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.

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF SHENZHEN CVA INNOVATION CO., LTD AND ABCI CAPITAL LIMITED

Introduction

We report on the historical financial information of Shenzhen CVA Innovation Co., Ltd.* (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages I-4 to I-82, 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 pages I-4 to I-82 forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [Date] (the "**Document**") in connection with the [**REDACTED**] of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

Directors' responsibility for the Historical Financial Information

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

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* 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-4 have been made.

Dividends

We refer to note 12 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

		Year ended 31 December		
	Notes	**2023**	**2024**	**2025**
		RMB'000	**RMB'000**	**RMB'000**
REVENUE	*5*	150,112	244,071	346,359
Cost of sales		(117,851)	(174,750)	(273,673)
Gross profit		32,261	69,321	72,686
Other income and gains, net	*6*	12,813	12,713	13,931
Selling and distribution expenses		(28,360)	(26,844)	(27,922)
Administrative expenses		(43,305)	(45,763)	(54,638)
Research and development expenses		(124,669)	(86,833)	(93,500)
Impairment losses on financial assets, net		(457)	(2,017)	(1,061)
Other expenses		(29)	(95)	(1,245)
Finance costs	*8*	(1,036)	(1,003)	(2,698)
Share of losses of an associate		(639)	—	—
LOSS BEFORE TAX	*7*	(153,421)	(80,521)	(94,447)
Income tax expense	*11*	—	(299)	(99)
LOSS FOR THE YEAR		(153,421)	(80,820)	(94,546)
OTHER COMPREHENSIVE INCOME				
Other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods:				
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax		(3,000)	1,000	2,000
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(156,421)	(79,820)	(92,546)
Loss attributable to:				
Owners of the parent		(153,421)	(80,820)	(94,863)
Non-controlling interests		—	—	317
		(153,421)	(80,820)	(94,546)
Total comprehensive loss attributable to:				
Owners of the parent		(156,421)	(79,820)	(92,863)
Non-controlling interests		—	—	317
		(156,421)	(79,820)	(92,546)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT				
Basic and diluted		(18.61)	(8.32)	(9.74)

For the details of Pre-[**REDACTED**] Investments, please refer to note 32 to this report.

CONSOLIDATED 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	*14*	14,617	9,630	5,719
Right-of-use assets	*15*	7,389	3,211	1,181
Intangible assets	*16*	8,117	7,748	16,838
Investment in an associate	*17*	—	—	—
Deposits	*23*	496	486	561
Debt investments at fair value through other comprehensive income	*19*	20,729	—	20,000
Equity investment designated at fair value through other comprehensive income	*20*	7,000	8,000	10,000
Total non-current assets		58,348	29,075	54,299
CURRENT ASSETS				
Inventories	*21*	41,253	51,103	123,049
Trade and bill receivables	*22*	5,846	5,739	12,183
Prepayments, deposits and other receivables	*23*	30,988	25,150	63,783
Financial assets at fair value through profit or loss	*24*	126,641	163,804	10,000
Cash and cash equivalents	*25*	87,675	37,615	196,533
Total current assets		292,403	283,411	405,548
CURRENT LIABILITIES				
Trade payables	*26*	10,330	9,683	17,827
Contract liabilities	*27*	21,128	20,792	20,984
Other payables and accruals	*28*	31,086	18,322	47,527
Interest-bearing bank borrowings	*29*	11,600	59,255	89,503
Lease liabilities	*15*	3,468	2,202	1,276
Tax Payable		—	289	29
Total current liabilities		77,612	110,543	177,146
NET CURRENT ASSETS		214,791	172,868	228,402
TOTAL ASSETS LESS CURRENT LIABILITIES		273,139	201,943	282,701
NON-CURRENT LIABILITIES				
Lease liabilities	*15*	4,412	1,200	159
Other payables and accruals	*28*	—	—	7,303
Deferred income	*30*	746	497	3,475
Total non-current liabilities		5,158	1,697	10,937
Net assets		267,981	200,246	271,764
EQUITY				
Equity attributable to owners of the parent				
Share capital	*32*	—	—	10,152
Paid-in capital	*32*	9,715	9,715	—
Reserves	*34*	258,266	190,531	260,315
		267,981	200,246	270,467
Non-controlling interests		—	—	1,297
Total equity		267,981	200,246	271,764

For the details of Pre-[**REDACTED**] Investments, please refer to note 32 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	Fair value reserve of equity investment at fair value through other comprehensive income	Accumulated losses	Total	Non-controlling interests	Total equity
	RMB'000 *(note 32)*	RMB'000 *(note 34)*	RMB'000 *(note 33)*	RMB'000 *(note 34)*	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	6,939	323,434	29,858	—	(248,327)	111,904	—	111,904
Loss for the year	—	—	—	—	(153,421)	(153,421)	—	(153,421)
Other comprehensive income for the year	—	—	—	(3,000)	—	(3,000)	—	(3,000)
Total comprehensive income for the year	—	—	—	(3,000)	(153,421)	(156,421)	—	(156,421)
Capital contribution by shareholders	2,776	285,531	—	—	—	288,307	—	288,307
Share-based payments	—	—	24,191	—	—	24,191	—	24,191
Vesting of share-based payment	—	23,378	(23,378)	—	—	—	—	—
At 31 December 2023	9,715	632,343*	30,671*	(3,000)*	(401,748)*	267,981	—	267,981

Year ended 31 December 2024

	Attributable to owners of the parent							
	Paid-in capital	Capital reserve	Share-based payment reserve	Fair value reserve of equity investment at fair value through other comprehensive income	Accumulated losses	Total	Non-controlling interests	Total equity
	RMB'000 *(note 32)*	RMB'000 *(note 34)*	RMB'000 *(note 33)*	RMB'000 *(note 34)*	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024	9,715	632,343	30,671	(3,000)	(401,748)	267,981	—	267,981
Loss for the year	—	—	—	—	(80,820)	(80,820)	—	(80,820)
Other comprehensive income for the year	—	—	—	1,000	—	1,000	—	1,000
Total comprehensive income for the year	—	—	—	1,000	(80,820)	(79,820)	—	(79,820)
Share-based payments	—	—	12,085	—	—	12,085	—	12,085
Vesting of share-based payment	—	17,886	(17,886)	—	—	—	—	—
At 31 December 2024	9,715	650,229*	24,870*	(2,000)*	(482,568)*	200,246	—	200,246

Year ended 31 December 2025

	Attributable to owners of the parent								
	Share capital	Paid-in capital	Capital reserve	Share-based payment reserve	Fair value reserve of equity investment at fair value through other comprehensive income	Accumulated losses	Total	Non-controlling interests	Total equity
	RMB'000 (note 32)	RMB'000 (note 32)	RMB'000 (note 34)	RMB'000 (note 33)	RMB'000 (note 34)	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2025	—	9,715	650,229	24,870	(2,000)	(482,568)	200,246	—	200,246
Loss for the year	—	—	—	—	—	(94,863)	(94,863)	317	(94,546)
Other comprehensive income for the year	—	—	—	—	2,000	—	2,000	—	2,000
Total comprehensive income for the year	—	—	—	—	2,000	(94,863)	(92,863)	317	(92,546)
Issue of ordinary shares	437	—	131,334	—	—	—	131,771	—	131,771
Capital contribution from a non-controlling shareholder	—	—	—	—	—	—	—	980	980
Share-based payments	—	—	—	31,313	—	—	31,313	—	31,313
Conversion into a joint stock company	9,715	(9,715)	(298,610)	—	—	298,610	—	—	—
Vesting of share-based payment	—	—	55,784	(55,784)	—	—	—	—	—
At 31 December 2025	10,152	—	538,737*	399*	—*	(278,821)*	270,467	1,297	271,764

* The reserve accounts comprise the consolidated reserves of RMB258,266,000, RMB190,531,000, and RMB260,315,000 in the consolidated statements of financial position as at 31 December 2023, 2024 and 2025, respectively.

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		(153,421)	(80,521)	(94,447)
Adjustments for:				
Interest income	*6*	(622)	(500)	(188)
Share of losses of an associate		639	—	—
Other interest income from debt investments at fair value through other comprehensive income	*6*	(975)	(660)	—
Finance costs	*8*	1,036	1,003	2,698
Fair value (gains)/losses on financial assets at fair value through profit or loss	*6*	(641)	(404)	—
Investment income from financial assets at fair value through profit or loss	*6*	(1,967)	(2,570)	(2,673)
Foreign exchange (gains)/losses	*7*	(474)	29	386
Losses on disposal of items of property, plant and equipment	*7*	12	54	12
Losses/(Gains) on termination of leases	*7*	17	(223)	—
Losses on disposal of subsidiary		—	—	803
Depreciation of property and equipment	*7*	3,562	6,879	6,039
Depreciation of right-of-use assets	*7*	4,204	2,909	2,178
Amortisation of intangible assets	*7*	2,920	3,363	3,360
Impairment losses on financial assets, net	*7*	457	2,017	1,061
Write-down of inventories to net realisable value	*7*	1,677	7,247	10,405
Equity-settled share-based payments		24,191	12,085	31,313
		(119,385)	(49,292)	(39,053)
Increase in inventories		(11,524)	(12,893)	(82,265)
Decrease/(increase) in trade and bill receivables		9,771	(1,821)	(9,615)
Decrease/(increase) in prepayments, deposits and other receivables		(15,662)	2,602	(39,472)
Increase/(decrease) in trade payables		1,564	(647)	13,272
Increase/(decrease) in other payables and accruals		14,587	(12,473)	4,781
Increase/(decrease) in contract liabilities		(1,481)	(336)	192
Increase/(decrease) in deferred income		(248)	(249)	2,978
Cash used in operations		(122,378)	(75,109)	(149,182)
Interest received		622	500	188
Tax paid		—	(299)	(359)
Net cash flows used in operating activities		(121,756)	(74,908)	(149,353)

