss		115,166	78,196	194,845
Proceeds from disposal of an associate		1,356	–	–
Purchase of items of property, plant and equipment		(145,974)	(36,609)	(93,520)
Purchase of items of intangible assets		–	–	(3,088)
Payment for leasehold land		–	–	(15,863)
Proceeds from disposal of property, plant and equipment		2	–	2,132
Net cash flows used in investing activities		(141,197)	(36,513)	(110,214)
CASH FLOWS FROM FINANCING ACTIVITIES				
New bank and other borrowings		173,606	259,067	444,670
Repayment of bank and other borrowings		(96,350)	(191,202)	(377,256)
Loans from related parties		46,560	109,020	215,525
Repayment of loans from related parties		(8,280)	(91,850)	(271,990)
Proceeds from issue of shares		95,750	10,000	150,000
Capital contributions from non-controlling shareholders		–	–	150,000
Payments of lease liabilities		(14,640)	(12,521)	(20,757)
Interest paid		(5,568)	(9,003)	(11,006)
Payment for deferred [**REDACTED**] expenses		–	[**REDACTED**]	[**REDACTED**]
Deposit payment for other borrowings		–	(2,000)	(5,540)
Receipt of deposit for lease liabilities		–	–	60
Receipt of deposit for other borrowings		272	–	2,600
Net cash flows from financing activities		191,350	71,429	275,223
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(69,529)	10,848	53,503
Cash and cash equivalents at beginning of year		103,966	34,790	45,371
Effect of foreign exchange rate changes, net		353	(267)	(198)
CASH AND CASH EQUIVALENTS AT END OF YEAR		34,790	45,371	98,676
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS				
Cash and bank balances		34,790	45,371	98,676
Cash and cash equivalents as stated in the consolidated statements of financial position	*21*	34,790	45,371	98,676

STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 December		
		2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS				
Property, plant and equipment	*13*	37,168	31,108	28,514
Right-of-use assets	*14*	65,458	55,616	51,339
Intangible assets	*15*	392	258	2,176
Investments in subsidiaries	*33*	376,026	453,186	786,585
Financial assets at fair value through profit or loss	*16*	2,400	2,150	1,900
Prepayments, other receivables and other assets	*17*	15,188	15,241	24,298
Total non-current assets		496,632	557,559	894,812
CURRENT ASSETS				
Inventories	*18*	20,884	32,287	33,453
Trade and bills receivables	*19*	75,623	112,158	88,206
Prepayments, other receivables and other assets	*17*	323,200	317,256	285,822
Financial assets at fair value through other comprehensive income	*20*	–	–	76
Pledged deposits	*21*	–	1	–
Cash and cash equivalents	*21*	25,008	21,463	20,497
Total current assets		444,715	483,165	428,054
CURRENT LIABILITIES				
Trade payables	*22*	95,966	171,854	219,292
Contract liabilities	*23*	125	5,307	12,098
Other payables and accruals	*24*	138,484	260,329	351,630
Interest-bearing bank and other borrowings	*25*	122,830	128,075	195,786
Lease liabilities	*14*	4,271	2,839	1,857
Financial liabilities at fair value through profit or loss	*27*	–	22,793	23,283
Provision	*26*	317	3,959	2,043
Total current liabilities		361,993	595,156	805,989
NET CURRENT ASSETS/(LIABILITIES)		82,722	(111,991)	(377,935)
TOTAL ASSETS LESS CURRENT LIABILITY		579,354	445,568	516,877
NON-CURRENT LIABILITIES				
Interest-bearing bank and other borrowings	*25*	–	10,542	310
Lease liabilities	*14*	7,195	2,388	2,389
Deferred income	*28*	64,225	68,335	61,044
Financial liabilities at fair value through profit or loss	*27*	19,971	–	70,384
Total non-current liabilities		91,391	81,265	134,127
Net assets		487,963	364,303	382,750
EQUITY				
Share capital	*29*	–	53,771	55,381
Paid-in capital	*29*	53,663	–	–
Reserves	*30*	434,300	310,532	327,369
Total equity		487,963	364,303	382,750

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

BASiC Semiconductor Co., Ltd. (深圳基本半導體股份有限公司) was incorporated in the People's Republic of China (the "PRC") as a limited liability company on 7 June 2016 and converted into a joint stock company with limited liability in November 2024. The address of the Company's registered office is Room 801, Building 1, Bronze Technology Tower, No.6 Guangke 1st Road, Laokeng Community, Longtian Subdistrict, Pingshan District, Shenzhen, PRC.

During the Relevant Periods, the Company and its subsidiaries (collectively the "Group") are primarily engaged in the research, development, manufacturing, and sales of SiC power devices, the core business includes SiC chip design, wafer fabrication, module packaging, and gate driver design and testing.

In the opinion of the directors, Dr. Wang Zhihan, Bronze Technologies Group Co., Ltd. and the employee share incentive platforms are collectively considered as the controlling shareholders of the Group as of the end of Relevant Periods.

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 (or, if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of which are set out below:

Name	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
BASiC Semiconductor (Shenzhen) Limited* 基本半導體(深圳)有限公司 *(note (a))*	PRC/Mainland China 13 June 2022	RMB10,000,000	100.00%	–	Production and sale of semiconductor products
BASiC Semiconductor (Shanghai) Limited* 基本半導體(上海)有限公司 *(note (b))*	PRC/Mainland China 4 November 2021	RMB10,000,000	100.00%	–	Sale of semiconductor products
BASiC Semiconductor (Wuxi) Limited* 基本半導體(無錫)有限公司 *(note (a))*	PRC/Mainland China 15 April 2021	RMB400,000,000	100.00%	–	Production of semiconductor products
BASiC Semiconductor (Beijing) Limited* 基本半導體(北京)有限公司 *(note (b))*	PRC/Mainland China 18 March 2020	RMB10,000,000	100.00%	–	Research and development
Bronze Technologies Limited* 深圳青銅劍技術有限公司 *(note (a))*	PRC/Mainland China 28 August 2019	RMB70,000,000	100.00%	–	Production and sale of semiconductor products
Shenzhen BASiC Innovation Research Limited* 深圳基本創新研究有限公司 *(note (c), (b))*	PRC/Mainland China 28 June 2021	RMB5,000,000	60.00%	40.00%	Investment holding and management and administration
BASiC Semiconductor (Nanjing) Limited* 基本半導體(南京)有限公司 *(note (d), (b))*	PRC/Mainland China 28 April 2019	RMB250,000,000	52.00%	33.55%	Production and sale of semiconductor products
Nanjing BASiC Zhongke Venture Capital Management Partnership (Limited Partnership)* 南京基本中科創業投資管理合夥企業(有限合夥) *(note (d), (b))*	PRC/Mainland China 29 April 2019	RMB200,000,000	69.90%	–	Investment holding and management and administration
BASiC Packaging (Shenzhen) Limited* 基本封裝測試(深圳)有限公司 *(note (b), (f))*	PRC/Mainland China 12 August 2024	RMB310,000,000	51.61%	–	Production and sale of semiconductor products
BASiC Semiconductor (Zhongshan) Limited* 基本半導體(中山)有限公司 *(note (b))*	PRC/Mainland China 5 December 2024	RMB100,000,000	100.00%	–	Production and sale of semiconductor products
BASiC Semiconductor (Hangzhou) Limited* 基本半導體(杭州)有限公司 *(note (b))*	PRC/Mainland China 18 August 2025	RMB10,000,000	100.00%	–	Research and development and sale of semiconductor products
BASiC Semiconductor Kabushiki Kaisha* 基本半導體株式會社 *(note (b))*	Japan 3 February 2021	JPY79,369,838	–	85.55%	Research and development
BASiC Semiconductor (HK) Limited 基本半導體(香港)有限公司 *(note (e))*	Hong Kong 21 January 2019	HKD100,000	100.00%	–	Import and export trading of semiconductor and related products

Notes:

(a) The statutory financial statements of these entities for the year ended 31 December 2023 prepared under PRC Generally Accepted Accounting Principles ("PRC GAAP") were audited by Shenzhen Changjiang Certified Public Accountants LLP (深圳長江會計師事務所(特殊普通合夥)), certified public accountants registered in the PRC.

The statutory financial statements of these entities for the year ended 31 December 2024 under PRC GAAP were audited by Shenzhen Chengzheng Certified Public Accountants LLP (深圳誠正會計師事務所(特殊普通合夥)), certified public accountants registered in the PRC.

(b) No audited financial statements of these entities have been prepared since the date of incorporation as these entities were not subject to any statutory audit requirements under the relevant rules and regulations in the jurisdictions of incorporation.

(c) The Group held 51% equity interests in this entity since its incorporation. In May 2024, the Group acquired the 49% equity interests in this entity at a consideration of RMB380,000 and the entity became a wholly-owned subsidiary of the Group since then.

(d) The Company held 69.90% equity interests in Nanjing BASiC Zhongke Venture Capital Management Partnership ("Nanjing Partnership") which owned 48.00% equity interests in BASiC Semiconductor (Nanjing) Limited ("Nanjing BASiC"). As Nanjing Partnership has a limited lifespan and the partnership arrangement results in the Company having an unavoidable contractual obligation to deliver cash to the non-controlling shareholders of Nanjing Partnership, the investment from non-controlling shareholders was recognised as a liability rather than equity in the consolidated financial statements (note 27). Therefore, Nanjing Partnership and Nanjing BASiC were accounted for as wholly-owned subsidiaries of the Group during the Relevant Periods.

(e) The statutory financial statements of this entity for the year ended 31 December 2023 prepared under Hong Kong Small and Medium sized Entity Financial Reporting Standard ("SME-FRS") were audited by LEE CHI FAI & CO. (李智煇會計師事務所), certified public accountants registered in Hong Kong.

The statutory financial statements of this entity for the year ended 31 December 2024 prepared under SME-FRS were audited by DAVE KWOK & CO., certified public accountants registered in Hong Kong.

(f) In August 2024, the Company made an initial capital contribution of RMB10 million to establish BASiC Packaging (Shenzhen) Limited ("SZ Packaging"). In 2025, the Company and Shenzhen Investment Holding Cornerstone New Energy Vehicle Industry Private Equity Investment Fund Partnership (Limited Partnership) ("SZ Investment NEV") each injected an additional RMB150 million, after which the Company and SZ Investment NEV hold 51.61% and 48.39% of SZ Packaging, respectively.

* The English names of these entities registered in the PRC represent the best efforts made by the management of the Company to directly translate their Chinese names as they did not register any official English names.

2.1 BASIS OF PREPARATION

For ordinary shares issued to the pre-[**REDACTED**] investors, pursuant to the supplemental agreements entered into between the Company and the pre-[**REDACTED**] Investors in relation to the termination of certain of special rights granted by the Company, including redemption rights, liquidation preferences and anti-dilution rights (collectively the "Special Rights"), which have been irrecoverably terminated and shall be deemed void prior to the Relevant Periods, as described in note 29 to this report, having taken into account the legal and regulatory framework of the Company's jurisdiction and the governing law of the supplementary agreements, the directors considered that it is appropriate to present the pre-[**REDACTED**] Investments as equity throughout the Relevant Periods. For the details of financial impacts, see note 29 of this report.

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 and in the period covered by the Interim Comparative Financial Information.

The Historical Financial Information has been prepared under the historical cost convention except for certain financial instruments which have been measured at fair value at the end of each of the Relevant Periods and in the period covered by the Interim Comparative Financial Information.

Going concern basis

The Historical Financial Information has been prepared on the assumption that the Group will continue as a going concern notwithstanding that as at 31 December 2025, the Group recorded net current liabilities of RMB278,902,000 and incurred losses from operations. The directors of the Company have reviewed the Group's cash flow projections prepared by management, which cover a period of not less than twelve months from 31 December 2025 and are based on the following:

(1) As of December 31, 2025, the Group has access to borrowing facilities totalling RMB179 million;

(2) Subsequent to 31 December 2025, the Group has obtained new facilities amounted to RMB60 million and renewed bank loan amounted to RMB20 million;

(3) Subsequent to 31 December 2025, a subsidiary of the Group received RMB50 million capital investment from a non-controlling shareholder;

(4) The Group is in negotiation with the lenders and expected that bank and other loans in the total amount of RMB300 million will be extended or renewed in 2026.

Taking into account the financial resources available to the Group, including cash and cash equivalents on hand, the internally generated funds from operations, available bank facilities and financing agreements, the directors of the Company are of the opinion that the Group will have sufficient working capital to meet its financial liabilities and obligations as and when they fall due for the next twelve months from 31 December 2025, and accordingly, the Historical Financial Information has been prepared on a going concern basis.

Basis of consolidation

The Historical Financial Information includes the financial information 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 arrangement; and

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

The financial information of the subsidiaries is 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 subsidiaries, 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 revised 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 revised 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 the new and revised IFRS Accounting Standards upon initial application. So far, the Group considers that these new and revised IFRS Accounting Standards, except for IFRS 18, may result in changes in accounting policies but are unlikely to have a significant impact on the Group's financial performance and financial position in the period of initial application. The application of IFRS 18 is not expected to have material impact on the financial position of the Group but is expected to affect the presentation of the statements of profit or loss and other comprehensive income and statement of cash flows and disclosures in the future financial information. The Group will continue to assess the impact of IFRS 18 on the Group's financial information.