	Notes	Year ended 31 December 2023	2024	2025
		RMB'000	RMB'000	RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment income from financial assets at fair value through profit or loss		1,967	3,211	3,077
Proceeds from redemption of wealth management products and structured deposits		732,940	618,600	475,466
Proceeds from sale of debt investments at fair value through other comprehensive income		—	20,729	—
Proceeds from debt investments at fair value through other comprehensive income		975	660	—
Loan to an associate		(2,000)	(3,000)	—
Repayment from an associate		—	2,000	—
Purchases of property, plant and equipment		(10,535)	(1,985)	(2,119)
Purchases of intangible assets		(4,035)	(2,994)	(6,735)
Purchases of wealth management products and structured deposits		(826,490)	(656,000)	(322,066)
Purchases of debt investments at fair value through other comprehensive income		(20,729)	—	(20,000)
Proceeds from disposal of items of property, plant and equipment and intangible assets		—	15	16
Net cash flows (used in)/from investing activities		(127,907)	(18,764)	127,639
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issue of shares		288,307	—	136,001
Advance from an investor		—	—	19,090
Capital contribution from a non-controlling shareholder		—	—	980
Proceeds for borrowing from a non-controlling shareholder		—	—	1,500
Repayment of borrowing from a non-controlling shareholder		—	—	(500)
New bank loans		25,000	119,119	116,776
Repayment of bank loan		(33,040)	(71,464)	(86,528)
Interest paid		(616)	(849)	(2,605)
Lease payments		(4,224)	(3,165)	(2,204)
[**REDACTED**] paid		[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Net cash flows from financing activities		275,427	43,641	181,018
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		25,764	(50,031)	159,304
Cash and cash equivalents at beginning of year		61,437	87,675	37,615
Effect of foreign exchange rate changes, net		474	(29)	(386)
CASH AND CASH EQUIVALENTS AT END OF YEAR	*25*	87,675	37,615	196,533

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Notes	As at 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment	14	7,860	5,529	3,561
Right-of-use assets	15	2,993	1,327	537
Intangible assets	16	4,414	3,011	14,286
Investment in an associate	17	—	—	—
Investment in subsidiaries	18	249,793	332,304	340,827
Deposits	23	191	164	228
Debt investments at fair value through other comprehensive income	19	10,729	—	20,000
Total non-current assets		275,980	342,335	379,439
CURRENT ASSETS				
Inventories	21	26,532	38,067	84,684
Trade receivables	22	37,807	22,128	9,989
Prepayments deposits and other receivables	23	34,337	43,331	86,773
Financial assets at fair value through profit or loss	24	116,641	142,362	10,000
Cash and cash equivalents	25	70,540	34,440	181,924
Total current assets		285,857	280,328	373,370
CURRENT LIABILITIES				
Trade payables	26	4,336	3,990	14,898
Contract liabilities	27	19,975	20,365	20,646
Other payables and accruals	28	102,831	112,012	134,227
Interest-bearing bank borrowings	29	11,600	59,255	89,503
Lease liabilities	15	1,843	985	453
Total current liabilities		140,585	196,607	259,727
NET CURRENT ASSETS		145,272	83,721	113,643
TOTAL ASSETS LESS CURRENT LIABILITIES		421,252	426,056	493,082
NON-CURRENT LIABILITIES				
Lease liabilities	15	1,561	576	159
Other payables and accruals		—	—	7,303
Deferred Income		—	—	2,851
Total non-current liabilities		1,561	576	10,313
Net assets		419,691	425,480	482,769
EQUITY				
Share capital		—	—	10,152
Paid-in capital	32	9,715	9,715	—
Reserves	34	409,976	415,765	472,617
Total equity		419,691	425,480	482,769

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE AND GROUP INFORMATION

The Company was established in the People's Republic of China ("**PRC**") on 31 August 2018 as a limited liability company and on 5 November 2025, it was converted into a joint stock company with limited liability under the Company Law of the PRC (further details of which are set out in note 32(c) to the Historical Financial Information). The registered office of the Company is located at Room 201, Block D, Building 7, Shenzhen International Innovation Valley, Xili Community, Xili Sub-district, Nanshan District, Shenzhen, Guangdong Province, PRC.

During the Relevant Periods, the Group was primarily engaged in the research and development, design, manufacturing and sale of display chips and sensing-control chips, and the provision of chip technical services.

As at the date of this report, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies, the particulars of the principal subsidiaries are set out below:

Name	Date and place of registration and place of operations	Registered capital	Percentage of equity attributable to the Company	Principal business activities
Shanghai Blue Whale Semiconductor Technology Co., Ltd. (上海水木藍鯨半導體技術有限公司) ("**Shanghai Blue Whale**") *(Note (a), (b))*	11 June 2021 Shanghai, PRC	RMB50,000,000	100%	R&D, design and sales
Anhui Xihe Microelectronics Co., Ltd. (安徽曦合微電子有限公司) ("**Anhui Xihe**") *(Note (a), (b))*	27 September 2022 Hefei, PRC	RMB70,000,000	100%	R&D, design and sales

Notes:

(a) The English names of these companies represent the best effort made by the directors of the Company to directly translate the Chinese names as they do not register any official English names.

(b) The statutory financial statements of this entity for the year ended 31 December 2023 and 31 December 2024 prepared under PRC Generally Accepted Accounting Principles ("**PRC GAAP**") were audited by Shenzhen Hengrui Accounting Firm (General Partnership) (深圳恒瑞會計師事務所(普通合夥)), certified public accountants registered in the PRC.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the Relevant Periods or formed a substantial portion of the net assets/liabilities of the Group at the end of each of the Relevant Periods.

2.1 BASIS OF PREPARATION

For capital subscribed by Pre-[**REDACTED**] investors, pursuant to the supplemental agreements entered into between the Company and the pre-[**REDACTED**] Investors in relation to the termination of redemption rights and liquidation preferences rights, which are void ab initio as described in note 32(d) to the Historical Financial Information, having taking 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. Further details of the financial impacts of the arrangements are included in note 32(d) to the Historical Financial Information.

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

The Historical Financial Information has been prepared under the historical cost convention, except for equity investments designated at fair value through other comprehensive income and financial assets at fair value through profit or loss which has been measured at fair value.

Basis of consolidation

The Historical Financial Information include the financial statements of the Group for the Relevant Periods. A subsidiary is an 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, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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

(b) rights arising from other contractual arrangements; and

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

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

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

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

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

2.2 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

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

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

1 No mandatory effective date yet determined but available for adoption
2 Effective for annual periods beginning on or after 1 January 2026
3 Effective for annual periods beginning on or after 1 January 2027

The Group is in the process of making an assessment of the impact of these 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 certain 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 a material impact on the financial position of the Group but is expected to affect the presentation of the consolidated statements of profit or loss and other comprehensive income 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 POLICY INFORMATION

Investments in an associate

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investment in an associate is stated in the consolidated statements of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

The Group's share of the post-acquisition results and other comprehensive income of an associate is included in the consolidated statements of profit or loss and other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associate are eliminated to the extent of the Group's investment in the associate, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates is included as part of the Group's investments in associates.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Fair value measurement

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

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

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

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

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

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

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

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

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets and financial 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 reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the consolidated statements of profit or loss in the period in which it arises.

Related parties

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

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

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

(ii) has significant influence over the Group; or

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

or

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

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

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

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

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

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

(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 the consolidated statements of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

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

Modules and tools	33.33%
Electronic equipment	20% to 33.33%
Furniture and fixtures	20% to 33.33%
Leasehold improvements	Shorter of remaining lease terms and estimated useful lives

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

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

Intangible assets (other than goodwill)

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

Intellectual property ("IP") licenses

Purchased IP licenses are stated at cost less any impairment losses and are amortised on the straight-line basis over the estimated useful life of 1 to 10 years.

Software

Purchased software is stated at cost less any impairment losses and amortised on the straight-line basis over its estimated useful life of 1 to 10 years.

Research and development expenses

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

Office premises	18 months to 60 months

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

(b) Lease liabilities

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

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

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

The Group applies the short-term lease recognition exemption to its short-term leases of office premises (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 and bill 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 and bill 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 consolidated statements of 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 consolidated statements of 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 consolidated statements of profit or loss.

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

Financial assets at fair value through profit or loss

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

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statements 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 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 and bill 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 and bill 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 at amortised cost (trade and other payables, and borrowings)

After initial recognition, trade and other payables, and interest-bearing bank borrowings 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 consolidated statements of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

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

Derecognition of financial liabilities

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

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the consolidated statements of 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 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. Cost is determined on the weighted average basis and in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

Cash and cash equivalents in the consolidated statements 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 statements 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.

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.

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 consolidated statements of 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, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

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

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

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

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

Government grants

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

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the consolidated statements of 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 consolidated statements of 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.

The Group provides (a) display chip products and (b) sensing-control chip products.

(a) Revenue from display chip products

The display chip products solutions include sale of display chips and related products, provision of chip technical services and revenue from cooperation development.

Sale of display chips and related products

Revenue from the sale of display chips and related products is recognised at the point in time when control of the asset is transferred to the customers, generally on delivery and receive of the products. The Group acts as principal as the Group has controls over the products before transferring the products to its customers. Accordingly, the Group recognises revenue and cost incurred on a gross basis.

Provision of chip technical services

The Group entered contract with certain customers to provide chip technical services which includes the design, deployment, commission and verification process of customised display chip products, revenue from chip technical service is recognised overtime, using an input method to measure process towards complete satisfaction of the services, because the customer simultaneously receives and consumes the benefits provided by the Group. The input method recognises revenue based on the proportion of the actual costs incurred relative to the estimated total costs for satisfaction of the chip technical services.