2.3 MATERIAL ACCOUNTING POLICIES

Fair value measurement

The Group measures its derivative financial instruments 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 year.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for non-financial asset is required (other than inventories, 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.

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 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 of the Relevant Periods 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 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;

(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. 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 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:

Category	Useful Life	Salvage Value Rate	Annual Depreciation Rate
	(Years)	*(%)*	*(%)*
Machinery equipment	3-10	5	31.67-9.5
Office and other equipment	3-5	5	31.67-19
Motor vehicles	5-10	5	19-9.5
Tools and appliances	3-5	5	31.67-19
House accessory equipment	5-10	5	19-9.5
Leasehold improvements	2.33-10	0	42.92-10

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 methods 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 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

Intangible assets acquired separately are measured on initial recognition at cost. 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.

Software

Software is stated at cost less any impairment losses and is amortized on the straight-line basis over its estimated useful life of 3 to 10 years.

Research and development costs

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

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

Leases

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

Group as a lessee

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

(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 any 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. The cost of right-of-use asset also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Leasehold land	15.33 to 50 years
Property, office premises and plant	2 to 10 years
Equipment	5 to 7 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 the 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 is 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, fair value through other comprehensive income, and fair value through profit or loss.

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

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

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

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 profit or loss when the asset is derecognised, modified or impaired.

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

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

Financial assets at fair value through profit or loss

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

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

Impairment of financial assets

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

General approach

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

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

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

Debt investments at fair value through other comprehensive income and 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.

Classification as equity and financial liabilities

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

A financial liability is any liability that is (a) a contractual obligation (i) to deliver cash or another financial asset to another entity; or (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or (b) a contract that will or may be settled in the entity's own equity instruments and is: (i) a non derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or (ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings or payables as appropriate.

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

The Group's financial liabilities include trade payables, other payables, interest-bearing bank and other borrowings and redemption liabilities.

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

Financial liabilities 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 profit or loss.

Financial liabilities at amortised cost

After initial recognition, trade bills payables, and other payables, interest-bearing bank and other borrowings and redemption liabilities 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 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 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 profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

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

Cash and cash equivalents

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

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

Provisions

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

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

Income tax

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

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, associates and joint ventures, 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, associates and joint ventures, 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 profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the profit or loss by way of a reduced depreciation charge.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods 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.

(a) Sale of products

Revenue from the sale of products is recognised at the point in time when control of the asset is transferred to the customers, generally on delivery and acceptance of the products as agreed in the sales contracts.

Rights of return

For contracts which provide a customer with a right to return the goods within a specified period, the expected value method is used to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in IFRS 15 on constraining estimates of variable consideration are applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, a refund liability is recognised. A right-of-return asset (and the corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

(b) Provision of services

The Group provides module technology development services for customers. Revenue from module technology development service is recognized upon completion and acceptance of the services.

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).

Right-of-return assets

A right-of-return asset is recognised for the right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the goods to be returned, less any expected costs to recover the goods and any potential decreases in the value of the returned goods. The Group updates the measurement of the asset for any revisions to the expected level of returns and any additional decreases in the value of the returned goods.

Refund liabilities

A refund liability is recognised for the obligation to refund some or all of the consideration received (or receivable) from a customer and is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

Share-based payments

The Group operates share award schemes for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration 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 on which they are granted. The fair value of share awards is determined by management using the probability weighted expected return method and valuation models. Further details are included in note 31 to the Historical Financial Information.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each of the Relevant Periods 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 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 scheme

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

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its financial statements, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

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 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 average exchange rates for the reporting period.

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 profit or loss.

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 for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's Historical Financial Information 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 Historical Financial Information:

Recognition of income taxes and deferred tax assets

Determining income tax provision involves judgement on the future tax treatment of certain transactions and when certain matters relating to the income taxes have not been confirmed by the local tax bureau. Management evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatments of such transactions are reconsidered periodically to take into account all changes in tax legislation.

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.

Development expenses

Expenses incurred on each pipeline 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. Determining the amounts of development costs to be capitalised requires the use of judgements and estimation.

Classification of financial assets

The classification of financial assets at initial recognition depends on the Group's business model for managing the financial assets. In determining the business model, the Group considers how the performance of the business model and the financial assets held within that business model are evaluated and reported to the Group's key management personnel, the risks that affect the performance of the business model (and the financial assets held within) and, the way those risks are managed. In determining whether cash flows are going to be realised by collecting the financial assets' contractual cash flows, it is necessary for the Group to consider the reason, timing, frequency, and value of sales prior to the maturity date.

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.

Provision against obsolete and slow-moving inventories

The Group reviews the condition of its inventories at the end of each reporting period and makes provisions against obsolete and slow-moving inventory items which are identified as no longer suitable for sale or use based on sales forecasts. Such sales forecasts are prepared based on agreements or orders on hand and estimated sales in the foreseeable future based on historical experiences with its customers and current market conditions of the semiconductor industry. Management estimates the net realisable value for those obsolete and slow-moving inventories based primarily on the latest invoice prices and current market conditions. The estimation is reassessed at the end of each reporting period. The provision against obsolete and slow-moving inventories requires the use of judgements and estimates. Where the actual outcome or expectation in future is different from the original estimate, such difference will impact on the carrying value of inventories and the write-down of inventories recognized in the periods in which such estimates have been changed.

Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by customer type and rating).

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

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 19 to the Historical Financial Information.

Leases — Estimating the incremental borrowing rate

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

Impairment of non-financial assets

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

4. OPERATING SEGMENT INFORMATION

Management monitors the operating results of the Group as a whole for the purpose of making decision on resources allocation and preformation assessment, therefore, no operating segment information is presented.

Geographical information

Most of operating entities are domiciled in Mainland China. Since the revenues of the Group mainly derived from external customers based in Mainland China during the Relevant Periods and most of the Group's non-current assets are located in Mainland China, no further geographical information in accordance with IFRS 8 Operating Segments is presented.

Information about major customers

Revenue from each major customer which accounted for 10% or more of the Group's revenue during the Relevant Periods are set out below:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Customer A	N/A*	136,040	63,994
Customer B	65,477	N/A*	N/A*

* The corresponding revenue of these customers are not disclosed as the revenue individually did not account for 10% or more of the Group's revenue during the respective periods.

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	220,586	299,015	311,165

Revenue from contracts with customers

(i) Disaggregated revenue information

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Power semiconductor gate drivers	66,832	80,092	102,607
SiC discrete devices	52,630	51,982	58,389
SiC power modules	77,033	145,567	122,373
Others*	24,091	21,374	27,796
	220,586	299,015	311,165
Timing of revenue recognition			
Goods transferred at a point in time	218,466	297,325	304,500
Services transferred at a point in time	2,120	1,690	6,665
	220,586	299,015	311,165

* Others primarily include sales of power stacks, power semiconductor testing equipment, IGBTs, silicon discrete devices and raw materials as well as provision of module technology development services.

The following table shows the amounts of revenue recognised in the Relevant Periods that were included in the contract liabilities at the beginning of each of the respective 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:	2,100	3,862	975

(ii) Performance obligations

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

(a) Sale of products

The performance obligation is satisfied upon delivery and acceptance of the products and payment is generally due within 90 days from delivery.

(b) Provision of services

The performance obligation is satisfied upon completion and acceptance of the services and payment is generally due upon completion of the services.

For the above contracts with customers, they are rendered in a short period of time, which is generally less than one year, and the Group has elected the practical expedient for not to disclose the remaining performance obligations for these types of contracts.

Other income and gains

An analysis of other income and gains is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Other income			
Government grants*	2,371	24,027	11,538
Individual income tax handling fee refund	1,058	2,031	542
Interest income	531	360	538
Investment income from financial assets at fair value through profit or loss	159	96	118
Others	13	8	6
Total other income	4,132	26,522	12,742
Gains			
Foreign exchange gains	236	–	310
Gain on disposal of right-of-use assets	319	149	17
Gain on disposal of items of property, plant and equipment	–	–	5
Others	197	33	–
Total gains	752	182	332
Total other income and gains	4,884	26,704	13,074

* The amount mainly represented government incentive and support to the Group received during the Relevant Periods. There are no unfulfilled conditions or contingencies relating to these grants.

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 inventories sold*		351,454	327,748	344,080
Cost of services provided*		696	248	945
Depreciation of property, plant and equipment**	*13*	22,570	29,538	54,434
Depreciation of right-of-use assets**	*14*	15,616	20,001	18,404
Amortisation of intangible assets**	*15*	436	406	1,060
Research and development expenses		75,827	91,087	109,734
Lease payments not included in the measurement of lease liabilities		531	210	342
Gain on disposal of right-of-use assets***		(319)	(149)	(17)
(Gain)/loss on disposal of items of property, plant and equipment***		5	–	(5)
Loss on disposal of intangible assets***		38	70	–
[**REDACTED**] expense		–	[**REDACTED**]	[**REDACTED**]
Auditor's remuneration		648	155	84
Impairment losses on financial assets, net:				
Impairment of trade receivables	*19*	3,288	2,512	6,575
Impairment/(reversal of impairment) of other receivables	*17*	(9)	(303)	69
Write-down/(reversal) of inventories to net realisable value****		8,984	(18,076)	9,657
Finance costs		14,419	18,729	23,918
Fair value losses on financial assets at fair value through profit or loss		700	250	250
Foreign exchange (gains)/losses		(236)	376	(310)
Loss on disposal of investment in an associate***		198	–	–

	Notes	Year ended 31 December 2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Employee benefit expense (excluding directors', supervisors' and chief executive's remuneration *(note 8)*:				
Wages and salaries		74,359	90,031	83,326
Pension scheme contributions		7,199	7,622	8,765
Equity-settled share-based payments		19,319	21,287	54,988
		100,877	118,940	147,079

* The amounts disclosed for cost of inventories sold included the write-down of inventories to net realisable value.

** The depreciation of property, plant and equipment, amortisation of intangible assets, and depreciation of right-of-use assets are included in "Cost of sales", "Selling and distribution expenses, "Administrative expenses" and "Research and development costs" in profit or loss.

*** The amounts are included in "Other income and gains" and "Other expense" in profit or loss.

**** The amounts are included in "Cost of sales" in profit or loss.

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 bank and other borrowings	7,735	11,132	14,733
Interest on loans from related parties *(note 37(b))*	50	640	325
Interest on redemption liabilities to non-controlling shareholders *(note 27)*	3,208	3,510	6,243
Interest on lease liabilities	3,426	3,447	2,617
Total	14,419	18,729	23,918

8. DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' REMUNERATION

The remuneration of each of the Company's directors, chief executive and supervisors during the Relevant Periods is set out below:

	Year ended 31 December 2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Fees	–	–	420
Other emoluments:			
Salaries, allowances and benefits in kind	4,515	6,230	4,213
Performance related bonuses	699	700	–
Pension scheme contributions	279	374	314
Equity-settled share-based payments	9,378	10,713	17,469
	14,871	18,017	22,416

(a) Independent non-executive directors

In May 2025, Mr. Li Juping, Mr. Ye Xiang and Mr. Wang Susheng were appointed as the Independent non-executive directors of the Company.

The fees paid to independent non-executive directors during the year ended 31 December 2025 are as follows:

	Year ended 31 December
	2025
	RMB'000
Mr. Li Juping	140
Mr. Wang Susheng	140
Mr. Ye Xiang	140
Total	420

(b) Executive directors, the chief executive, supervisors and non-executive directors

Year ended 31 December 2023

		Salaries, allowances and benefits in kind	Performance Related bonuses	Pension scheme contributions	Equity-settled share-based payments	Total remuneration
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors and chief executive:						
Dr. Wang Zhihan	*i*	903	–	49	3,518	4,470
Dr. He Weiwei	*ii*	907	–	49	2,639	3,595
Mr. Fu Junyin	*iii*	903	300	47	2,419	3,669
Mr. Yu Shuangbai	*iv*	731	–	49	433	1,213
Mr. Cai Xiongfei	*v*	730	299	47	249	1,325
		4,174	599	241	9,258	14,272
Non-executive directors:						
Ms. Zhang Danlin	*vi*	–	–	–	–	–
Mr. Wang Yonggang	*vii*	–	–	–	–	–
Mr. Tang Lixin	*viii*	–	–	–	–	–
Mr. Feng Jie	*ix*	–	–	–	–	–
		–	–	–	–	–
Supervisor:						
Mr. Zhang Yu	*x*	341	100	38	120	599
		341	100	38	120	599
Total		4,515	699	279	9,378	14,871

Year ended 31 December 2024

		Salaries, allowances and benefits in kind	Performance Related bonuses	Pension scheme contributions	Equity-settled share-based payments	Total remuneration
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors and chief executive:						
Dr. Wang Zhihan	*i*	903	–	50	3,629	4,582
Dr. He Weiwei	*ii*	920	300	50	2,640	3,910
Mr. Fu Junyin	*iii*	903	–	48	2,421	3,372
Mr. Yu Shuangbai	*iv*	731	–	50	637	1,418
Mr. Cai Xiongfei	*v*	732	–	48	249	1,029
		4,189	300	246	9,576	14,311
Non-executive directors:						
Ms. Zhang Danlin	*vi*	–	–	–	–	–
Mr. Jiang He	*xi*	–	–	–	–	–
Ms. Sun Liping	*xi*	–	–	–	–	–
Mr. Wang Yonggang	*vii*	–	–	–	–	–
Mr. Tang Lixin	*viii*	–	–	–	–	–
Mr. Feng Jie	*ix*	–	–	–	–	–
		–	–	–	–	–