Revenue from cooperation development

The Group granted exclusive rights to certain customers to purchase the Group's products in a pre-agreed period and the Group is entitled to a non-refundable service fee (the "**Up-front Payment**") pursuant to certain cooperation development agreements (the "**Agreements**").

Contracts for cooperation development comprise provision of exclusive rights and research and development services that are not distinct and incapable of being separately identifiable. Accordingly, the transaction price, i.e. the Upfront Payment, is recognised over time, using an output method to measure progress towards complete satisfaction of the service, because the customers simultaneously receive and consume the benefits provided by the Group. The output method recognises revenue based on the actual quantities of products purchased by the customers relative to the estimated total quantities of products to be purchased during the pre-agreed period.

(b) Revenue from sensing-control chip products

The sensing-control chip products include sale of sensing-control chips. Revenue from the sale of sensing-control chips is recognised at the point in time when control of the asset is transferred to the customers, generally on delivery and receive of the products.

Other income

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

Contract liabilities

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

Share-based payments

The Company operates a share incentive plan. Employees and consultants of the Group receive incentives in the form of share-based payments, whereby employees and consultants render services in exchange for equity instruments ("**equity-settled transactions**"). The cost of equity-settled transactions with employees and consultants is measured by reference to the fair value at the date at which they are granted. The fair value is determined using the discounted cash flow model or when there is a recent share transaction price close to the grant date of the granted shares, the recent share transaction price is used.

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

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

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

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

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

Other employee benefits

Pension 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 consolidated statements of profit or loss as they become payable in accordance with the rules of the central pension scheme.

Borrowing costs

All 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.

Foreign currencies

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

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.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial information required 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:

Determination of performance obligation in the Agreements

A good or service that is promised to a customer is distinct if both of the following criteria are met: (a) the customer can benefit from the good or service either on its own or together with other resources that are readily available to the customer; and (b) the entity's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract.

In assessing whether each item has standalone value to the customers, the Group considers factors such as the research and development results, the commercialisation capability of the customers, the availability of the associated expertise in the market as well as the IP owner arising from the research and development process. The Group determined that the exclusive rights granted to customers to purchase the Group's products in a pre-agreed sales period, and research and development service are not distinct and incapable of being separately identifiable as the customers are not able to benefit from the exclusive rights and the research and development service without the production and supply service provided by the Group.

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, in particular, 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.

Research and development expenses

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. Determining the timing and the amounts of development costs to be capitalised requires the use of judgements and estimation. In the opinion of the directors, during the Relevant Periods, the criteria for capitalisation of development costs were not met and development expenditure were expensed.

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 and makes a provision against obsolete and slow-moving inventory items which are identified as no longer suitable for sale or use. Management estimates the net realisable value for such inventories based primarily on the latest invoice prices and current market conditions. The Group carries out an inventory review at the end of each year and makes a provision against obsolete and slow-moving items. Management reassesses the estimation at the end of each year. The provision against obsolete and slow-moving inventories requires the use of judgements and estimates. Where the expectation is different from the original estimate, such difference will have an impact on the carrying value of inventories and the write-down of inventory amount in the year in which such estimates have been changed.

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.

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.

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 or when it needs to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs when available and is required to make certain entity-specific estimates.

Share-based payments

The Group makes the best estimate of the number of exercisable equity instruments at the end of the reporting period during the vesting period based on the fair value on the grant date and the latest subsequent information obtained, and includes the services obtained in the current period in relevant costs or expenses. The fair value is determined by using the discounted cash flow model or when there is a recent share transaction price close to the grant date of the granted shares. Significant estimates on assumptions for estimating the fair value and the number of exercisable equity instrument are made by the Group. Further details are included in note 33 to the Historical Financial Information.

4. OPERATING SEGMENT INFORMATION

For management purpose, the Group is organised into one single business unit that is the sale of display chips and related products, sensing-control ships, and the provision of chip technical services. The Group has one reportable operating segment.

The information reported to the directors, who are the chief operating decision makers, for the purpose of resource allocation and performance assessment, focuses on the operating results of the Group as a whole as the Group's resources are integrated and no discrete operating segment financial information is available. Accordingly, no further operating segment information is presented.

Geographical information

(a) Revenue from external customers

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	**RMB'000**	**RMB'000**
Mainland China*	142,065	242,511	337,659
Other countries/regions	8,047	1,560	8,700
Total revenue	150,112	244,071	346,359

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

* Mainland China means the People's Republic of China excluding Hong Kong, Macau and Taiwan.

(b) Non-current assets

All of the Group's non current assets are located in Mainland China. Accordingly, no geographical information in accordance with IFRS 8 *Operating Segments* is presented.

Information about a major customer

Revenue derived from major customers which accounted for 10% or more of the Group's total revenue is as follows:

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	**RMB'000**	**RMB'000**
Customer A	86,898	162,275	114,702
Customer B	N/A*	41,605	95,005
Customer C	N/A*	N/A*	43,458

* 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 year or period.

5. REVENUE

An analysis of revenue is as follows:

(a) Disaggregated revenue information

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Display chip products*	134,493	237,623	264,196
Sensing-control chip products	15,619	6,448	82,163
Total	150,112	244,071	346,359
Timing of revenue recognition			
Transferred at a point in time	142,236	235,631	335,839
Transferred over time	7,876	8,440	10,520
Total	150,112	244,071	346,359

* Display chip products includes display chips and related products and the provision of chip technical services.

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

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Revenue recognised that was included in the contract liabilities at the beginning of year	16,059	9,573	19,694

(b) Performance obligations

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

(i) Sale of display chips and related products, and sensing-control chips

The performance obligation is satisfied upon delivery and receive of products and the payment in advance is normally required and for certain customers, payment is generally 30 to 90 days upon delivery and acceptance of products.

(ii) Revenue from the Agreements

The performance obligation is satisfied over time as services are rendered and advance payment is generally required.

(iii) Chip technical services

The performance obligation is satisfied over time as services are rendered and payment is generally due within 30 days from the date of billing.

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.

6. OTHER INCOME AND GAINS

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Other income			
Interest income	622	500	188
Investment income from financial assets at fair value through profit or loss	1,967	2,570	2,673
Other interest income from debt investments at fair value through other comprehensive income	975	660	—
Government grants*	8,134	8,356	11,070
Subtotal	11,698	12,086	13,931
Gains			
Foreign exchange gains, net	474	—	—
Gains on termination of leases	—	223	—
Fair value gains on financial assets at fair value through profit or loss	641	404	—
	12,813	12,713	13,931

* The Group has received certain government grants and subsidies related to assets and income. The government grants received that have future costs to be incurred and/or require the Group to comply with conditions attached to the grants and subsidies are included in deferred income in the statements of financial positions.

The government grants related to assets were recognised in profit or loss over the useful lives of the relevant assets. Other government grants and subsidies related to income as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they were received. There are no unfulfilled conditions or contingencies relating to these grants and subsidies.

7. 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		116,174	166,940	263,215
Cost of services provided		—	563	53
Depreciation of property, plant and equipment*	*14*	3,562	6,879	6,039
Depreciation of right-of-use assets*	*15*	4,204	2,909	2,178
Amortisation of intangible assets*	*16*	2,920	3,363	3,360
Research and development expenses		124,669	86,833	93,500
Lease payments not included in the measurement of lease liabilities	*15*	13	14	54
Auditor's remuneration		—	189	280
[**REDACTED**]		[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Employee benefit expense (excluding directors' remuneration *(note 9)*)				
Wages and salaries		106,316	93,046	77,025
Pension scheme contributions		14,311	13,779	13,487
Share-based payments		23,269	11,990	29,739
		143,896	118,815	120,251
Impairment/(reversal of impairment) on trade and bill receivables	*22*	304	1,928	(1,845)
Impairment on other receivables	*23*	153	89	2,906
Impairment losses on financial assets, net		457	2,017	1,061
Foreign exchange (gains)/losses		(474)	29	386
Write-down of inventories to net realisable value**		1,677	7,247	10,405
Losses on disposal of items of property, plant and equipment		12	54	12
Losses/(gains) on termination of leases		17	(223)	—
Losses on disposal of a subsidiary		—	—	803

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

** Write-down of inventories to net realisable value is included in "Cost of sales" in profit or loss.

8. 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 borrowings	616	849	2,605
Interest on lease liabilities	420	154	93
	1,036	1,003	2,698

For the details of pre-[**REDACTED**] investments, please refer to note 32 to this report.

9. DIRECTORS' REMUNERATION

The remuneration of each of the Company's directors is set out below:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Fees	—	—	—
Other emoluments:			
Salaries, allowances and benefits in kind	1,482	1,452	1,496
Performance related bonuses	682	553	503
Pension scheme contributions	258	268	318
Share-based payments	922	95	1,574
	3,344	2,368	3,891

(a) Independent non-executive directors

There were no emoluments payable to the independent non-executive directors during the Relevant Periods. In May 2025, Dr. Huang Hui, Ms. Liang Yunxing and Mr. Liu Zhixiang were appointed as the Independent non-executive directors of the Company.