		Salaries, allowances and benefits in kind	Performance Related bonuses	Pension scheme contributions	Equity-settled share-based payments	Total remuneration
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Supervisors:						
Mr. Bai Zhongjie	*xii*	555	100	50	287	992
Mr. Zhang Xueqiang	*xii*	667	100	38	447	1,252
Mr. Wen Zhengxin	*xii*	819	200	40	403	1,462
		2,041	400	128	1,137	3,706
Total		6,230	700	374	10,713	18,017

Year ended 31 December 2025

		Salaries, allowances and benefits in kind	Performance Related bonuses	Pension scheme contributions	Equity-settled share-based payments	Total remuneration
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors and chief executive:						
Dr. Wang Zhihan	*i*	903	–	64	6,101	7,068
Dr. He Weiwei	*ii*	1,095	–	64	5,315	6,474
Mr. Fu Junyin	*iii*	903	–	86	4,955	5,944
Mr. Yu Shuangbai	*iv*	261	–	17	304	582
Ms. Yan Rui	*xiii*	365	–	39	266	670
		3,527	–	270	16,941	20,738
Non-executive directors:						
Ms. Sun Liping	*xi*	–	–	–	–	–
Mr. Jiang He	*xi*	–	–	–	–	–
Ms. Zhang Danlin	*vi*	–	–	–	–	–
		–	–	–	–	–
Supervisors:						
Mr. Bai Zhongjie	*xii*	185	–	17	101	303
Mr. Zhang Xueqiang	*xii*	222	–	13	212	447
Mr. Wen Zhengxin	*xii*	279	–	14	215	508
		686	–	44	528	1,258
Total		4,213	–	314	17,469	21,996

Notes:

(i) Dr. Wang Zhihan was appointed as an executive director with effect from June 2016 and the chairman of the Board with effect from July 2018.

(ii) Dr. He Weiwei was appointed as an executive director with effect from July 2018 and chief executive officer with effect from June 2016.

(iii) Mr. Fu Junyin was appointed as an executive director with effect from August 2020.

(iv) Mr. Yu Shuangbai was appointed as an executive director with effect from January 2021 and resigned as the executive director with effect from May 2025.

(v) Mr. Cai Xiongfei was appointed as an executive director with effect from January 2021 and resigned as the executive director with effect from September 2024.

(vi) Ms. Zhang Danlin was appointed as a non-executive director with effect from January 2021 and resigned as the non-executive director with effect from April 2025.

(vii) Mr. Wang Yonggang was appointed as a non-executive director with effect from June 2020 and resigned as the non-executive director with effect from September 2024.

(viii) Mr. Tang Lixin was appointed as a non-executive director with effect from September 2019 and resigned as the non-executive director with effect from September 2024.

(ix) Mr. Feng Jie was appointed as a non-executive director with effect from March 2017 and resigned as the non-executive director with effect from September 2024.

(x) Mr. Zhang Yu was appointed as a supervisor with effect from November 2018 and resigned as the supervisor with effect from September 2024.

(xi) Ms. Sun Liping and Mr. Jiang He were appointed as non-executive directors with effect from September 2024. Ms. Sun Liping was resigned in March 2025 and Mr. Jiang He was resigned in April 2025.

(xii) Mr. Wen Zhengxin, Mr. Zhang Xueqiang and Mr. Bai Zhongjie were appointed as supervisors with effect from September 2024 and resigned as the supervisors with effect from May 2025. On 10 May 2025, the Board of Directors of the Company passed a resolution to abolish the Supervisory Board and relieve the shareholder representative supervisors of their duties, in accordance with the provisions of the Company Law of the People's Republic of China and other relevant laws and regulations. The powers of the Supervisory Board will be exercised by the Audit Committee of the Board of Directors.

(xiii) Ms. Yan Rui was appointed as an executive director with effect from May 2025.

During the Relevant Periods, certain directors were granted share awards, in respect of his services to the Group, further details of which are set out in note 31 to the Historical Financial Information. The fair value of such awards, which has been recognized in profit or loss over the vesting period, was determined as at the date of grant and the amount included in the Historical Financial Information for each of the Relevant Periods is included in the above directors' and chief executive's remuneration disclosures.

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

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group during the Relevant Periods included three, five and three directors, respectively, details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining two, zero and two highest paid employees who are neither a director nor chief executive of the Company during the Relevant Periods are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Salaries, allowances and benefits in kind	1,272	–	1,768
Performance based payment	387	–	–
Pension scheme contributions	136	–	176
Equity-settled share-based payments	322	–	3,408
Total	2,117	–	5,352

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

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Nil to HK$1,000,000	–	–	–
HK$1,000,001 to HK$1,500,000	2	–	–
HK$1,500,001 to HK$2,000,000	–	–	1
HK$2,000,001 to HK$3,000,000	–	–	–
HK$3,000,001 to HK$3,500,000	–	–	1
Total	2	–	2

During the Relevant Periods, share awards were granted to certain highest paid employees in respect of their services to the Group, further details of which are included in the disclosures in note 31 to the Historical Financial Information. The fair value of such shares, which has been recognised in the profit or loss over the vesting period, was determined as at the date of grant and the amount included in the Historical Financial Information for the Relevant Periods is included in the above highest paid employees' remuneration disclosures.

10. INCOME TAX EXPENSE

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

Mainland China

No provision for Mainland China income tax pursuant to the Corporate Income Tax Law of the PRC and the respective regulations (the "CIT Law") has been made as the Company and its subsidiaries which operate in Mainland China are in loss position and have no estimated taxable profits.

BASiC Semiconductor Co., Ltd., Bronze Technologies Limited, BASiC Semiconductor (Wuxi) Co. Ltd were approved as the "High and New Technology Enterprise" under the relevant tax rules and regulations, and accordingly was entitled to a preferential CIT rate of 15%. This qualification is subject to review by the relevant tax authority in the PRC for every three years.

Shenzhen BASiC Innovation Research Limited, BASiC Semiconductor (Zhongshan) Co., Ltd., BASiC Semiconductor (Nanjing) Co., Ltd., BASiC Semiconductor (Shanghai) Co., Ltd., BASiC Semiconductor (Hangzhou) Co., Ltd. have met the requirement under the relevant tax rules and regulations for small and low-profit enterprises, and accordingly, are subject to a reduced preferential CIT at a rate of 20%, and the portion of the annual taxable income exceeding RMB1,000,000 but not exceeding RMB3,000,000 is entitled to be included in the actual taxable income at reduced rates of 25% and the enterprise income tax will be paid at the rate of 20% in 2023, 2024 and 2025.

Overseas subsidiaries

For BASiC Semiconductor Kabushiki Kaisha, the portion of the annual taxable income exceeding JYP8,000,000 will be paid at the rate of 23.2% while the portion not exceeding JPY8,000,000 will be paid at the rate of 15% in 2023, 2024 and 2025.

BASiC Semiconductor (HK) Limited is subject to profits tax at the current tax rate of 8.25% on assessable profits up to HK$2,000,000 and 16.5% on any part of assessable profits over HK$2,000,000 under the laws of Hong Kong.

The income tax expense of the Group for the Relevant Periods is analysed as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Current income tax	1	–	533
Deferred income tax	–	–	–
Total tax charge for the year	1	–	533

A reconciliation of the tax expense applicable to loss before tax at the applicable tax rate in Mainland China which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates, is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Loss before tax	(342,194)	(237,102)	(334,684)
Tax charge at the statutory tax rate of 25%	(85,549)	(59,276)	(83,671)
Effect of different tax rates enacted by local authorities	38,460	22,279	34,656
Additional deduction for qualified research and development expenses	(8,598)	(9,944)	(10,313)
Effect of withholding tax	–	–	533
Deductible temporary differences and tax losses not recognised	51,011	42,125	49,389
Expenses not deductible for tax	4,677	4,816	9,939
Tax charge at the Group's effective tax rate	1	–	533

According to the CIT Law, the Company is entitled to additional deduction of qualified research and development expenses from the taxable income. The additional deduction percentage was 100% during the Relevant Periods.

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	703,530	918,698	1,223,298
Deductible temporary differences	143,991	209,656	234,319
	847,521	1,128,354	1,457,617

The Group has accumulated tax losses of RMB703,530,000 and RMB918,698,000 and RMB1,223,298,000 in aggregate as at 31 December 2023, 2024 and 2025, respectively, which will expire in one to ten years to offset against future taxable profits of the companies in which losses were incurred. Deferred tax assets have not been recognised in respect of the above items as it is not considered probable that taxable profits will be available against which the above items can be utilised.

11. DIVIDENDS

During the Relevant Periods, no dividends have been paid or declared by the Company.

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

The calculation of the basic loss per share amounts is based on the loss attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares in issue during the Relevant Periods. The weighted average number of ordinary shares in issue for 2023 before the conversion into a joint stock company was determined by assuming that the paid-in capital had been fully converted into share capital at the same conversion ratio of 1:1 as upon transformation into a joint stock company in November 2024.

On 10 May 2025, the shares of Company were subdivided on a one-for-five basis. The additional shares from subdivision are treated as if it had occurred before the beginning of 2023, the earliest period presented, for the loss per share calculation.

No adjustment has been made to the basic loss per share amounts presented for the Relevant Periods in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue.

The calculations of basic and diluted loss per share are based on:

	Year ended 31 December		
	2023	2024	2025
Loss attributable to ordinary equity holders of the parent, used in the basic loss per share calculations (RMB'000)	(342,201)	(237,090)	(335,217)
Weighted average number of ordinary shares in issue during the year, used in the basic loss per share calculation	262,982,113	268,685,390	274,290,188

13. PROPERTY, PLANT AND EQUIPMENT

The Group

	Machinery equipment	Office and other equipment	Motor vehicles	Tools and appliances	House accessory equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2023								
At 1 January 2023								
Cost	91,012	5,309	1,391	1,233	390	20,907	104,018	224,260
Accumulated depreciation	(12,709)	(1,506)	(567)	(326)	(186)	(5,793)	–	(21,087)
Net carrying amount	78,303	3,803	824	907	204	15,114	104,018	203,173
At 1 January 2023, net of accumulated depreciation	78,303	3,803	824	907	204	15,114	104,018	203,173
Additions	7,174	1,139	–	1,604	1,282	7,859	201,989	221,047
Disposals	–	–	–	(7)	–	–	–	(7)
Depreciation provided during the year	(14,145)	(1,035)	(247)	(243)	(406)	(6,494)	–	(22,570)
Transfers	33,274	–	–	–	–	–	(33,534)	(260)
Exchange realignment	8	(31)	–	–	6	–	–	(17)
At 31 December 2023, net of accumulated depreciation	104,614	3,876	577	2,261	1,086	16,479	272,473	401,366
At 31 December 2023								
Cost	130,134	6,408	1,391	2,737	1,667	28,766	272,473	443,576
Accumulated depreciation	(25,520)	(2,532)	(814)	(476)	(581)	(12,287)	–	(42,210)
Net carrying amount	104,614	3,876	577	2,261	1,086	16,479	272,473	401,366

	Machinery equipment	Office and other equipment	Motor vehicles	Tools and appliances	House accessory equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2024								
At 1 January 2024								
Cost	130,134	6,408	1,391	2,737	1,667	28,766	272,473	443,576
Accumulated depreciation	(25,520)	(2,532)	(814)	(476)	(581)	(12,287)	–	(42,210)
Net carrying amount	104,614	3,876	577	2,261	1,086	16,479	272,473	401,366
At 1 January 2024, net of accumulated depreciation	104,614	3,876	577	2,261	1,086	16,479	272,473	401,366
Additions	16,717	676	7	507	1,159	3,545	24,393	47,004
Depreciation provided during the year	(18,178)	(1,195)	(224)	(530)	(310)	(9,101)	–	(29,538)
Transfers	204,268	–	–	–	–	79,901	(284,190)	(21)
Exchange realignment	(76)	(46)	–	–	(61)	–	–	(183)
At 31 December 2024, net of accumulated depreciation	307,345	3,311	360	2,238	1,874	90,824	12,676	418,628
At 31 December 2024								
Cost	350,988	7,005	1,398	3,244	2,724	112,212	12,676	490,247
Accumulated depreciation	(43,643)	(3,694)	(1,038)	(1,006)	(850)	(21,388)	–	(71,619)
Net carrying amount	307,345	3,311	360	2,238	1,874	90,824	12,676	418,628