(b) Executive directors and non-executive directors

Year ended 31 December 2023	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Share-based payments	Total remuneration
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors:						
Mr. Chen Xi *(note (i))*	—	519	145	53	129	846
Mr. Shi Guangtao *(note (ii))*	—	467	324	148	6	945
Mr. Huang Zhiwen *(note (ii))*	—	496	213	57	247	1,013
Non-executive directors:						
Ms. Wang Hong *(note (iii))*	—	—	—	—	—	—
Ms. Zhao Wentao *(note (iv))*	—	—	—	—	540	540
Mr. Yang Yang *(note (v))*	—	—	—	—	—	—
Mr. Yang Qing *(note (vi))*	—	—	—	—	—	—
	—	1,482	682	258	922	3,344

Year ended 31 December 2024	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Share-based payments	Total remuneration
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors:						
Mr. Chen Xi *(note (i))*	—	590	233	64	(58)	829
Mr. Shi Guangtao *(note (ii))*	—	440	159	145	9	753
Mr. Huang Zhiwen *(note (ii))*	—	422	161	59	144	786
Non-executive directors:						
Ms. Wang Hong *(note (iii))*	—	—	—	—	—	—
Ms. Zhao Wentao *(note (iv))*	—	—	—	—	—	—
Mr. Yang Yang *(note (v))*	—	—	—	—	—	—
Mr. Yang Qing *(note (vi))*	—	—	—	—	—	—
	—	1,452	553	268	95	2,368

Year ended 31 December 2025	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Share-based payments	Total remuneration
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors:						
Mr. Chen Xi *(note (i))*	—	528	110	87	982	1,707
Mr. Shi Guangtao *(note (ii))*	—	480	196	148	—	824
Mr. Huang Zhiwen *(note (ii))*	—	488	197	83	—	768
Non-executive directors:						
Ms. Wang Hong *(note (iii))*	—	—	—	—	—	—
Ms. Zhao Wentao *(note (iv))*	—	—	—	—	592	592
Mr. Yang Yang *(note (v))*	—	—	—	—	—	—
Mr. Yang Qing *(note (vi))*	—	—	—	—	—	—
	—	1,496	503	318	1,574	3,891

Notes:

(i) Mr. Chen Xi was appointed as an executive director of the Company with effect from 29 August 2018.

(ii) Mr. Shi Guangtao and Mr. Huang Zhiwen were appointed as an executive director of the Company with effect from 19 May 2022.

(iii) Ms. Wang Hong was appointed as a non-executive director of the Company with effect from 2 February 2021 and resigned on 29 October 2025.

(iv) Ms. Zhao Wentao was appointed as a non-executive director of the Company with effect from 2 February 2021.

(v) Mr. Yang Yang was appointed as a non-executive director of the Company with effect from 19 May 2022 and resigned on 29 October 2025.

(vi) Mr. Yang Qing was appointed as a non-executive director of the Company with effect from 26 July 2023 and resigned on 29 October 2025.

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

During the Relevant Periods, the Company's shares were granted to certain directors through share incentive platforms, further details of which are included in note 33 to the Historical Financial Information. The fair value of such awarded shares, which has been recognised 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 is included in the above directors' remuneration disclosures.

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group during the Relevant Periods included 1, 1 and 1 directors, respectively, details of whose remuneration are set out in note 9 above. Details of the remuneration of the 4, 4 and 4 highest paid employees who are not a director of the Group 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	2,929	2,944	2,840
Performance related bonuses	839	753	1,240
Pension scheme contributions	323	420	528
Share-based payments	3,951	2,725	5,034
	8,042	6,842	9,642

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

	Year ended 31 December		
	2023	2024	2025
HK$1,000,001 to HK$1,500,000	—	2	—
HK$1,500,001 to HK$2,000,000	3	1	2
HK$2,000,001 to HK$2,500,000	1	1	—
HK$2,500,001 to HK$3,000,000	—	—	—
HK$3,000,001 to HK$3,500,000	—	—	2
HK$3,500,001 to HK$4,000,000	—	—	—
	4	4	4

11. INCOME TAX

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/or operated.

Mainland China

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the EIT rate of the PRC subsidiaries is 25% unless those subject to tax exemption set out below.

The Company was accredited as a "High and New Technology Enterprise" under the relevant tax rules and regulations in December 2020 and October 2023, and therefore the Company was entitled to a preferential CIT rate of 15% for the Relevant Periods. This qualification is subject to review by the relevant tax authority in the PRC every three years.

Shanghai Blue Whale was accredited as a "High and New Technology Enterprise" under the relevant tax rules and regulations in November 2023, and therefore the Company was entitled to a preferential CIT rate of 15% for the Relevant Periods. This qualification is subject to review by the relevant tax authority in the PRC every three years.

Anhui Xihe was qualified for Small Meagre-profit Enterprises and entitled to a preferential income tax rate of 20% on the 12.5% of taxable income less than RMB1,000,000 from 1 January 2022 to 31 December 2022; tax rate of 20% on the 25% of taxable income less than RMB1,000,000 from 1 January 2023 to 31 December 2025; and tax rate of 20% on the 25% of taxable income exceeding RMB1,000,000 but less than RMB3,000,000 from 1 January 2022 to 31 December 2025.

The major components of the income tax expense for the year are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current tax expense	—	299	99
Total tax for the year	—	299	99

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

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Loss before tax	(153,421)	(80,521)	(94,447)
Tax charge at the statutory tax rate of 25%	(38,355)	(20,130)	(23,612)
Effect of different tax rates enacted by local authorities	14,486	6,750	8,390
Expenses not deductible for tax	167	165	200
Super deduction for research and development expenses	(12,403)	(8,833)	(8,988)
Tax losses utilised from previous periods	(427)	—	—
Tax losses and temporary difference not recognised	36,532	22,347	24,109
Tax charge at the Group's effective rate	—	299	99

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
Unused tax losses	473,652	594,493	705,985
Temporary difference not recognised	111,622	128,856	171,911
	585,274	723,349	877,896

The Group has accumulated tax losses in Mainland China of RMB468,350,000, RMB585,567,000 and RMB695,852,000 as at 31 December 2023, 2024 and 2025, respectively, that will expire in one to ten years for offsetting against future taxable profits of the companies in which the losses arose.

The Group has accumulated tax losses in Hong Kong of RMB5,302,000, RMB8,902,000 and RMB10,104,000 as at 31 December 2023, 2024 and 2025, respectively, that will be carried forward indefinitely for offsetting against future taxable profits of the company in which the losses arose.

The Group has accumulated tax losses in Singapore of nil, RMB24,000, and RMB29,000 as at 31 December 2023, 2024 and 2025, respectively, that will be carried forward indefinitely for offsetting against future taxable profits of the company in which the losses arose.

12. DIVIDENDS

No dividends have been paid or declared by the Company in respect of the Relevant Periods.

13. 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 and 2024 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 2025.

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 calculation of basic earnings per share is based on:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Earnings			
Loss attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	(153,421)	(80,820)	(94,863)

	Year ended 31 December		
	2023	2024	2025
Number of shares			
Weighted average number of ordinary shares in issue during the year, used in the basic earnings per share calculation	8,243,000	9,715,000	9,741,000

For the details of pre-[**REDACTED**] investments, please refer to note 32 to this report.

14. PROPERTY, PLANT AND EQUIPMENT

	Modules and tools	Furniture and fixtures	Electronic equipment	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2023					
At 1 January 2023:					
Cost	811	271	4,617	4,483	10,182
Accumulated depreciation	(88)	(33)	(1,513)	(836)	(2,470)
Net carrying amount	723	238	3,104	3,647	7,712
At 1 January 2023, net of accumulated depreciation	723	238	3,104	3,647	7,712
Additions	3,745	4	4,833	1,897	10,479
Disposals	—	—	(12)	—	(12)
Depreciation provided during the year	(558)	(55)	(1,827)	(1,122)	(3,562)
At 31 December 2023, net of accumulated depreciation	3,910	187	6,098	4,422	14,617
At 31 December 2023:					
Cost	4,556	275	9,373	6,380	20,584
Accumulated depreciation	(646)	(88)	(3,275)	(1,958)	(5,967)
Net carrying amount	3,910	187	6,098	4,422	14,617

	Modules and tools	Furniture and fixtures	Electronic equipment	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2024					
At 1 January 2024:					
Cost	4,556	275	9,373	6,380	20,584
Accumulated depreciation	(646)	(88)	(3,275)	(1,958)	(5,967)
Net carrying amount	3,910	187	6,098	4,422	14,617
At 1 January 2024, net of accumulated depreciation	3,910	187	6,098	4,422	14,617
Additions	1,293	5	663	—	1,961
Disposals	—	(60)	(9)	—	(69)
Depreciation provided during the year	(1,847)	(54)	(2,887)	(2,091)	(6,879)
At 31 December 2024, net of accumulated depreciation	3,356	78	3,865	2,331	9,630
At 31 December 2024:					
Cost	5,849	179	9,955	6,380	22,363
Accumulated depreciation	(2,493)	(101)	(6,090)	(4,049)	(12,733)
Net carrying amount	3,356	78	3,865	2,331	9,630

	Modules and tools	Furniture and fixtures	Electronic equipment	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2025					
At 1 January 2025:					
Cost	5,849	179	9,955	6,380	22,363
Accumulated depreciation	(2,493)	(101)	(6,090)	(4,049)	(12,733)
Net carrying amount	3,356	78	3,865	2,331	9,630
At 1 January 2025, net of accumulated depreciation	3,356	78	3,865	2,331	9,630
Additions	1,366	—	790	—	2,156
Disposals	—	(7)	(21)	—	(28)
Depreciation provided during the year	(2,266)	(35)	(2,488)	(1,250)	(6,039)
At 31 December 2025, net of accumulated depreciation	2,456	36	2,146	1,081	5,719
At 31 December 2025:					
Cost	7,215	161	10,532	6,380	24,288
Accumulated depreciation	(4,759)	(125)	(8,386)	(5,299)	(18,569)
Net carrying amount	2,456	36	2,146	1,081	5,719