	Machinery equipment	Office and other equipment	Motor vehicles	Tools and appliances	House accessory equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2025								
At 1 January 2025								
Cost	350,988	7,005	1,398	3,244	2,724	112,212	12,676	490,247
Accumulated depreciation	(43,643)	(3,694)	(1,038)	(1,006)	(850)	(21,388)	–	(71,619)
Net carrying amount	307,345	3,311	360	2,238	1,874	90,824	12,676	418,628
At 1 January 2025, net of accumulated depreciation	307,345	3,311	360	2,238	1,874	90,824	12,676	418,628
Additions	7,080	663	273	132	76	3,676	62,770	74,670
Disposals	–	(89)	(5)	–	–	(1,813)	(220)	(2,127)
Depreciation provided during the year	(36,364)	(1,202)	(187)	(590)	(255)	(15,836)	–	(54,434)
Transfers	18,675	–	–	–	–	370	(19,045)	–
Exchange realignment	(20)	(16)	–	–	(29)	–	–	(65)
At 31 December 2025, net of accumulated depreciation	296,716	2,667	441	1,780	1,666	77,221	56,181	436,672
At 31 December 2025								
Cost	376,695	7,530	1,615	3,376	2,752	114,445	56,181	562,594
Accumulated depreciation	(79,979)	(4,863)	(1,174)	(1,596)	(1,086)	(37,224)	–	(125,922)
Net carrying amount	296,716	2,667	441	1,780	1,666	77,221	56,181	436,672

The Company

	Machinery equipment	Office and other equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2023					
At 1 January 2023					
Cost	27,530	2,147	3,604	81,229	114,510
Accumulated depreciation	(5,562)	(611)	(1,526)	–	(7,699)
Net carrying amount	21,968	1,536	2,078	81,229	106,811
At 1 January 2023, net of accumulated depreciation	21,968	1,536	2,078	81,229	106,811
Additions	6,781	272	–	123,753	130,806
Disposals	(1,889)	–	–	(192,665)	(194,554)
Depreciation provided during the year	(4,573)	(446)	(876)	–	(5,895)
Transfers	5,217	–	–	(5,217)	–
At 31 December 2023, net of accumulated depreciation	27,504	1,362	1,202	7,100	37,168
At 31 December 2023					
Cost	36,318	2,419	3,604	7,100	49,441
Accumulated depreciation	(8,814)	(1,057)	(2,402)	–	(12,273)
Net carrying amount	27,504	1,362	1,202	7,100	37,168

	Machinery equipment	Office and other equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2024					
At 1 January 2024					
Cost	36,318	2,419	3,604	7,100	49,441
Accumulated depreciation	(8,814)	(1,057)	(2,402)	–	(12,273)
Net carrying amount	27,504	1,362	1,202	7,100	37,168
At 1 January 2024, net of accumulated depreciation	27,504	1,362	1,202	7,100	37,168
Additions	2,853	233	2,794	892	6,772
Depreciation provided during the year	(11,479)	(436)	(917)	–	(12,832)
Transfers	7,107	–	–	(7,107)	–
At 31 December 2024, net of accumulated depreciation	25,985	1,159	3,079	885	31,108
At 31 December 2024					
Cost	46,278	2,652	6,398	885	56,213
Accumulated depreciation	(20,293)	(1,493)	(3,319)	–	(25,105)
Net carrying amount	25,985	1,159	3,079	885	31,108

	Machinery equipment	Office and other equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2025					
At 1 January 2025					
Cost	46,278	2,652	6,398	885	56,213
Accumulated depreciation	(20,293)	(1,493)	(3,319)	–	(25,105)
Net carrying amount	25,985	1,159	3,079	885	31,108
At 1 January 2025, net of accumulated depreciation	25,985	1,159	3,079	885	31,108
Additions	2,751	152	245	415	3,563
Disposals	–	(6)	–	–	(6)
Depreciation provided during the year	(4,504)	(457)	(1,190)	–	(6,151)
Transfers	424	–	–	(424)	–
At 31 December 2025, net of accumulated depreciation	24,656	848	2,134	876	28,514
At 31 December 2025					
Cost	49,453	2,781	6,643	876	59,753
Accumulated depreciation	(24,797)	(1,933)	(4,509)	–	(31,239)
Net carrying amount	24,656	848	2,134	876	28,514

As at 31 December 2023, 2024 and 2025, the Group's machinery equipment with net carrying amounts of RMB41,746,000 and RMB79,614,000 and RMB70,105,000, respectively, was held under the sales and leaseback arrangement under which the Group has retained control of the assets and therefore the liabilities are recognised as other borrowings (note 25). As at 31 December 2024, certain of the Group's machinery and equipment with a net carrying amount of RMB26,264,000 were pledged to secure extended payment terms to the supplier, the pledge was released in June 2025. As at 31 December 2025, certain of the Group's machinery and equipment with a net carrying amount of RMB212,058,000 were pledged to secure the Group fulfilment of the obligations under the redemption liability to non-controlling shareholders.

Impairment testing of non-financial assets

Non-financial assets (including the property, plant and equipment, right-of-use assets and intangible assets) of the Group are assessed as one cash-generating unit for impairment testing as at the end of each of the Relevant Periods.

The recoverable amount of the cash-generating unit has been determined based on a value in use calculation using cash flow projections based on financial budgets covering the remaining useful life of non-financial assets approved by senior management. The pre-tax discount rate applied to the cash flow projections, the revenue growth rate and the growth rate for earnings before interest, taxes, depreciation, and amortisation ("EBITDA") used to extrapolate the cash flows of the cash-generating unit are as follows:

	As at 31 December		
	2023	2024	2025
Average revenue growth rate	27%	27%	23%
Average EBITDA growth rate	43%	38%	25%
Pre-tax discount rate	11.4%	11.4%	11.0%

The calculation of value in use is based on the following assumptions:

Revenue growth rate — the rate is based on the average revenue growth achieved in the past years and expected market development.

EBITDA growth rate — the rate is derived through combining historical performance analysis and forward-looking market projections incorporating industry-specific demand drivers, competitive dynamics, and macroeconomic development.

Pre-tax discount rate — the rate reflects management's estimate of the risks specific to the unit. The values assigned to the key assumptions on revenue growth rate, EBITDA growth rate, discount rates are consistent with management's past experience and external information sources.

As at 31 December 2023, 2024 and 2025, the recoverable amount of the cash-generating unit has exceeded its carrying amount and no impairment provision was made.

14. LEASES

The Group as a lessee

The Group has lease contracts for various items of buildings and equipment used in its operations. Buildings generally have lease terms between 2 and 10 years and leases of equipment generally have lease terms between 5 and 7 years. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods between 15.33 years and 50 years and no ongoing payments will be made under the terms of these land leases.

(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

	Buildings	Equipment	Leasehold land	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	70,068	113	–	70,181
Additions	18,862	–	57,541	76,403
Depreciation charge	(12,459)	(30)	(3,127)	(15,616)
Disposals	(1,447)	–	–	(1,447)
Exchange realignment	198	3	–	201
At 31 December 2023	75,222	86	54,414	129,722
At 1 January 2024	75,222	86	54,414	129,722
Additions	1,414	48	–	1,462
Depreciation charge	(16,209)	(39)	(3,753)	(20,001)
Disposals	(1,875)	–	–	(1,875)
Exchange realignment	75	2	–	77
At 31 December 2024	58,627	97	50,661	109,385
At 1 January 2025	58,627	97	50,661	109,385
Additions	2,424	–	15,863	18,287
Lease modification	436	–	–	436
Depreciation charge	(14,462)	(31)	(3,911)	(18,404)
Disposals	(2,438)	–	–	(2,438)
Exchange realignment	10	(1)	–	9
At 31 December 2025	44,597	65	62,613	107,275

The Company

	Buildings	Leasehold land	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2023	53,520	–	53,520
Additions	3,397	57,541	60,938
Depreciation charge	(7,773)	(3,127)	(10,900)
Disposals	(38,100)	–	(38,100)
At 31 December 2023	11,044	54,414	65,458
At 1 January 2024	11,044	54,414	65,458
Additions	148	–	148
Depreciation charge	(4,423)	(3,753)	(8,176)
Disposals	(1,814)	–	(1,814)
At 31 December 2024	4,955	50,661	55,616
At 1 January 2025	4,955	50,661	55,616
Additions	2,424	–	2,424
Lease modification	132	–	132
Depreciation charge	(3,080)	(3,753)	(6,833)
At 31 December 2025	4,431	46,908	51,339

As at 31 December 2023, 2024 and 2025, certain of the Group's leasehold land with a net carrying amount of RMB54,414,000, RMB50,661,000 and RMB62,613,000 were pledged to secure the bank and other borrowings (note 25).

(b) ***Lease liabilities***

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

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount at 1 January	70,075	77,033	67,509
New leases	19,666	1,462	2,424
Lease modification	–	–	523
Disposals	(1,766)	(2,024)	(2,542)
Accretion of interest recognised during the year	3,426	3,447	2,617
Payments	(14,640)	(12,521)	(20,757)
Exchange realignment	272	112	(17)
Carrying amount at 31 December	77,033	67,509	49,757
Analysed into:			
Current portion	14,666	19,022	13,395
Non-current portion	62,367	48,487	36,362

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount at 1 January	55,674	11,466	5,227
New leases	3,397	–	2,424
Lease modification	–	–	148
Disposals	(41,079)	(2,024)	–
Accretion of interest recognised during the year	2,772	437	196
Payments	(9,298)	(4,652)	(3,749)
Carrying amount at 31 December	11,466	5,227	4,246
Analysed into:			
Current portion	4,271	2,839	1,857
Non-current portion	7,195	2,388	2,389

(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*
Expense relating to short-term leases and leases of low-value assets	531	210	342
Interest on lease liabilities	3,426	3,447	2,617
Depreciation charge of right-of-use assets	15,616	20,001	18,404
Total amount recognised in profit or loss	19,573	23,658	21,363

The Company

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Interest on lease liabilities	2,772	437	196
Depreciation charge of right-of-use assets	10,900	8,176	6,833
Total amount recognised in profit or loss	13,672	8,613	7,029

15. INTANGIBLE ASSETS

The Group

Software

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At 1 January			
Cost	2,696	3,141	3,092
Accumulated amortisation	(861)	(1,296)	(1,702)
Net carrying amount	1,835	1,845	1,390
At 1 January, net of accumulated amortisation	1,835	1,845	1,390
Additions	224	–	5,297
Transfer from construction in progress	260	21	–
Disposals	(38)	(70)	–
Amortisation during the year	(436)	(406)	(1,060)
Exchange realignment	–	–	(25)
At 31 December, net of accumulated amortisation	1,845	1,390	5,602
Cost	3,141	3,092	8,364
Accumulated amortisation	(1,296)	(1,702)	(2,762)
Net carrying amount	1,845	1,390	5,602

The Company

Software

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At 1 January			
Cost	593	593	593
Accumulated amortisation	(67)	(201)	(335)
Net carrying amount	526	392	258
At 1 January, net of accumulated amortisation	526	392	258
Additions	–	–	2,574
Disposals	–	–	–
Amortisation during the year	(134)	(134)	(656)
At 31 December, net of accumulated amortisation	392	258	2,176
Cost	593	593	3,166
Accumulated amortisation	(201)	(335)	(990)
Net carrying amount	392	258	2,176

16. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Unlisted equity investment*	2,400	2,150	1,900
Wealth management products**	7	7	–
Total	2,407	2,157	1,900
Non-current portion	2,400	2,150	1,900
Current portion	7	7	–

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Equity investment*	2,400	2,150	1,900

* The above equity investment represents the Group's equity investment in Shenzhen Huixin Communication Technology Co., Ltd. The Group has invested in this company to leverage the various resources of its innovation platform and to maintain it as a potential customer. The equity investment was classified as financial assets at fair value through profit or loss as the Group has not elected to recognise the fair value gain or loss through other comprehensive income.

** The wealth management products were issued by banks in Mainland China. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

17. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Current			
Prepayments	9,921	11,721	26,716
Value-added tax recoverable	47,578	38,508	24,569
Right-of-return assets	235	206	190
Deferred [**REDACTED**] expenses	–	[**REDACTED**]	[**REDACTED**]
Other receivables and deposits	2,965	4,809	9,615
	60,699	55,648	65,284
Provision for impairment	(599)	(296)	(42)
Total	60,100	55,352	65,242
Non-current			
Prepayment for property, plant and equipment	25,019	29,133	40,328
Value-added tax recoverable	33,707	30,538	–
Other receivables and deposits	8,566	6,979	818
Total	67,292	66,650	41,146

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Current			
Prepayments	5,246	8,222	6,400
Value-added tax recoverable	33,282	24,011	4,083
Right-of-return assets	235	206	190
Deferred [**REDACTED**] expenses	–	[**REDACTED**]	[**REDACTED**]
Other receivables and deposits	875	479	2,321
Due from subsidiaries	283,950	283,976	268,676
	323,588	317,298	285,864
Provision for impairment	(388)	(42)	(42)
Total	323,200	317,256	285,822
Non-current			
Prepayment for property, plant and equipment	11,340	11,747	24,125
Other receivables and deposits	3,848	3,494	173
Total	15,188	15,241	24,298

The other receivables and deposits are interest-free and are not secured with collateral.

As of 31 December 2023, 2024 and 2025, the impairment of the other receivables and deposits were measured based on 12-month expected credit loss if 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, they were measured based on lifetime expected credit loss.