The Company

	Modules and tools	Furniture and fixtures	Electronic equipment	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2023					
At 1 January 2023:					
Cost	634	170	3,803	3,233	7,840
Accumulated depreciation	(70)	(29)	(1,387)	(565)	(2,051)
Net carrying amount	564	141	2,416	2,668	5,789
At 1 January 2023, net of accumulated depreciation	564	141	2,416	2,668	5,789
Additions	418	—	3,902	—	4,320
Disposals	—	—	(12)	—	(12)
Depreciation provided during the year	(220)	(34)	(1,336)	(647)	(2,237)
At 31 December 2023, net of accumulated depreciation	762	107	4,970	2,021	7,860
At 31 December 2023:					
Cost	1,052	170	7,628	3,233	12,083
Accumulated depreciation	(290)	(63)	(2,658)	(1,212)	(4,223)
Net carrying amount	762	107	4,970	2,021	7,860

	Modules and tools	Furniture and fixtures	Electronic equipment	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2024					
At 1 January 2024:					
Cost	1,052	170	7,628	3,233	12,083
Accumulated depreciation	(290)	(63)	(2,658)	(1,212)	(4,223)
Net carrying amount	762	107	4,970	2,021	7,860
At 1 January 2024, net of accumulated depreciation	762	107	4,970	2,021	7,860
Additions	704	5	633	—	1,342
Disposals	—	(6)	(10)	—	(16)
Depreciation provided during the year	(522)	(34)	(2,313)	(788)	(3,657)
At 31 December 2024, net of accumulated depreciation	944	72	3,280	1,233	5,529
At 31 December 2024:					
Cost	1,756	166	8,182	3,233	13,337
Accumulated depreciation	(812)	(94)	(4,902)	(2,000)	(7,808)
Net carrying amount	944	72	3,280	1,233	5,529

	Modules and tools	Furniture and fixtures	Electronic equipment	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2025					
At 1 January 2025:					
Cost	1,756	166	8,182	3,233	13,337
Accumulated depreciation	(812)	(94)	(4,902)	(2,000)	(7,808)
Net carrying amount	944	72	3,280	1,233	5,529
At 1 January 2025, net of accumulated depreciation	944	72	3,280	1,233	5,529
Additions	527	—	761	—	1,288
Disposals	—	(8)	(16)	—	(24)
Depreciation provided during the year	(596)	(32)	(2,006)	(598)	(3,232)
At 31 December 2025, net of accumulated depreciation	875	32	2,019	635	3,561
At 31 December 2025:					
Cost	2,283	147	8,733	3,233	14,396
Accumulated depreciation	(1,408)	(115)	(6,714)	(2,598)	(10,835)
Net carrying amount	875	32	2,019	635	3,561

15. LEASES

The Group as a lessee

The Group has lease contracts for office premises used in its operation. Leases of office premises have lease term ranged from 18 months to 60 months.

(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

Office premises

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At the beginning of year:			
Cost	12,624	14,873	7,041
Accumulated depreciation	(3,472)	(7,484)	(3,830)
Net carrying amount	9,152	7,389	3,211
At the beginning of year, net of accumulated depreciation	9,152	7,389	3,211
Additions	2,489	1,849	148
Disposals	(48)	(3,118)	—
Depreciation provided during the year	(4,204)	(2,909)	(2,178)
At the end of year, net of accumulated depreciation	7,389	3,211	1,181
At the end of year:			
Cost	14,873	7,041	7,189
Accumulated depreciation	(7,484)	(3,830)	(6,008)
Net carrying amount	7,389	3,211	1,181

The Company

Office premises

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	**RMB'000**	**RMB'000**
At the beginning of year:			
Cost	6,417	7,715	4,242
Accumulated depreciation	(2,640)	(4,722)	(2,915)
Net carrying amount	3,777	2,993	1,327
At the beginning of year, net of accumulated depreciation	3,777	2,993	1,327
Additions	1,539	—	148
Disposals	(48)	—	—
Depreciation provided during the year	(2,275)	(1,666)	(938)
At the end of year, net of accumulated depreciation	2,993	1,327	537
At the end of year:			
Cost	7,715	4,242	4,390
Accumulated depreciation	(4,722)	(2,915)	(3,853)
Net carrying amount	2,993	1,327	537

(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**
At the beginning of year	9,253	7,880	3,402
New leases	2,462	1,831	144
Accretion of interest recognised during the year	420	154	93
Termination of leases	(31)	(3,298)	—
Payments	(4,224)	(3,165)	(2,204)
At the end of year	7,880	3,402	1,435
Analysed into:			
Current portion	3,468	2,202	1,276
Non-current portion	4,412	1,200	159

The Company

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	**RMB'000**	**RMB'000**
At the beginning of year	4,146	3,404	1,561
New leases	1,524	—	144
Accretion of interest recognised during the year	169	106	51
Termination of leases	(31)	—	—
Payments	(2,404)	(1,949)	(1,144)
At the end of year	3,404	1,561	612
Analysed into:			
Current portion	1,843	985	453
Non-current portion	1,561	576	159

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

The Group

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	**RMB'000**	**RMB'000**
Interest on lease liabilities	420	154	93
Depreciation charge of right-of-use assets	4,204	2,909	2,178
Losses/(gains) on termination of leases	17	(223)	—
Expense relating to short-term leases	—	—	54
Expense relating to leases of low-value assets	13	14	—
Total amount recognised in profit or loss	4,654	2,854	2,325

(d) The total cash outflow for leases is disclosed in note 35(b) to the Historical Financial Information.

16. INTANGIBLE ASSETS

The Group

	IP licenses	**Software**	**Total**
	RMB'000	**RMB'000**	**RMB'000**
31 December 2023			
At 1 January 2023:			
Cost	7,959	516	8,475
Accumulated amortisation	(1,391)	(82)	(1,473)
Net carrying amount	6,568	434	7,002
At 1 January 2023, net of accumulated amortisation	6,568	434	7,002
Additions	3,088	947	4,035
Amortisation provided during the year	(2,606)	(314)	(2,920)
At 31 December 2023	7,050	1,067	8,117
At 31 December 2023:			
Cost	11,047	1,463	12,510
Accumulated amortisation	(3,997)	(396)	(4,393)
Net carrying amount	7,050	1,067	8,117

	IP licenses	Software	Total
	RMB'000	RMB'000	RMB'000
31 December 2024			
At 1 January 2024:			
Cost	11,047	1,463	12,510
Accumulated amortisation	(3,997)	(396)	(4,393)
Net carrying amount	7,050	1,067	8,117
At 1 January 2024, net of accumulated amortisation	7,050	1,067	8,117
Additions	1,590	1,404	2,994
Amortisation provided during the year	(2,773)	(590)	(3,363)
At 31 December 2024	5,867	1,881	7,748
At 31 December 2024:			
Cost	12,637	2,867	15,504
Accumulated amortisation	(6,770)	(986)	(7,756)
Net carrying amount	5,867	1,881	7,748
31 December 2025			
At 1 January 2025:			
Cost	12,637	2,867	15,504
Accumulated amortisation	(6,770)	(986)	(7,756)
Net carrying amount	5,867	1,881	7,748
At 1 January 2025, net of accumulated amortisation	5,867	1,881	7,748
Additions	1,099	11,405	12,504
Disposals	—	(54)	(54)
Amortisation provided during the year	(2,134)	(1,226)	(3,360)
At 31 December 2025	4,832	12,006	16,838
At 31 December 2025:			
Cost	13,736	14,140	27,876
Accumulated amortisation	(8,904)	(2,134)	(11,038)
Net carrying amount	4,832	12,006	16,838

The Company

	IP licenses	Software	Total
	RMB'000	RMB'000	RMB'000
31 December 2023			
At 1 January 2023:			
Cost	6,204	516	6,720
Accumulated amortisation	(1,254)	(82)	(1,336)
Net carrying amount	4,950	434	5,384
At 1 January 2023, net of accumulated amortisation	4,950	434	5,384
Additions	1,109	—	1,109
Amortisation provided during the year	(1,936)	(143)	(2,079)
At 31 December 2023	4,123	291	4,414
At 31 December 2023:			
Cost	7,313	516	7,829
Accumulated amortisation	(3,190)	(225)	(3,415)
Net carrying amount	4,123	291	4,414
31 December 2024			
At 1 January 2024:			
Cost	7,313	516	7,829
Accumulated amortisation	(3,190)	(225)	(3,415)
Net carrying amount	4,123	291	4,414
At 1 January 2024, net of accumulated amortisation	4,123	291	4,414
Additions	—	92	92
Amortisation provided during the year	(1,383)	(112)	(1,495)
At 31 December 2024	2,740	271	3,011
At 31 December 2024:			
Cost	7,313	608	7,921
Accumulated amortisation	(4,573)	(337)	(4,910)
Net carrying amount	2,740	271	3,011

	IP licenses	Software	Total
	RMB'000	RMB'000	RMB'000
31 December 2025			
At 1 January 2025:			
Cost	7,313	608	7,921
Accumulated amortisation	(4,573)	(337)	(4,910)
Net carrying amount	2,740	271	3,011
At 1 January 2025, net of accumulated amortisation	2,740	271	3,011
Additions	1,099	11,350	12,449
Amortisation provided during the year	(700)	(474)	(1,174)
At 31 December 2025	3,139	11,147	14,286
At 31 December 2025:			
Cost	8,412	11,958	20,370
Accumulated amortisation	(5,273)	(811)	(6,084)
Net carrying amount	3,139	11,147	14,286

17. INVESTMENT IN AN ASSOCIATE

The Group's shareholding in an associate is held through the Company. Nanning Qingzhi Electronic Technology Co., Ltd. (南寧清智電子科技有限公司) ("**Nanning Qingzhi**") is considered as an immaterial associate of the Group.