The movements in the loss allowance for impairment of other receivables and deposits are as follows:

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	608	599	296
Impairment losses, net *(note 6)*	(9)	(303)	69
Amount written off as uncollectible	–	–	(323)
At the end of the year	599	296	42

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	389	388	42
Impairment losses, net	(1)	(346)	–
At the end of the year	388	42	42

18. INVENTORIES

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	52,338	52,557	43,635
Work in progress	15,657	12,600	16,965
Finished goods	9,116	10,797	21,362
Goods in transit	2,430	1,621	10
Consigned processing materials	1,310	1,367	985
Total	80,851	78,942	82,957

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	7,839	21,322	7,069
Work in progress	5,991	5,040	11,879
Finished goods	6,257	5,690	13,992
Goods in transit	49	45	
Consigned processing materials	748	190	513
Total	20,884	32,287	33,453

19. TRADE AND BILLS RECEIVABLES

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	113,104	168,304	166,108
Bills receivable*	15,547	4,713	24,532
Less: Impairment of trade receivables	(6,985)	(9,435)	(15,586)
Net carrying amount	121,666	163,582	175,054

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	78,766	117,185	85,774
Bills receivable*	1,475	1,068	7,222
Less: Impairment of trade receivables	(4,618)	(6,095)	(4,790)
Net carrying amount	75,623	112,158	88,206

* Bills receivable are subject to impairment under the general approach and the impairment is considered to be minimal.

The Group's trading terms with its customers are mainly on credit. The credit period is generally 30 to 90 days upon receipt of invoice or after monthly clearance. 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.

As at 31 December 2023, 2024 and 2025, included in the Group's trade receivables are amounts due from the Group's related parties of RMB211,000, RMB653,000 and RMB519,000 respectively, which are repayable on credit terms similar to those offered to the major customers of the Group (note 37(d)).

The fair values of trade receivables at the end of each of the Relevant Periods approximated to their corresponding carrying amounts due to their relatively short maturity terms.

An aging analysis of the trade receivables as at the end of the reporting period, based on the revenue recognition date and net of loss allowance, is as follows:

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	101,469	154,157	143,044
1 to 2 years	4,015	4,533	5,582
2 to 3 years	493	139	1,896
3 to 4 years	142	40	–
Total	106,119	158,869	150,522

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	70,213	111,090	79,023
1 to 2 years	3,935	–	1,961
Total	74,148	111,090	80,984

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

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	3,697	6,985	9,435
Impairment losses, net *(note 6)*	3,288	2,512	6,575
Amount written off as uncollectible	–	(62)	(424)
At the end of the year	6,985	9,435	15,586

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	1,529	4,618	6,095
Impairment losses, net	3,089	1,477	(1,305)
At the end of the year	4,618	6,095	4,790

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. 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. Trade receivables for which the counterparties failed to make the demanded repayments are defaulted receivables. The Group has provided impairment for the defaulted receivables based on the cash flows that the Group expects to receive.

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

The Group

	As at 31 December 2023		
	Gross carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000		*RMB'000*
Within 1 year	106,809	5%	5,287
1 to 2 years	4,462	11%	469
2 to 3 years	617	25%	155
3 to 4 years	284	50%	142
At the end of the year	112,172	5%	6,053
Defaulted receivables	932	100%	932
Total	113,104	6%	6,985

	As at 31 December 2024		
	Gross carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000		*RMB'000*
Within 1 year	162,235	5%	7,889
1 to 2 years	5,035	11%	574
2 to 3 years	176	65%	114
3 to 4 years	84	100%	84
At the end of the year	167,530	5%	8,661
Defaulted receivables	774	100%	774
Total	168,304	6%	9,435

	As at 31 December 2025		
	Gross carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000		*RMB'000*
Within 1 year	151,928	6%	8,884
1 to 2 years	6,613	16%	1,031
2 to 3 years	3,364	44%	1,468
3 to 4 years	16	100%	16
At the end of the year	161,921	7%	11,399
Defaulted receivables	4,187	100%	4,187
Total	166,108	9%	15,586

The Company

	As at 31 December 2023		
	Gross carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000		*RMB'000*
Due from subsidiaries	701	–	–
Within 1 year	73,171	5%	3,659
1 to 2 years	4,372	10%	437
At the end of the year	78,244	5%	4,096
Defaulted receivables	522	100%	522
Total	78,766	6%	4,618

	As at 31 December 2024		
	Gross carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000		*RMB'000*
Due from subsidiaries	1,950	–	–
Within 1 year	114,884	5%	5,744
At the end of the year	116,834	5%	5,744
Defaulted receivables	351	100%	351
Total	117,185	5%	6,095

	As at 31 December 2025		
	Gross carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000		*RMB'000*
Due from subsidiaries	24,140	–	–
Within 1 year	60,378	6%	3,534
At the end of the year	84,518	4%	3,534
Defaulted receivables	1,256	100%	1,256
Total	85,774	6%	4,790

20. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The Group endorses or discounts certain bank acceptance bills in its routine management. Such bills receivable is classified and measured at fair value through other comprehensive income as they are held within a business model with the objective of both collecting contractual cashflows and selling.

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Bills receivable	1,579	390	159

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Bills receivable	–	–	76

21. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Cash and bank balances	34,790	45,371	98,676
Pledged bank deposits	–	1	–
	34,790	45,372	98,676
Less:			
Pledged bank deposits	–	(1)	–
Cash and cash equivalents	34,790	45,371	98,676

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Cash and bank balances	25,008	21,463	20,497
Pledged bank deposits	–	1	–
	25,008	21,464	20,497
Less: Pledged bank deposits	–	(1)	–
Cash and cash equivalents	25,008	21,463	20,497

The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

22. TRADE PAYABLES

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	76,016	156,250	188,376

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	95,966	171,854	219,292

As at 31 December 2023, 2024 and 2025, included in the trade payables are amounts of RMB896,000, RMB4,000 and RMB196,000 due to Group's related parties which are repayable on credit terms similar to those offered by the major suppliers of the Group (note 37(d)).

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

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	72,547	148,776	139,444
Over 1 year	3,469	7,474	48,932
Total	76,016	156,250	188,376

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	95,889	171,832	202,378
Over 1 year	77	22	16,914
Total	95,966	171,854	219,292

The trade payables are non-interest-bearing and are normally settled within 90 days upon monthly clearance.

23. CONTRACT LIABILITIES

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Sales of products	4,344	1,433	2,297
Total	4,344	1,433	2,297

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Sales of products	125	5,307	12,098
Total	125	5,307	12,098

Contract liabilities represented the obligations to transfer goods to customers for which the Group has received consideration.

24. OTHER PAYABLES AND ACCRUALS

The Group

		As at 31 December		
	Notes	2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Payable for purchase of property plant, and equipment		40,310	48,365	40,027
Output value added tax to be transferred		969	8,828	14,861
Amounts due to the related parties	*37(d)*	39,269	57,527	980
[**REDACTED**] expenses payable		–	[**REDACTED**]	[**REDACTED**]
Other payables and deposits		10,254	30,995	31,900
Payroll and welfare payable		20,250	31,189	25,616
Other tax payable		1,105	1,826	1,776
Total		112,157	181,301	134,578

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Payable for purchase of property plant,and equipment	20,405	24,350	16,240
Output value added tax to be transferred	69	5,373	9,227
Amounts due to the related parties	37,100	56,660	357
Amounts due to subsidiaries	60,611	134,794	276,084
[**REDACTED**] expenses payable	–	[**REDACTED**]	[**REDACTED**]
Other payables and deposits	8,724	19,946	18,624
Payroll and welfare payable	10,952	16,031	11,088
Other tax payable	623	604	592
Total	138,484	260,329	351,630

Other payables are unsecured and repayable on demand.

25. INTEREST-BEARING BANK AND OTHER BORROWINGS

The Group

	As at 31 December 2023			As at 31 December 2024			As at 31 December 2025		
	Effective Interest rate	Maturity	RMB'000	Effective Interest rate	Maturity	RMB'000	Effective Interest rate	Maturity	RMB'000
	(%)			*(%)*			*(%)*		
Current									
Bank loans – unsecured	4.50	2024	5,000	–	–	–	2.90~3.10	2026	15,000
Other loans – secured *(iii)*	–	–	–	–	–	–	6.75	2026	16,885
Bank loans – secured *(ii & iv)*	2.67~4.50	2024	162,816	3.23~7.00	2025	212,067	2.20~7.00	2026	248,789
Current portion of long term bank loans – secured *(ii & iv)*	–	–	–	3.23	2025	3,143	3.23~6.88	2026	4,596
Current portion of long term other loans – secured *(iii & iv)*	4.60	2024	11,333	4.60~6.36	2025	18,379	6.00	2026	28,717
Total – current			179,149			233,589			313,987

	As at 31 December 2023			As at 31 December 2024			As at 31 December 2025		
	Effective Interest rate	Maturity	RMB'000	Effective Interest rate	Maturity	RMB'000	Effective Interest rate	Maturity	RMB'000
	(%)			*(%)*			*(%)*		
Non-current									
Long term bank loans secured *(ii & iv)*	–	–	–	3.23	2026	2,857	2.95~6.88	2027~2035	10,310
Long term other loans – secured *(iii & iv)*	4.60	2025	5,775	4.60~6.36	2027	17,475	–	–	–
Total – non-current			5,775			20,332			10,310
Total			184,924			253,921			324,297

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Analysed into:			
Within 1 year or on demand	179,149	233,589	313,987
1 to 2 years	5,775	2,857	310
2 to 5 years	–	17,475	–
Over 5 years	–	–	10,000
Total	184,924	253,921	324,297

The Company

	As at 31 December 2023			As at 31 December 2024			As at 31 December 2025		
	Effective Interest rate	Maturity	RMB'000	Effective Interest rate	Maturity	RMB'000	Effective Interest rate	Maturity	RMB'000
	(%)			*(%)*			*(%)*		
Current									
Bank loans –unsecured	–	–	–	–	–	–	2.90	2026	10,000
Bank loans – secured *(ii & iv)*	3.45~4.50	2024	122,830	3.40~3.80	2025	120,448	2.80~3.80	2026	169,352
Current portion of long term bank loans – secured	–	–	–	–	–	–	6.88	2026	1,739
Current portion of long term other loans – secured	–	–	–	6.36	2025	7,627	6.00	2026	14,695
Total – current			122,830			128,075			195,786
Non-current									
Long term bank loans – secured	–	–	–	–	–	–	6.88	2027	310
Long term other loans – secured	–	–	–	6.36	2027	10,542	–	–	–
Total – non-current	–	–	–			10,542			310
Total			122,830			138,617			196,096

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Analysed into:			
Within 1 year or on demand	122,830	128,075	195,786
1 to 2 years	–	–	310
2 to 5 years	–	10,542	–
Total	122,830	138,617	196,096

Notes:

(i) All bank borrowings are denominated in RMB as at 31 December 2023, 2024 and 2025.

(ii) As at 31 December 2023, 2024, and 2025, leasehold land with a net carrying amount of RMB54,414,000, RMB50,661,000 and RMB62,613,000 were pledged to secure the bank and other borrowings (note 14).

As at 31 December 2023, 2024 and 2025, the Group pledged certain invention patents and utility model patents developed by the Group as collateral to secure bank loans. These patent rights had not previously been capitalised in the financial statements.

(iii) Other loans represented the borrowings from certain financial institutions under sales and leaseback transactions (note 14). As at 31 December 2023 and 2024, the Company pledged its 100% equity interest in BASiC Semiconductor (Wuxi) Limited to one of the financial institutions as collateral to secure other loans. The long term other loans of RMB17,475,000 as at 31 December 2024 were terminated in 2025 and replaced by other loans with maturity in 2026.

(iv) As at 31 December 2023, 2024 and 2025, certain directors and related parties of the Group provided guarantees for the bank and other borrowings of the Group (note 37(c)).

26. PROVISION

The Group

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Obligation to restore the leased property*	4,226	4,522	4,838
Refund liabilities**	281	267	279
Onerous contracts***	36	3,692	1,764
Total	4,543	8,481	6,881
Analysed into:			
Current portion	317	3,959	2,562
Non-current portion	4,226	4,522	4,319

The Company

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Refund liabilities**	281	267	279
Onerous contracts***	36	3,692	1,764
Total	317	3,959	2,043

* The contract for some of the leased buildings stipulates that the Group must restore the leased property to its pre-release state upon termination of the lease. Therefore, the Group has a restoration obligation for the lease based on the estimated restoration cost.

** Some of the contracts provide customers with a right to return the goods within a specified period. The Group estimates the provision for liabilities based on the expected returns with the corresponding changes recognised in revenue.

*** The Group has entered into certain loss-making contracts which are onerous, and recognised provisions for the estimated losses expected to arise from these contracts at each period end.

27. REDEMPTION LIABILITIES TO NON-CONTROLLING SHAREHOLDERS

(1) On 9 April 2019, the Company has entered into an investment agreement with Leaguer Zhongke Private Equity Fund Management (Shenzhen) Co., Ltd. and Nanjing Pukou Development Zone High-Tech Investment Co., Ltd. (the "Two investors") to jointly conduct a capital increase in the Company's subsidiary, Nanjing BASiC. Leaguer Zhongke Private Equity Fund Management (Shenzhen) Co., Ltd. is wholly owned by Leaguer Qingzhi Sci Tech Innovation (Shenzhen) Co., Ltd. which is a subsidiary of Shenzhen Leaguer Venture Capital Co., Ltd., a state-owned holding company. Nanjing Pukou Development Zone High-Tech Investment Co., Ltd. is a wholly state-owned enterprise, with Nanjing Pukou Economic Development Co., Ltd. as its controlling shareholder. Pursuant to the investment agreement, the investors shall have the right to issue a written notice to Nanjing BASiC and the Company requesting the repurchase of all or part of the equity held by these investors in Nanjing BASiC: if, on or before 31 December 2025, Nanjing BASiC fails to complete a qualified acquisition (with an aggregate valuation of no less than RMB390 million) or to officially submit and obtain acceptance of the application for an [**REDACTED**] in Mainland China (including [**REDACTED**] on the Main Board, SME Board, ChiNext, Sci-Tech Innovation Board (STAR Market), or any other securities trading markets recognized by the Shanghai Stock Exchange or Shenzhen Stock Exchange at the time of application, excluding the New Third Board). The capital injection in Nanjing BASiC by the Two investors was conducted through Nanjing Partnership which has a limited lifespan not exceeding 9 years.

Upon the closure of the investment, at the Group's consolidated statements of the financial position, the Group recognised the contractual obligation to the Two investors as financial liabilities measured at amortised cost using the effective interest rate method over the period from the closure date to the maturity date of 31 December 2025. At the Company's statements of financial position, the Company classified it as financial liabilities at fair value through profit or loss, with the change in fair value charged to profit or loss except for the portion attributable to credit risk change that shall be charged to other comprehensive income. Management considered that fair value change in this repurchase liability attributable to changes of its own credit risk is not significant.

As the redemption rights have been triggered as at 31 December 2025, Two investors have issued a written notice to Nanjing BASiC and the Company on 20 January 2026, requesting the repurchase of all or part of the equity held by these investors in Nanjing BASiC within 180 days. This redemption price is to be calculated based on the higher of (i) the capital contribution and a return of interest rate of 8% per annum; and (ii) the fair value of the net assets of Nanjing BASiC corresponding to the proportion of shares redeemed. The Group is expected to settle the liability no later than 21 July 2026.

(2) On 23 May 2025, the Company, Dr. Wang Zhihan, Dr. He Weiwei, SZ Investment NEV, an Independent Third Party, and SZ Packaging, a subsidiary of the Group, entered into a capital increase agreement. The Company and SZ Investment NEV have agreed to subscribe to a total of RMB300 million in newly issued registered capital of SZ Packaging, which have been received and completed on 31 December 2025.

Pursuant to the capital increase agreement, SZ Investment NEV has the right to request the Company to redeem all or any portion of the capital held by SZ Investment NEV, at any time after 31 December 2028 or from time to time on or after the earliest date of the occurrence of certain trigger events, at a redemption price of the issued capital and a return of interest rate of 8% per annum. The redemption rights were terminated as of the date immediately preceding the filing of the [**REDACTED**] application of the Company for the [**REDACTED**] and shall be automatically restored if the Company withdraws the [**REDACTED**] application.

In the Group's consolidated statements of the financial position, the Group recognised the contractual obligation to SZ Investment NEV as financial liabilities measured at amortised cost using the effective interest rate method. Any difference between the amount of non-controlling interest derecognised and the redemption liabilities is accounted for within equity. At the Company's statements of financial position, the Company classified it as financial liabilities at fair value through profit or loss, with the change in fair value charged to profit or loss except for the portion attributable to credit risk change that shall be charged to other comprehensive income. Management considered that fair value change in this repurchase liability attributable to changes of its own credit risk is not significant.

The movements of this redemption liability during the Relevant Periods are as follows:

The Group

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount at 1 January	35,258	38,466	41,976
Additions	–	–	166,043
Accretion of interest recognised during the year *(note 7)*	3,208	3,510	6,243
Carrying amount at 31 December	38,466	41,976	214,262
Analysed into:			
Current portion	–	41,976	45,795
Non-current portion	38,466	–	168,467

The redemption liabilities were classified as non-current liabilities unless the investors had the right to demand the Company to redeem the investments within 12 months after the end of each of the Relevant Periods.

The Company

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount at 1 January	17,041	19,971	22,793
Additions	–	–	72,121
Fair value changes	2,930	2,822	(1,247)
Carrying amount at 31 December	19,971	22,793	93,667
Analysed into:			
Current portion	–	22,793	23,283
Non-current portion	19,971	–	70,384

The fair value of the Company's repurchase obligation were estimated by using an option pricing model, taking into account the terms and conditions upon which the repurchase obligation were granted. The following table lists the significant inputs to the fair value model used:

	31 December 2023	31 December 2024	31 December 2025
Risk-free interest rate (%)	2.21	1.08	1.34-1.38
Volatility (%)	42.85	45.60	46.66-47.30

28. DEFERRED INCOME

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At 1 January	53,945	65,371	87,735
Received amounts	11,426	39,152	1,211
Released amounts	–	(16,788)	(8,502)
At 31 December	65,371	87,735	80,444

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At 1 January	52,925	64,225	68,335
Received amounts	11,300	20,898	1,211
Released amounts	–	(16,788)	(8,502)
At 31 December	64,225	68,335	61,044

The Group's deferred income represented government grants received for projects and are deferred and amortised on a straight-line basis over the expected lives of the related assets or recognised as income on a systematic basis over the periods that the costs, for which they are intended to compensate, are expensed. The grants were recognised in profit or loss as other income when the Group complied with the conditions attached to the grants.

29. SHARE CAPITAL/PAID-IN CAPITAL

Share capital

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

	Number of shares in issue	Share capital
		RMB'000
As at 1 January 2024	–	–
Issue of ordinary shares upon conversion into a joint stock company of RMB1 each	53,770,801	53,771
As at 31 December 2024	53,770,801	53,771
As at 1 January 2025	53,770,801	53,771
Issue of ordinary shares upon capital investment***	1,609,904	1,610
Share sub-division****	221,522,820	–
As at 31 December 2025	276,903,525	55,381

Paid-in capital

	Total
	RMB'000
As at 1 January 2023*	51,018
Issue of ordinary shares	2,645
As at 1 January 2024	53,663
Issue of ordinary shares	108
Conversion into a joint stock company	(53,771)
As at 31 December 2024**	–

* During the year ended 31 December 2023, the Company received capital contributions of RMB95,750,000. The capital contributions increased the paid-in capital and capital reserve by RMB2,645,000 and RMB93,105,000, respectively.

** During the year ended 31 December 2024, the Company received capital contributions of RMB10,000,000 The capital contributions increased the paid-in capital and capital reserve by RMB108,000 and RMB9,892,000, respectively.

*** During the year ended 31 December 2025, the Company received capital contributions of RMB150,000,000. The capital contributions increased the share capital and capital reserve by RMB1,610,000 and RMB148,390,000, respectively.

**** On 10 May 2025, the ordinary shares with nominal value RMB1.00 each were subdivided on a one-for-five basis, and the nominal value was changed to RMB0.20 each. The total number of shares was changed from 55,380,705 shares to 276,903,525 shares.

Pursuant to the shareholders agreements entered into between the Company and its shareholders (collectively the "Agreements"), the Company issued ordinary shares to certain shareholders (collectively the "Pre-[**REDACTED**] Investors") for a total net cash proceed of approximately RMB1,032 million (collectively the "Pre-[**REDACTED**] Investments"). Pursuant to the Agreements, the Pre-[**REDACTED**] Investors were granted by the Company with special rights ("Special Rights") which included redemption rights, liquidation preferences and anti-dilution rights.

There was no exercise of Special Rights granted by the Company throughout the Relevant Periods.

On 31 July 2023, the Company and the Pre-[**REDACTED**] Investors subsequently entered into supplemental agreements, agreeing that certain of the Special Rights granted by the Company to Pre-[**REDACTED**] investors, including redemption rights, liquidation preferences and anti-dilution rights, have been irrecoverably terminated and shall be deemed void prior to the Relevant Periods. Taking into account the legal and regulatory framework of the Company's jurisdiction and the governing law of the supplemental agreements, the directors considered that it is appropriate to present the Pre-[**REDACTED**] Investments as equity throughout the Relevant Periods.

Had the Special Rights granted by the Company to the Pre-[**REDACTED**] Investors been accounted for as financial liabilities measured at present value of the redemption amount prior to entering into the supplemental agreements, the finance costs associated with the redemption financial liabilities, the net loss for the year, basic and dilutive loss per share would have been:

	Year ended 31 December
	2023
	RMB'000
Financial costs associated with the redemption financial liabilities	48,626
Total net loss	(390,821)
Basic and dilutive loss per share	(1.49)

30. RESERVES/DEFICITS

The Group

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

(i) Capital reserve

The capital reserve of the Group represents the excess of the consideration received for subscription of the registered capital of the Company, deemed contribution from the shareholders, the reserves resulting from transactions with non-controlling interests, and the excess of the carrying amount of the non-controlling interests and the present value of the amount payable at the time of redemption liability to non-controlling shareholders.

(ii) Share-based payment reserve

The share-based payment reserve of the Group represents the share-based compensation reserve due to equity-settled share-based payment transactions, details of which were set out in note 31 to the Historical Financial Information.

(iii) Exchange fluctuation reserve

The exchange fluctuation reserve of the Group represents exchange differences arising from the translation of financial statements of foreign operations.

The Company

The amounts of the Company's reserves and the movements therein for the Relevant Periods are presented as follows:

	Capital reserve	Share-based payment reserve	Accumulated losses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2023	946,092	78,755	(470,690)	554,157
Loss for the year	–	–	(241,659)	(241,659)
Total comprehensive loss for the year	–	–	(241,659)	(241,659)
Issue of ordinary shares	93,105	–	–	93,105
Share-based payments *(note 31)*	–	28,697	–	28,697
As at 31 December 2023	1,039,197	107,452	(712,349)	434,300

	Capital reserve	Share-based payment reserve	Accumulated losses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2024	1,039,197	107,452	(712,349)	434,300
Loss for the year	–	–	(165,744)	(165,744)
Total comprehensive loss for the year	–	–	(165,744)	(165,744)
Issue of ordinary shares	9,976	–	–	9,976
Share-based payments *(note 31)*	–	32,000	–	32,000
Conversion into a joint stock company	(800,844)	–	800,844	–
As at 31 December 2024	248,329	139,452	(77,249)	310,532

	Capital reserve	Share-based payment reserve	Accumulated losses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2025	248,329	139,452	(77,249)	310,532
Loss for the year	–	–	(204,010)	(204,010)
Total comprehensive loss for the year	–	–	(204,010)	(204,010)
Issue of ordinary shares	148,390	–	–	148,390
Share-based payments *(note 31)*	–	72,457	–	72,457
At 31 December 2025	396,719	211,909	(281,259)	327,369

31. SHARE-BASED PAYMENTS

The Group approved and adopted the share award scheme (the "Share Award Scheme") for certain employees of the Group ("Share Incentive Participants") in order to recognise the contributions of the Share Incentive Participants to the growth and development of the Group, and incentivise them to further promote the development of the Group.

In order to implement the Share Award Scheme, Shenzhen BASiC Createnjoy Holding Partnership (Limited Partnership) ("BASiC Createnjoy"), Shenzhen BASiC Innovation Technology Partnership (Limited Partnership) ("BASiC Innovation"), Shenzhen BASiC Creation Holding Partnership (Limited Partnership) ("BASiC Creation") and Shenzhen BASiC Entrepreneur Management Partnership (Limited Partnership) ("BASiC Entrepreneur") including its wholly-owned subsidiary, Shenzhen BASiC Force Management Partnership (Limited Partnership) ("BASiC Force") were established and designated as share incentive platforms to hold the shares specially awarded to the eligible participants as the ultimate beneficial owners. The Group has no control over the share incentive platforms.

In November 2016, BASiC Innovation subscribed for 2,100,000 shares of the Company at a consideration of RMB25,000. In August 2018, BASiC Innovation acquired 300,000 shares of the Company from a shareholder at a consideration of RMB1,000,000. In August 2018, BASiC Entrepreneur acquired 1,950,000 shares of the Company from a shareholder at a consideration of RMB6,500,000. In April and June 2021, BASiC Creation acquired 4,065 and 2,294,230 shares of the Company from shareholders at a consideration of RMB17,000 and RMB9,982,000, respectively. In February BASiC Createnjoy subscribed for 3,534,733 shares of the Company at a consideration of RMB60,000,000. All of the shares held by these share incentive platforms ("RSUs") have been granted to the Share Incentive Participants as at 31 December 2024.

The share awards granted to the Share Incentive Participants by BASiC Creation and BASiC Createnjoy shall be subject to both a [**REDACTED**]-based condition (the "[**REDACTED**] Condition") as well as service conditions. The [**REDACTED**] Condition would be satisfied when the ordinary shares of the Company are successfully [**REDACTED**] on a recognised stock exchange.

On 10 May 2025, the Group has approved to shorten the vesting periods for the share awards granted under BASiC Creation and BASiC Createnjoy by 24 months. The Group has applied prospective adjustment of the vesting period as at the modification date, that is to recognise the expenses over the modified remaining vesting period.