Particulars of the associate as at the end of the Relevant Periods are as follows:

Name	Place of registration	Registered share capital	Percentage of ownership interest attributable to the Company	Principal activity
Nanning Qingzhi	PRC	RMB12,590,000	23.8%	Integrated circuit design

The Group has discontinued the recognition of its share of losses of the associate from 2023 because the share of losses of the associate exceeded the Group's interest in the associate, and the Group has no obligation to take up further losses.

18. INVESTMENTS IN SUBSIDIARIES

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Unlisted shares, at cost	223,091	303,123	301,396
Deemed investment arising from share-based payment	26,702	29,181	39,431
	249,793	332,304	340,827

19. DEBT INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Negotiable certificates of deposit	20,729	—	20,000

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Negotiable certificates of deposit	10,729	—	20,000

The above unlisted investments are negotiable certificates of deposit issued by banks in Mainland China. They are 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 cash flows and selling.

20. EQUITY INVESTMENT DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Equity investment designated at fair value through other comprehensive income			
Unlisted equity investment, at fair value:			
Hefei Ruituo Microelectronics Co., Ltd. (合肥瑞拓微電子有限公司) ("**Hefei Reituo**").	7,000	8,000	10,000
	7,000	8,000	10,000

The above equity investment was irrevocably designated at fair value through other comprehensive income as the Group considers this investment to be strategic in nature.

In March 2022, the Group acquired 2% equity interest in Wuhu Ruite Microelectronics Co.,Ltd. ("**Wuhu Ruite**") at a consideration of RMB10,000,000, the principal activity of Wuhu Ruite is the research and development of micro controller unit chips. The consideration is determined with reference to the equity valuation of Wuhu Ruite as of the date of investment. In September 2023, due to the internal group structure reorganisation, the shareholders of Wuhu Ruite determined to deregister Wuhu Ruite and replace the equity interest in Wuhu Ruite by the equity interest in Hefei Ruituo, a subsidiary of Wuhu Ruite. Accordingly, the Group entered into a share transfer agreement with Wuhu Ruite and its shareholders, pursuant to which Wuhu Ruite has agreed to transfer its 4% equity interest in Hefei Ruituo to the Group at zero consideration in order to replace the Group's original investment in Wuhu Ruite. Upon completion of the above transaction in 2023, the Group's 2% equity interest in Wuhu Ruite was converted into a 4% equity interest in Hefei Ruituo.

21. INVENTORIES

The Group

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	**RMB'000**	**RMB'000**
Raw materials	6,151	8,807	32,157
Work in progress	19,930	23,706	44,429
Finished goods	15,172	18,590	46,463
	41,253	51,103	123,049

The Company

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	**RMB'000**	**RMB'000**
Raw materials	3,921	3,501	18,169
Work in progress	13,988	19,662	30,611
Finished goods	8,623	14,904	35,904
	26,532	38,067	84,684

22. TRADE AND BILL RECEIVABLES

The Group

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	**RMB'000**	**RMB'000**
Trade receivables	6,988	8,809	13,146
Allowance for expected credit losses	(1,142)	(3,070)	(1,113)
Trade receivables, net	5,846	5,739	12,033
Bill receivable	–	–	150
Trade and bill receivables, net	5,846	5,739	12,183

Bill receivable is 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 received in advance, and only a few customers are on credit. The credit period is generally 30 to 90 days. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by management. The Group's trade receivables mainly due from certain important customers. Although the credit risk is relatively concentrated, majority of trade receivables is aged within one year, and the credit risk has not increased significantly. The Group does not hold any collateral or other credit enhancements over its trade receivables balances. Trade receivables are non-interest-bearing.

Included in the Group's trade receivables is an amount due from an associate of RMB23,000, RMB365,000 and nil, which is net of allowance for expected credit losses of RMB1,000, RMB19,000 and RMB384,000 as at the end of each of the Relevant Periods, respectively. The amount due from an associate is repayable on credit terms similar to those offered to the major customers of the Group.

An ageing analysis of the trade receivables as at the end of each of the Relevant Periods, based on the transaction date and net of allowance for expected credit losses, is as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year	1,620	1,752	11,547
1 to 2 years	4,226	1,346	486
2 to 3 years	—	2,641	—
	5,846	5,739	12,033

The movements in the allowance for expected credit losses of trade receivables are as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At the beginning of year	838	1,142	3,070
Impairment losses/(reversal), net *(note 7)*	304	1,928	(1,845)
Amount written off as uncollectible	—	—	(112)
At the end of year	1,142	3,070	1,113

An impairment analysis is performed at the end of each of the Relevant Period using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the end of each of the reporting period about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings.

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

	As at 31 December 2023		
	Gross Carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000		RMB'000
On an individual basis:			
Individually assessed	—	100.00%	—
On a collective basis:			
Within 1 year	1,706	5.00%	85
1 to 2 years	5,282	20.00%	1,057
2 to 3 years	—	50.00%	—
Above 3 years	—	100.00%	—
Total	6,988	16.34%	1,142

	As at 31 December 2024		
	Gross Carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000		RMB'000
On an individual basis:			
Individually assessed	—	100.00%	—
On a collective basis:			
Within 1 year	1,845	5.00%	92
1 to 2 years	1,682	20.00%	337
2 to 3 years	5,282	50.00%	2,641
Above 3 years	—	100.00%	—
Total	8,809	34.84%	3,070

	As at 31 December 2025		
	Gross Carrying amount	**Expected credit loss rate**	**Expected credit losses**
	RMB'000		**RMB'000**
On an individual basis:			
Individually assessed	384	100.00%	384
On a collective basis:			
Within 1 year	12,155	5.00%	608
1 to 2 years	607	20.00%	121
2 to 3 years	—	50.00%	—
Above 3 years	—	100.00%	—
Total	13,146	8.47%	1,113

The Company

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	**RMB'000**	**RMB'000**
Trade receivables	37,807	22,128	10,281
Allowance for expected credit losses	—	—	(292)
Trade receivables, net	37,807	22,128	9,989

An ageing analysis of the trade receivables as at the end of each of the Relevant Periods, based on the transaction date and net of allowance for expected credit losses, is as follows:

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	**RMB'000**	**RMB'000**
Within one year	37,807	22,128	9,989

The movements in the allowance for expected credit losses of trade receivables are as follows:

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	**RMB'000**	**RMB'000**
At the beginning of year	201	—	—
Impairment losses/(reversal), net	(201)	—	292
At the end of year	—	—	292

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

	As at 31 December 2023		
	Gross Carrying amount	**Expected credit loss rate**	**Expected credit losses**
	RMB'000		**RMB'000**
On an individual basis:			
(i) Individually assessed	—	100.00%	—
(ii) Due from subsidiaries	37,807	—	—
Total	37,807	—	—

	As at 31 December 2024		
	Gross Carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000		RMB'000
On an individual basis:			
(i) Individually assessed	—	100.00%	—
(ii) Due from subsidiaries	22,128	—	—
Total	22,128	—	—

	As at 31 December 2025		
	Gross Carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000		RMB'000
On an individual basis:			
(i) Individually assessed	—	100.00%	—
(ii) Due from subsidiaries	4,443	—	—
On a collective basis:			
Within 1 year	5,838	5.00%	292
Total	10,281	2.84%	292

During the Relevant Periods, the Company estimated that the expected loss rate for its trade receivables due from subsidiaries is minimal.

23. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current			
Prepayments	17,686	10,549	41,951
Deposits and other receivables*	2,489	4,266	4,091
Value-added tax recoverable	11,008	10,619	18,962
Deferred [**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
	31,183	25,434	66,973
Less: Impairment*	(195)	(284)	(3,190)
Total	30,988	25,150	63,783
Non-current			
Deposits*	496	486	561

* Deposits and other receivables are unsecured and non-interest-bearing. Included in deposits and other receivables is an amount due from an associate of RMB1,914,000, RMB3,008,000 and nil, which is net of impairment of RMB101,000, RMB158,000 and RMB3,103,000, as at 31 December 2023, 2024 and 2025, respectively.

As at 31 December 2023, 2024 and 2025, except for impairment on the amount due from an associate, the impairment of the financial assets included in prepayments, deposits and other receivables 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 Company

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	**RMB'000**	**RMB'000**
Current			
Prepayments	8,825	5,191	30,144
Deposits and other receivables	2,301	3,528	3,742
Amounts due from subsidiaries	19,462	32,355	106,178
Value-added tax recoverable	3,921	2,483	5,685
Deferred [**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
	34,509	43,557	147,718
Less: Impairment	(172)	(226)	(60,945)
Total	34,337	43,331	86,773
Non-current			
Deposits	191	164	228

The amounts due from a subsidiary of RMB5,500,000 are repayable by instalments from July 2026 to November 2026 with an annual interest rate of 4%. Except for the aforementioned amounts, the deposits and other receivables, and the amounts due from subsidiaries are unsecured, interest free and repayable on demand.

24. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	**RMB'000**	**RMB'000**
Wealth management products	116,641	123,804	—
Structured Deposits	10,000	40,000	10,000
	126,641	163,804	10,000

The Company

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	**RMB'000**	**RMB'000**
Wealth management products	116,641	107,362	—
Structured Deposits	—	35,000	10,000
	116,641	142,362	10,000

The wealth management products and structured deposits 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.

25. CASH AND CASH EQUIVALENTS

The Group

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	**RMB'000**	**RMB'000**
Cash and bank balances	87,675	37,615	196,533

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	**RMB'000**	**RMB'000**
Cash and bank balances			
Denominated in			
– RMB	86,394	37,068	194,863
– USD	1,182	516	1,125
– HKD	99	31	545
	87,675	37,615	196,533

The RMB is not freely convertible into other currencies, however, under the PRC 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. The carrying amounts of the cash and bank balances approximate to their fair values.