The fair values of the share awards granted were estimated as at the grant date by using an option pricing model, taking into account the terms and conditions upon which the share awards were granted. The following table lists the significant inputs to the fair value model used during the Relevant Periods:

	27 July 2023	28 May 2024
Risk-free interest rate (%)	2.30	1.75
Volatility (%)	42.80	39.70

The following table summarises the Group's Scheme activities during the Relevant Periods:

	Number of shares
At 1 January 2023	4,882,291
Granted during the year	1,146,947
Vested during the year	(172,288)
Forfeited during the year	(374,982)
At 31 December 2023	5,481,968
At 1 January 2024	5,481,968
Granted during the year	773,050
Vested during the year	(231,938)
Forfeited during the year	(190,052)
At 31 December 2024	5,833,028
At 1 January 2025	5,833,028
Effect of share sub-division	23,332,112
Vested during the year	(433,080)
At 31 December 2025	28,732,060

The aforesaid transactions have been accounted for as share-based payment transactions. During the years ended 31 December 2023, 2024 and 2025, the Group recognised share-based payment expenses of RMB28,697,000, RMB32,000,000 and RMB72,457,000, respectively.

32. NOTES TO THE CONSOLIDATED STATEMENTS OF CASHFLOWS

(a) Major non-cash transaction

(1) 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 RMB19,666,000, RMB1,462,000 and RMB2,424,000 respectively, in respect of lease agreements for buildings.

(2) During the year ended 31 December 2025, the Group offset the trade receivables in the amount of RMB6,230,000 with the deposit received from the same customer. After the offsetting, the Group had other payable balance to the customer of RMB6,220,000 as at 31 December 2025.

(b) Changes in liabilities arising from financing activities

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

	Other payables and accruals	Amounts due to the related parties	Lease liabilities	Bank and other loans	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	–	–	70,075	105,890	175,965
Changes from financing cash flows:					
Payments of lease liabilities	–	–	(14,640)	–	(14,640)
New bank and other borrowings	–	–	–	173,606	173,606
Repayments of bank and other loans	–	–	–	(96,350)	(96,350)
Payments of bank loan interest	–	–	–	(5,568)	(5,568)
Loans from related parties	–	46,560	–	–	46,560
Repayment of related party loans	–	(8,280)	–	–	(8,280)
Total changes from financing cash flows	–	38,280	(14,640)	71,688	95,328
Other changes:					
New leases	–	–	19,666	–	19,666
Accretion of interest	–	50	3,426	7,735	11,211
Lease termination	–	–	(1,766)	–	(1,766)
Other non-cash transaction	–	–	–	(389)	(389)
Currency translation differences	–	–	272	–	272
Total other changes	–	50	21,598	7,346	28,994
At 31 December 2023	–	38,330	77,033	184,924	300,287

	Other payables and accruals	Amounts due to the related parties	Lease liabilities	Bank and other loans	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2024	–	38,330	77,033	184,924	300,287
Changes from financing cash flows:					
Lease payment	–	–	(12,521)	–	(12,521)
New bank and other borrowings	–	–	–	259,067	259,067
Repayments of bank and other loans	–	–	–	(191,202)	(191,202)
Payments of bank loan interest	–	–	–	(9,003)	(9,003)
Loans from related parties	–	109,020	–	–	109,020
Repayment of related party loans	–	(91,850)	–	–	(91,850)
Payment for deferred [**REDACTED**] expenses	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Total changes from financing cash flows	(82)	17,170	(12,521)	58,862	63,429
Other changes:					
New leases	–	–	1,462	–	1,462
Accretion of interest	–	640	3,447	11,132	15,219
Lease termination	–	–	(2,024)	–	(2,024)
Accretion of [**REDACTED**] expenses	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Other non-cash transaction	–	–	–	(997)	(997)
Currency translation differences	–	–	112	–	112
Total other changes	487	640	2,997	10,135	14,259
At 31 December 2024	405	56,140	67,509	253,921	377,975

	Other payables and accruals	Amounts due to the related parties	Lease liabilities	Bank and other loans	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2025	405	56,140	67,509	253,921	377,975
Changes from financing cash flows:					
Lease payment	–	–	(20,757)	–	(20,757)
New bank and other borrowings	–	–	–	444,670	444,670
Repayments of bank and other loans	–	–	–	(377,256)	(377,256)
Payments of bank loan interest	–	–	–	(11,006)	(11,006)
Loans from related parties	–	215,525	–	–	215,525
Repayment of related party loans	–	(271,990)	–	–	(271,990)
Payment for deferred [**REDACTED**] expenses	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Total changes from financing cash flows	(1,083)	(56,465)	(20,757)	56,408	(21,897)
Other changes:					
New leases	–	–	2,424	–	2,424
Lease modification	–	–	523	–	523
Accretion of interest	–	325	2,617	14,733	17,675
Lease termination	–	–	(2,542)	–	(2,542)
Accretion of [**REDACTED**] expenses	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Other non-cash transaction	–	–	–	(765)	(765)
Currency translation differences	–	–	(17)	–	(17)
Total other changes	4,872	325	3,005	13,968	22,170
At 31 December 2025	4,194	–	49,757	324,297	378,248

(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	531	210	342
Within financing activities	14,640	12,521	20,757
	15,171	12,731	21,099

33. INVESTMENTS IN SUBSIDIARIES

The Company had the following investments in subsidiaries at the end of the each of the Relevant Periods:

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Investments in subsidiaries	391,297	475,021	821,930
Less: Impairment of investments in subsidiaries*	(15,271)	(21,835)	(35,345)
Net carrying amount	376,026	453,186	786,585

* Some subsidiaries incurred losses or only carried out limited operational activities. The management has performed impairment testing for investment in subsidiaries which has impairment indicators as at each end of the Relevant Periods. The Company has recognised impairment losses on investment in subsidiaries amounted to RMB15,271,000, RMB21,835,000 and RMB35,345,000 as at 31 December 2023, 2024 and 2025, respectively.

34. CONTINGENT LIABILITIES

On 21 November 2025, a customer (the "Plaintiff") brought a claim against one of the Company's subsidiaries (the "Defendant") and sought various remedies against the Defendant from the court. The total monetary compensation requested by the Plaintiff was RMB14,275,000, which was voluntarily reduced by RMB2,464,000 by the Plaintiff on 24 March 2026. In the opinion of the directors, it is not expected that the litigation would have any material impact on the financial statements of the Group. For details, please refer to section "Business — Legal Proceedings and Compliance — Recent Litigation with a Customer" of the document.

35. PLEDGE OF ASSETS

Details of the Group's interest-bearing bank and other borrowings, which are secured by the assets of the Group, are included in notes 13 and 14 to the Historical Financial Information.

36. COMMITMENTS

(a) The Group had the following contractual commitments at the end of the each of the Relevant Periods:

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Contracted, but not provided for:			
Purchase of items of property, plant and equipment	39,817	24,372	39,748
Total	39,817	24,372	39,748

(b) The Group had the following short-term lease commitments at the end of each of the Relevant Periods. The future lease payments for these non-cancellable lease contracts are falling due as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within one year	60	204	173

37. RELATED PARTY TRANSACTIONS

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

(a) Name and relationships of the related parties:

	Relationship with the Group
Bronze Technologies Group Co., Ltd (深圳青銅劍科技股份有限公司)	Company controlled by the substantial shareholder
Shenzhen BASiC Primary Colors Holding Partnership (Limited Partnership) (深圳基本原色控股合夥企業(有限合夥))	Shareholder
Shenzhen BASiC Atom Management Partnership (Limited Partnership) (深圳基本原子管理合夥企業(有限合夥))	Shareholder
Jinpu Venture Capital Investment Co., Ltd. (津蒲創業投資有限公司)	Shareholder
Dr. Wang Zhihan (汪之涵)	Chairman
Dr. He Weiwei (和巍巍)	Director and chief executive officer
Mr. Yu Shuangbai (喻雙柏)	Director
Mr. Fu Junyin (傅俊寅)	Director
Ms. Li Xin (李欣)	The spouse of Chairman

(b) The Group had the following transactions with related parties during the Relevant Periods:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Sales of products/services to			
Bronze Technologies Group Co., Ltd	2,130	4,464	2,737
Disposal of leasehold improvements to			
Bronze Technologies Group Co., Ltd*	–	–	1,813
Purchases of products/services from			
Bronze Technologies Group Co., Ltd	1,032	1,254	175
Lease payment to			
Bronze Technologies Group Co., Ltd	701	4,206	4,715
Interest expenses charged by:			
Bronze Technologies Group Co., Ltd	50	640	317
Jinpu Entrepreneurship Investment Co., Ltd.	–	–	8
Total	50	640	325
Loans borrowed from			
Dr. He Weiwei**	4,480	–	–
Mr. Yu Shuangbai**	1,900	–	–
Shenzhen BASiC Primary Colors Holding Partnership (Limited Partnership)***	–	–	11,400
Shenzhen BASiC Atom Management Partnership Enterprise (Limited Partnership)****	–	–	18,600
Jinpu Entrepreneurship Investment Co., Ltd.*****	–	–	3,000
Bronze Technologies Group Co., Ltd******	40,180	109,020	182,525
Total	46,560	109,020	215,525
Loans repaid to			
Dr. He Weiwei*	280	4,200	–
Mr. Yu Shuangbai*	–	1,900	–
Shenzhen BASiC Primary Colors Holding Partnership (Limited Partnership)***	–	–	11,400
Shenzhen BASiC Atom Management Partnership Enterprise (Limited Partnership)	–	–	18,600
Jinpu Entrepreneurship Investment Co., Ltd.	–	–	3,008
Bronze Technologies Group Co., Ltd**	8,000	85,750	238,982
Total	8,280	91,850	271,990

* In January 2025, the Group terminated the lease of one floor of office property with Bronze Technologies Group Co., Ltd. At the same time, the Group disposed of the leasehold improvements in relation to the terminated lease floor, at a consideration equal to the net carrying value of the assets on the disposal date.

** The loans from Dr. He Weiwei and Mr.Yu Shuangbai were unsecured, interest-free, non-trade in nature.

*** The loans from Shenzhen BASiC Primary Colors Holding Partnership (Limited Partnership) were unsecured, interest-free, non-trade in nature.

**** The loans from Shenzhen BASiC Atom Management Partnership (Limited Partnership) were unsecured, interest-free, non-trade in nature.

***** The loans from Jinpu Entrepreneurship Investment Co., Ltd. were unsecured, non-trade in nature, with an interest rate of 3.00% p.a..

****** The loans from Bronze Technologies Group Co., Ltd were unsecured, non-trade in nature, with an interest rate of 4.35% p.a..

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

Bronze Technologies Group Co., Ltd have granted Bronze Technologies Limited, a subsidiary of the Group, a non-transferable license to use five trademarks registered in the PRC (the" Licensed Trademarks") on a royalty-free basis during the Relevant Periods.

(c) Guarantee provided by related parties:

31 December 2023

Guarantee provided by:

	Amount	Duration
	RMB'000	
Dr. Wang Zhihan	147,500	2023~2024
Bronze Technologies Group Co., Ltd	108,300	2023~2024
Dr. He Weiwei	61,300	2023~2024
Ms. Li Xin	48,200	2023~2024

31 December 2024

Guarantee provided by:

	Amount	Duration
	RMB'000	
Dr. Wang Zhihan	213,220	2024~2027
Dr. He Weiwei	105,107	2024~2025
Bronze Technologies Group Co., Ltd	71,592	2024~2025
Ms. Li Xin	70,879	2024~2027
Mr. Yu Shuangbai	25,000	2024~2025
Mr. Fu Junyin	14,000	2024~2026

31 December 2025

Guarantee provided by:

	Amount	Duration
	RMB'000	
Dr. Wang Zhihan*	218,493	2025~2035
Dr. He Weiwei*	120,542	2025~2027
Bronze Technologies Group Co., Ltd*	104,400	2025~2026
Ms. Li Xin*	64,093	2025~2026
Mr. Yu Shuangbai*	30,000	2025~2026
Mr. Fu Junyin*	10,857	2025~2026
Shenzhen BASiC Primary Colors Holding Partnership (Limited Partnership)**	14,300	2025~2026

* For the loan facilities and finance leases, the Group is in the process to release the above guarantees provided by the related parties. As of 30 April 2026, the outstanding principal of RMB294.0 million was subject to related party guarantees, of which RMB255.8 million is expected to be released upon the [**REDACTED**] and RMB38.2 million will remain.

** In February 2026, the guarantee provided by Shenzhen BASiC Primary Colors Holding Partnership (Limited Partnership) was released and replaced by a bank guarantee which is subject to a counter-guarantee from the Company and Dr. Wang Zhihan. The bank has consented to release Dr. Wang Zhihan from his counter-guarantee obligation upon the [**REDACTED**].

(d) Outstanding balances by related parties:

As disclosed in the Historical Financial Information, the Group had the following outstanding balances with related parties as at 31 December 2023, 2024 and 2025.

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Amounts due from related parties:			
Trade and bills receivables			
Bronze Technologies Group Co., Ltd*	211	653	519
Prepayments, other receivables and other assets			
Bronze Technologies Group Co., Ltd*	120	120	130
Mr. Fu Junyin***	240	740	240
	360	860	370

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Amounts due to related parties:			
Trade payables			
Bronze Technologies Group Co., Ltd*	896	4	196
Other payables and accruals			
Bronze Technologies Group Co., Ltd*	939	1,388	980
Mr. Fu Junyin**	–	–	–
Dr. He Weiwei**	4,200	–	–
Mr. Yu Shuangbai**	1,900	–	–
Bronze Technologies Group Co., Ltd**	32,230	56,139	–
	38,330	56,139	–
	39,269	57,527	980
Lease liabilities			
Bronze Technologies Group Co., Ltd*	18,829	15,450	7,835

* Trade in nature

** Non-trade in nature

(e) 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	5,243	7,317	5,806
Performance related bonuses	880	700	–
Pension scheme contributions	328	424	431
Equity-settled share-based payment expenses	9,378	10,962	18,752
	15,829	19,403	24,989

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

(f) Redemption rights of the Pre-[**REDACTED**] Investors granted by related parties:

According to the share subscription agreements entered into by the Company and the shareholders, the Pre-[**REDACTED**] Investors had been granted the redemption right by the Controlling Shareholders and the founders (collectively, the "Related Parties Redemption Right"). The Company is not a party to the Related Parties Redemption Right. Pursuant to the supplemental agreement entered into by the Company and the shareholders in April and May 2025, the Related Parties Redemption Right will be terminated prior to the first submission of the [**REDACTED**] to the Stock Exchange.

The Company has not provided any form of guarantee in connection with any potential default or failure by the related parties to fulfill their obligations relating to the Related Parties Special Rights. Accordingly, no financial liability regarding Related Parties Special Rights was recorded by the Company during the Relevant Periods.

38. TRANSFERS OF FINANCIAL ASSETS

Transferred financial assets that are not derecognised in their entirety

(a) At 31 December 2023, 2024 and 2025, the Group endorsed certain bills receivable accepted by banks in Mainland China (the "Endorsed Bills") with a carrying amount of RMB13,260,000, RMB1,957,000 and RMB4,748,000, respectively, to certain of its suppliers in order to settle the trade payables due to such suppliers (the "Endorsement"). In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Endorsed Bills, and accordingly, it continued to recognise the full carrying amounts of the Endorsed Bills and the associated trade payables settled. Subsequent to the Endorsement, the Group did not retain any rights on the use of the Endorsed Bills, including the sale, transfer or pledge of the Endorsed Bills to any other third parties. The aggregate carrying amount of the trade payables settled by the Endorsed Bills during the years ended 31 December 2023, 2024 and 2025 to which the suppliers have recourse was RMB30,437,000, RMB32,505,000 and RMB14,439,000, respectively.

(b) At 31 December 2023, 2024 and 2025, the Group discounted certain bills receivable accepted by banks in Mainland China (the "Discounted Bills") with a carrying amount of RMB1,842,000, RMB1,700,000 and RMB15,281,000 to certain banks (the "Discounting"). In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Discounted Bills, and accordingly, it continued to recognise the full carrying amounts of the Discounted Bills and the associated bank loans. Subsequent to the Discounting, the Group did not retain any rights on the use of the Discounted Bills, including the sale, transfer or pledge of the Discounted Bills to any other third parties. The aggregate amount of the bank loans associated with the Discounted Bills during the years ended 31 December 2023, 2024 and 2025 was RMB1,842,000, RMB3,710,000 and RMB20,008,000, respectively.

Transferred financial assets that are derecognised in their entirety

At 31 December 2023, 2024 and 2025, the Group, endorsed certain bills receivable accepted by banks in Mainland China (the "Derecognised Bills") to certain of its suppliers in order to settle the trade payables due to such suppliers with a carrying amount in aggregate of RMB13,898,000, RMB6,081,000 and RMB6,047,000, respectively. At 31 December 2023, 2024 and 2025, the Group discounted certain bills receivable accepted by banks in Mainland China (the "Derecognised Bills") to certain reputable banks with a carrying amount in aggregate of RMB9,587,000, RMB43,397,000 and RMB60,486,000, respectively. The Derecognised Bills had a maturity of one to six months at the end of the reporting period. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills may exercise the right of recourse against any, several or all of the persons liable for the Derecognised Bills, including the Group, in disregard of the order of precedence (the "Continuing Involvement"). In the opinion of the directors, the risk of the Group being claimed by the holders of the Derecognised Bills is remote in the absence of a default of the accepted banks. The Group has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills and the associated trade payables. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group's Continuing Involvement in the Derecognised Bills are not significant.

During the years ended 31 December 2023, 2024 and 2025, the Group has recognised loss amounted to RMB125,000, RMB278,000 and RMB526,000, respectively, on the date of transfer of the Derecognised Bills. No gains or losses were recognised from the Continuing Involvement, both during the year or cumulatively.

39. 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:

Financial assets at amortised cost

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade and bills receivables	121,666	163,582	175,054
Financial assets included in other receivables and other assets	10,932	11,492	10,391
Pledged deposits	–	1	–
Cash and cash equivalents	34,790	45,371	98,676
Total	167,388	220,446	284,121

Financial assets at fair value through profit or loss

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Financial assets at fair value through profit or loss	2,407	2,157	1,900

Financial assets at fair value through other comprehensive income

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Financial assets at fair value through other comprehensive income	1,579	390	159

Financial liabilities at amortised cost

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	76,016	156,250	188,376
Financial liabilities included in other payables and accruals	49,523	91,093	52,298
Interest-bearing bank and other borrowings	184,924	253,921	324,297
Lease liabilities	77,033	67,509	49,757
Redemption liabilities to non-controlling shareholders	38,466	41,976	214,262
Total	425,962	610,749	828,990

40. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

All the carrying amounts of the Group's financial instruments approximate to their fair values 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 analysed the movements in the values of financial instruments and determined the major inputs applied in the valuation. The valuation is reviewed and approved by the finance manager. The valuation process and results are discussed with the directors of the Company once a year for annual financial reporting.

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

The fair values of the financial assets and financial liabilities at fair value through profit or loss have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

The Group invests in unlisted investments, which represent wealth management products issued by banks in Mainland China and unlisted equity investment. The Group has estimated the fair value of the unlisted equity investment by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instruments are included in Level 2. If one or more of the significant inputs are not based on observable market data, the instruments are included in Level 3. Below is a summary of significant unobservable inputs to the valuation of the unlisted equity investment:

	Valuation technique	Significant Unobservable inputs	Range			Sensitivity of fair value to the input
			31 December 2023	31 December 2024	31 December 2025	
Unlisted equity investments	Valuation multiples	Average Enterprise Value to Sales multiples ("EV/S")	1.3-1.7X	2.4X-2.5X	1.8X-2.7X	31 December 2023: 10% increase/decrease in multiple would result in increase/decrease in fair value by RMB55,000 and RMB55,000, respectively. 31 December 2024: 10% increase/decrease in multiple would result in increase/decrease in fair value by RMB129,000 and RMB129,000, respectively. 31 December 2025: 10% increase/decrease in multiple would result in increase/decrease in fair value by RMB111,000 and RMB111,000, respectively.
		Discount for lack of marketability	30%	30%	30%	31 December 2023: 10% increase/decrease in multiple would result in decrease/increase in fair value by RMB84,000 and RMB84,000, respectively.

Valuation technique	Significant Unobservable inputs	Range 31 December 2023	31 December 2024	31 December 2025	Sensitivity of fair value to the input
					31 December 2024: 10% increase/decrease in multiple would result in decrease/increase in fair value by RMB70,000 and RMB70,000, respectively. 31 December 2025: 10% increase/decrease in multiple would result in decrease/increase in fair value by RMB26,000 and RMB26,000, respectively.

Fair value hierarchy

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

Assets measured at fair value:

As at 31 December 2023

	Fair value measurement using Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through other comprehensive income	–	1,579	–	1,579
Financial assets at fair value through profit or loss	–	7	2,400	2,407
Total	–	1,586	2,400	3,986

As at 31 December 2024

	Fair value measurement using Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through other comprehensive income	–	390	–	390
Financial assets at fair value through profit or loss	–	7	2,150	2,157
Total	–	397	2,150	2,547

As at 31 December 2025

	Fair value measurement using Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through other comprehensive income	–	159	–	159
Financial assets at fair value through profit or loss	–	–	1,900	1,900
Total	–	159	1,900	2,059

The movements in fair value measurements within Level 3 during the Relevant Periods are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Equity investments at fair value through profit or loss			
As at 1 January	3,100	2,400	2,150
Gains/(losses) recognised in profit or loss	(700)	(250)	(250)
As at 31 December	2,400	2,150	1,900

During the Relevant Periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

The main risks arising from the Group's financial instruments are interest rate risk, credit risk and liquidity risk. The Group does not hold or issue derivative financial instruments either for hedging or for trading purposes. The board of directors reviews and agrees policies for managing each of the risks which 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 short-term and long-term borrowings. The Group's policy is to manage its interest cost using a mix of fixed and variable rate debts. The Group's policy is to maintain certain of its interest-bearing bank borrowings at floating interest rates. At the end of each Relevant Periods, approximately 52%, 47% and 33% of the Group's interest-bearing borrowings bore interest at floating rates. The Group currently does not enter into any hedging instrument for both of the fair value interest rate risk and cash flow interest rate risk.

The following table details the effect on the Group's loss before tax for each of the Relevant Periods and accumulated losses as at the end of each reporting period that a 25-basis-point increase or decrease in interest rate would have.

	Increase/(decrease) in basis points	(Increase)/decrease in loss before tax	(Increase)/decrease in accumulated losses
		RMB'000	*RMB'000*
31 December 2023			
Increase of interest rate	25	(220)	(220)
Decrease of interest rate	(25)	220	220
31 December 2024			
Increase of interest rate	25	(253)	(253)
Decrease of interest rate	(25)	253	253
31 December 2025			
Increase of interest rate	25	(220)	(220)
Decrease of interest rate	(25)	220	220

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 and the Group's exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the Head of Credit Control.

Maximum exposure and year-end staging

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

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 and bills receivables*	–	–	–	128,651	128,651
Financial assets included in other receivables and other assets**	11,531	–	–	–	11,531
Cash and cash equivalents	34,790	–	–	–	34,790
Total	46,321	–	–	128,651	174,972

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills receivables*	–	–	–	173,017	173,017
Financial assets included in other receivables and other assets**	11,788	–	–	–	11,788
Pledged deposits	1	–	–	–	1
Cash and cash equivalents	45,371	–	–	–	45,371
Total	57,160	–	–	173,017	230,177

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 and bills receivables*	–	–	–	190,640	190,640
Financial assets included in other receivables and other assets**	10,433	–	–	–	10,433
Cash and cash equivalents	98,676	–	–	–	98,676
Total	109,109	–	–	190,640	299,749

* For trade and bills receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix and exposure to credit risk is disclosed in note 19 to the Historical Financial Information.

** The credit quality of the financial assets included in prepayments, deposits and other receivables 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".

As at 31 December 2023, 2024 and 2025, the Group had certain concentrations of credit risk as 53%, 46% and 9% of the Group's trade receivables were due from the largest customer, respectively, and 73%, 70% and 32% of the Group's trade and bills receivables were due from the five largest customers, respectively.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 19 to the Historical Financial Information.

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations.

The Group aims to utilise interest-bearing bank and other borrowings and lease liabilities to maintain the balance between the consistency and flexibility of financing activities.

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			
	On demand or less than 1 year	1 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	76,016	–	–	76,016
Financial liabilities included in other payables and accruals	49,523	–	–	49,523
Interest-bearing bank and other borrowings	181,592	5,934	–	187,526
Lease liabilities	19,309	59,218	–	78,527
Redemption liabilities to non-controlling shareholders	–	45,795	–	45,795
Total	326,440	110,947	–	437,387

	As at 31 December 2024			
	On demand or less than 1 year	1 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	156,250	–	–	156,250
Financial liabilities included in other payables and accruals	91,093	–	–	91,093
Interest-bearing bank and other borrowings	239,699	18,498	–	258,197
Lease liabilities	19,210	48,981	–	68,191
Redemption liabilities to non-controlling shareholders	45,795	–	–	45,795
Total	552,047	67,479	–	619,526

	As at 31 December 2025			
	On demand or less than 1 year	1 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	188,376	–	–	188,376
Financial liabilities included in other payables and accruals	52,298	–	–	52,298
Interest-bearing bank and other borrowings	321,334	331	12,944	334,609
Lease liabilities	14,843	37,783	–	52,626
Redemption liabilities to non-controlling shareholders	45,795	190,296	–	236,091
Total	622,646	228,410	12,944	864,000

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 and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

The Group monitors capital using a Asset-liability ratio, which is total assets divided by total liabilities. The Asset-liability ratio at the end of each of the Relevant Periods is as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Total assets	901,618	941,848	1,014,683
Total liabilities	562,854	798,606	1,000,892
Asset-liability ratio	62%	85%	99%

42. EVENTS AFTER THE RELEVANT PERIODS

On 28 January 2026, the BASiC Semiconductor (Wuxi) Limited ("WX BASiC"), a subsidiary of the Group, and Wuxi Innovation Chuangrong Equity Investment Partnership (Limited Partnership) ("the Investor"), entered into a capital increase agreement. The Investor has agreed to subscribe for 50,000,000 registered capital of the WX BASiC at a total consideration of RMB50 million. The consideration was received on 30 January 2026.

43. SUBSEQUENT FINANCIAL STATEMENTS

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