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cash and bank balances denominated in RMB	70,540	34,440	181,924

26. TRADE PAYABLES

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade payables	10,330	9,683	17,827

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade payables	4,336	3,990	14,337
Due to subsidiaries	—	—	561
Total	4,336	3,990	14,898

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

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within one year	5,201	4,399	17,668
Over one year	5,129	5,284	159
Total	10,330	9,683	17,827

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within one year	4,335	3,989	14,890
Over one year	1	1	8
Total	4,336	3,990	14,898

The trade payables are non-interest-bearing and are mainly on credit terms with credit periods of 30 to 90 days.

27. CONTRACT LIABILITIES

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Sale of products and provision of services	21,128	20,792	20,984

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Sale of products and provision of services	19,975	20,365	20,646

Contract liabilities include short-term advances received to deliver products and provision of service.

28. OTHER PAYABLES AND ACCRUALS

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current liabilities			
Payroll payables	25,271	14,700	16,428
Advance payment from an investor*	—	—	19,090
Other tax payables	2,775	3,124	3,165
Other payables and accruals**	3,040	498	7,844
Borrowing from a non-controlling shareholder***	—	—	1,000
	31,086	18,322	47,527
Non-current liabilities			
Payable for purchase of intangible assets****	—	—	7,303
Total	31,086	18,322	54,830

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current liabilities			
Payroll payables	14,504	8,639	9,416
Advance payment from an investor*	—	—	19,090
Other tax payables	1,316	1,270	2,675
Other payables and accruals**	2,269	73	7,635
Amounts due to subsidiaries**	84,742	102,030	95,411
	102,831	112,012	134,227
Non-current liabilities			
Payable for purchase of intangible assets****	—	—	7,303
Total	102,831	112,012	141,530

* As at 26 December 2025, the Company entered into investment agreement with Qingdao Zhongyun Wuhao Venture Capital Fund Partnership (Limited Partnership) (青島中雲伍號創業投資基金合夥企業(有限合夥)) ("**Qingdao Zhongyun**") and agreed to subscribe certain shares of the Company to the investor. The investor made a portion of advance payment amounted to 19,090,000, the relevant shares are issued and allotted to the investor subsequently on 12 January 2026.

** Other payables and accruals, and amounts due to subsidiaries are unsecured, interest free and repayable on demand.

*** Borrowing from a non-controlling shareholder is unsecured. In January 2026, the borrowing from a non-controlling shareholder has been fully settled.

**** Payment term in respect of the payable for purchase of intangible assets is based on an agreed payment schedule with a supplier which will be due on February 2027 and February 2028, the Company consider the financing component included in the payable is insignificant.

29. INTEREST-BEARING BANK BORROWINGS

The Group and 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	3.05%-4.35%	2024	11,600	2.9%-3%	2025	41,040	2.35%-2.70%	2026	79,503
Bank loans – secured	—	—	—	3%-3.85%	2025	18,215	2.65%	2026	10,000
Total			11,600			59,255			89,503

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Analysed into:			
Bank loans repayable:			
Within one year or on demand	11,600	59,255	89,503
Total	11,600	59,255	89,503

Notes:

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

(ii) As at 31 December 2024 and 31 December 2025, bank loans of RMB18,215,000 and RMB10,000,000, respectively, were secured by certain patents of the Group. These patent rights had not previously been capitalised in the Historical Financial Information.

30. DEFERRED INCOME

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Government grants	746	497	3,475

The movements of deferred income for the Relevant Periods are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At beginning of the year	994	746	497
Grants received during the year	—	—	3,651
Amounts released to profit or loss during the year	(248)	(249)	(673)
At end of the year	746	497	3,475

31. DEFERRED TAX

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

The Group

	Lease liabilities
	RMB'000
At 1 January 2023	1,373
Deferred tax charged to profit or loss during the year	(265)
At 31 December 2023 and 1 January 2024	1,108
Deferred tax charged to profit or loss during the year	(626)
At 31 December 2024 and 1 January 2025	482
Deferred tax charged to profit or loss during the year	(304)
At 31 December 2025	178

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

The Company

	Lease liabilities
	RMB'000
At 1 January 2023	567
Deferred tax charged to profit or loss during the year	(118)
At 31 December 2023 and 1 January 2024	449
Deferred tax charged to profit or loss during the year	(250)
At 31 December 2024 and 1 January 2025	199
Deferred tax charged to profit or loss during the year	(118)
At 31 December 2025	81

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

The Group

	Right-of-use assets
	RMB'000
At 1 January 2023	1,373
Deferred tax credited to profit or loss during the year	(265)
At 31 December 2023 and 1 January 2024	1,108
Deferred tax credited to profit or loss during the year	(626)
At 31 December 2024 and 1 January 2025	482
Deferred tax credited to profit or loss during the year	(304)
At 31 December 2025	178

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

The Company

	Right-of-use assets
	RMB'000
At 1 January 2023	567
Deferred tax credited to profit or loss during the year	(118)
At 31 December 2023 and 1 January 2024	449
Deferred tax credited to profit or loss during the year	(250)
At 31 December 2024 and 1 January 2025	199
Deferred tax credited to profit or loss during the year	(118)
At 31 December 2025	81

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

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Net deferred tax assets recognised in the consolidated statements of financial position	—	—	—
Net deferred tax liabilities recognised in the consolidated statements of financial position	—	—	—

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Net deferred tax assets recognised in the statements of financial position	—	—	—
Net deferred tax liabilities recognised in the statements of financial position	—	—	—

32. 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
	(in thousand)	RMB'000
As at 1 January 2023, 31 December 2023, 1 January 2024, 31 December 2024 and 1 January2025	—	—
Issue of ordinary shares upon conversion into a joint stock company of RMB1.00 each *(note c)*	9,715	9,715
Issue of ordinary shares *(note a)*	437	437
As at 31 December 2025	10,152	10,152

Paid-in capital

	Registered and paid-in capital
	RMB'000
As at 1 January 2023	6,939
Capital contribution by shareholders *(note b)*	2,776
As at 31 December 2023, 1 January 2024, 31 December 2024 and 1 January 2025	9,715
Conversion into a joint stock company *(note c)*	(9,715)
As at 31 December 2025	–

Notes:

(a) Pursuant to the approval in the shareholders' meeting in 2025, 437,000 shares of RMB1.00 each were issued to certain investors at a total consideration of RMB131,771,000, which has been fully paid during the year ended 31 December 2025. The capital contribution has increased the share capital and capital reserve by RMB437,000 and RMB131,334,000, respectively.

(b) Pursuant to the approval in the shareholders' meeting in 2023, the registered capital of the Company was increased from RMB6,939,000 to RMB9,715,000. The increase in registered capital of RMB2,776,000 was subscribed by certain investors, including certain directors of the Company, at a total consideration of RMB288,307,000, which has been fully paid during the year ended 31 December 2023. The capital contribution has increased the paid-in capital and capital reserve by RMB2,776,000 and RMB285,531,000, respectively.

(c) Pursuant to the approval in the shareholders' meeting held in October 2025, the Company was converted from a limited liability company into a joint stock limited company on 5 November 2025. Upon conversion, the net assets of the Company as at 31 August 2025 were capitalised into 9,715,000 ordinary shares with a nominal value of RMB1.00 each, which were allotted to the existing shareholders in proportion to their respective interests prior to the conversion. The excess of net assets value as at 31 August 2025 over the nominal value of the share capital was recorded as capital reserve of the Company.

(d) Pursuant to the shareholders' agreements entered into during the Relevant Periods (collectively, the "**Agreements**"), certain investors (collectively the "**Pre-[REDACTED] Investors**") subscribed for RMB4,189,000 capital of the Company for a total net cash proceed of approximately RMB566,300,000 (collectively the "**Pre-[REDACTED] Investments**"). Pursuant to the Agreements, the Pre-[**REDACTED**] Investors were granted by the Company with special rights (the "**Special Rights**") which included. redemption rights and liquidation preferences rights.

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

On 13 October 2025, the Company and all of its shareholders (including the Pre-[**REDACTED**] Investors subsequently entered into supplemental agreements (the "**Supplemental Agreements**"), agreeing that the certain of the Special Rights granted by the Company to the Pre-[**REDACTED**] Investors, including redemption rights, has been irrecoverably terminated and shall be void ab initio. 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 redemption rights and liquidation preferences 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, (i) the redemption financial liabilities, total current liabilities, net liabilities and net current liabilities would have been:

	As at 31 December	
	2023	2024
	RMB'000	RMB'000
Redemption financial liabilities	606,923	651,629
Total current liabilities	684,535	762,172
Net liabilities	338,942	451,383
Net current liabilities	392,132	478,761

And (ii) the finance costs associated with the redemption financial liabilities, and the net loss for each of the Relevant Periods, would have been:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Financial costs associated with the redemption financial liabilities	(33,584)	(44,706)	(29,682)
Total net loss	(187,005)	(125,526)	(124,228)
Basic and diluted loss per share (expressed in RMB)	(22.69)	(12.92)	(12.79)

33. SHARE-BASED PAYMENTS

Share Incentive Scheme

In recognising the contributions of directors, senior management, employees and consultants and to incentivise them to further promote the development of the Company, the Company adopted a share incentive scheme (the "**Share Incentive Scheme**") to award the partnership interest in the share incentive platforms to the scheme participants.

In order to implement the Share Incentive Scheme, Guangdong Xichuang Leyuan Equity Investment Center (Limited Partnership) (廣東曦創樂遠股權投資中心(有限合夥)) ("**Xichuang Leyuan**"), and Guangdong Xichuang Lekang Equity Investment Center (Limited Partnership) (廣東曦創樂康股權投資中心(有限合夥)) ("**Xichuang Lekang**"), 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.

For the purpose of granting incentive shares to the Share Incentive Scheme's participants, an entity controlled by a shareholder of the Company transferred certain of its shares of the Company to Xichuang Leyuan and Xichuang Lekang, and the Company also issued its shares to Xichuang Leyuan and Xicuang Lekang.

During the Relevant Periods, the Company granted 170,720 shares to 140 grantees, 84,585 shares to 129 grantees and 129,647 shares to 129 grantees through Xichuang Lekang, respectively; and the Company granted 9,825 shares to 2 grantees through Xichuang Leyuan during the year ended 31 December 2023.

Each of the shares of the share platforms granted to grantees is subject to service condition, the service period requirement varies among incentive grantees and is determined on an individual basis. The service period requires the incentive grantees to remain in the Company from the date of grant to the end of the service period. The exercise price of the shares granted through Xichuang Lekang ranged from RMB nil per share to RMB195.97 per share, and the exercise price of the shares granted through Xichuang Leyuan ranged from RMB nil per share to RMB129.34, per share, respectively.

On 31 August 2025, the vesting conditions of all unvested shares issued by the share incentive platforms to grantees were amended upon amendment of the Share Incentive Scheme, all outstanding shares became immediately vested and no longer subject to any service period conditions, the Group has accounted for the amendment as a modification to the Share Incentive Scheme. Accordingly, the share based payment expenses that had not been recognised were recognised immediately on the modification date.

Included in the shares granted in 2025, 42,278 shares were granted after 31 August 2025, of which 25,081 granted shares are immediately vested, and 17,197 granted shares are subject to a vesting schedule of four years pursuant to which one-fourth(1/4) of the awarded shares shall become vested on the first, second, third and fourth years since grant date, respectively.

Except for the period from 1 April 2024 to 30 April 2025, the fair value of the shares granted was measured with reference to the most recent share issued price to the Company's independent investors which was close to the fair value of the grant date of the incentive shares through the platforms. For the period from 1 April 2024 to 30 April 2025, the fair value of shares granted was measured by deriving a per-share value from the Company's total equity fair value, which was determined using the discounted cash flow method and adjusted for any applicable discount for lack of marketability (DLOM), taking into account the specific grant terms and conditions. The following table lists the inputs to the model used:

The following table lists the significant inputs to the discounted cashflow fair value model used:

Expected volatility (%)	43.00
Risk-free interest rate (%)	1.12
WACC (%)	15.00
DLOM (%)	20.00

The shares of the Company granted indirectly through the share platforms and the outstanding shares under the Share Incentive Scheme during the Relevant Periods were as follows:

	Number of shares
At 1 January 2023	439,372
Granted during the year	180,545
Vested during the year	(266,891)
Forfeited during the year	(82,226)
At 31 December 2023 and 1 January 2024	270,800
Granted during the year	84,585
Vested during the year	(136,915)
Forfeited during the year	(33,589)
At 31 December 2024 and 1 January 2025	184,881
Granted during the year	129,647
Vested during the year	(291,775)
Forfeited during the year	(5,556)
At 31 December 2025	17,197

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 expense of RMB24,191,000, RMB12,085,000 and RMB31,313,000, respectively.

34. RESERVES

The Group

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

(i) Capital reserve

The capital reserve mainly represents the difference between the value of share capital and the consideration received and the transfer of share-based payments reserve to capital reserve upon the vesting of shares under the Share Incentive Scheme, as further explained in the accounting policy for share-based payment in note 2.3 to the Historical Financial Information.

(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 33 to the Historical Financial Information.

(iii) Fair value reserve of equity investment at fair value through other comprehensive

The fair value reserve of equity investment at fair value through other comprehensive of the Group represents the changes in the fair value of equity investment designated at fair value through other comprehensive income, the gains or losses arising from the changes in the fair value of the equity investment are recorded in other comprehensive income.

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
At 1 January 2023	323,434	29,858	(167,383)	185,909
Loss for the year	—	—	(85,655)	(85,655)
Total comprehensive loss for the year	—	—	(85,655)	(85,655)
Capital contribution by shareholders	285,531	—	—	285,531
Share-based payments	—	24,191	—	24,191
Vesting of share-based payment	23,378	(23,378)	—	—
At 31 December 2023	632,343	30,671	(253,038)	409,976

	Capital reserve	Share-based payment reserve	Accumulated losses	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024	632,343	30,671	(253,038)	409,976
Loss for the year	—	—	(6,296)	(6,296)
Total comprehensive loss for the year	—	—	(6,296)	(6,296)
Share-based payments	—	12,085	—	12,085
Vesting of share-based payment	17,886	(17,886)	—	—
At 31 December 2024	650,229	24,870	(259,334)	415,765

	Capital reserve	Share-based payment reserve	Accumulated losses	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2025	650,229	24,870	(259,334)	415,765
Loss for the year	—	—	(105,795)	(105,795)
Total comprehensive loss for the year	—	—	(105,795)	(105,795)
Issue of ordinary shares	131,334	—	—	131,334
Share-based payments	—	31,313	—	31,313
Conversion into a joint stock company	(298,610)		298,610	
Vesting of share-based payment	55,784	(55,784)	—	—
At 31 December 2025	538,737	399	(66,519)	472,617

35. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the years ended 31 December 2023, 2024 and 2025, the Group had non-cash additions to right-of-use assets of RMB2,489,000, RMB1,849,000 and RMB148,000 and non-cash additions to lease liabilities of RMB2,462,000, RMB1,831,000 and RMB144,000, respectively, in respect of lease arrangements for office premises.

In March 2025, the Group entered into an agreement with a customer and a supplier to reach an arrangement of offsetting the trade payable due to a supplier against the Group's trade receivable from a customer. As a result of the offsetting, the Group had non-cash decrease in trade receivable with carrying amount of RMB2,641,000 and non-cash decrease in trade payable with carrying amount of RMB5,128,000. A reversal of allowance for expected credit loss of RMB2,487,000 was charged to profit or loss during the year ended 31 December 2025.

(b) Changes in liabilities arising from financing activities

	Interest-bearing bank borrowings	Lease liabilities	Total
	RMB'000	RMB'000	RMB'000
At 1 January 2023	19,640	9,253	28,893
Changes from financing cash flows	(8,656)	(4,224)	(12,880)
New leases	—	2,462	2,462
Interest expense	616	420	1,036
Termination of leases	—	(31)	(31)
At 31 December 2023 and 1 January 2024	11,600	7,880	19,480
Changes from financing cash flows	46,806	(3,165)	43,641
New leases	—	1,831	1,831
Interest expense	849	154	1,003
Termination of leases	—	(3,298)	(3,298)
At 31 December 2024 and 1 January 2025	59,255	3,402	62,657
Changes from financing cash flows	27,643	(2,204)	25,439
New leases	—	144	144
Interest expense	2,605	93	2,698
At 31 December 2025	89,503	1,435	90,938

(c) Total cash outflows for leases

The total cash outflows for leases included in the consolidated statements of cash flows are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within operating activities	13	14	54
Within financing activities	4,224	3,165	2,204
Total	4,237	3,179	2,258

36. PLEDGE OF ASSETS

Details of the Group's assets pledged for the Group's bank facilities are included in note 29 to the Historical Financial Information.

37. RELATED PARTY TRANSACTION

(a) Name and relationship of the related party:

	Relationship with the Group
Nanning Qingzhi	Associate

(b) The Group had the following transaction with a related party during the Relevant Periods:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Sales of goods to related parties:			
Nanning Qingzhi	81	340	—

(c) The Group had the following outstanding balances with a related party:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade and bill receivables*			
Nanning Qingzhi	23	365	—
Prepayments and other receivables**			
Nanning Qingzhi	1,914	3,008	—

* Trade and bill receivables are of a trade nature.

** Prepayments and other receivables are of a non-trade nature.

The amounts are presented at net value.

(d) Compensation of key management personnel of the Group

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Salaries, allowances and benefits in kind	3,070	3,309	3,499
Performance related bonuses	1,452	1,613	1,893
Pension scheme contributions	529	543	644
Share-based payments	2,914	575	1,973
	7,965	6,040	8,009

38. 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

The Group

Financial assets	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Financial assets at fair value through profit or loss	126,641	163,804	10,000
Financial assets at fair value through other comprehensive income:			
Debt investments at fair value through other comprehensive income	20,729	—	20,000
Equity investments designated at fair value through other comprehensive income	7,000	8,000	10,000
	27,729	8,000	30,000
Financial assets at amortised cost:			
Trade and bill receivables	5,846	5,739	12,183
Financial assets included in prepayments, deposits and other receivables	2,790	4,468	1,462
Cash and cash equivalents	87,675	37,615	196,533
	96,311	47,822	210,178

The Company

Financial assets	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Financial assets at fair value through profit or loss	116,641	142,362	10,000
Financial assets at fair value through other comprehensive income:			
Debt investments at fair value through other comprehensive income	10,729	—	20,000
Financial assets at amortised cost:			
Trade and bill receivables	37,807	22,128	9,989
Financial assets included in prepayments, deposits and other receivables	21,782	35,821	49,203
Cash and cash equivalents	70,540	34,440	181,924
	130,129	92,389	241,116

Financial liabilities

The Group

Financial liabilities	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At amortised cost:			
Trade payables	10,330	9,683	17,827
Financial liabilities included in other payables and accruals	3,040	498	31,007
Lease liabilities	7,880	3,402	1,435
Interest-bearing bank borrowings	11,600	59,255	89,503
	32,850	72,838	139,772

The Company

Financial liabilities	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At amortised cost:			
Trade payables	4,336	3,990	14,898
Financial liabilities included in other payables and accruals	87,011	102,103	125,209
Lease liabilities	3,404	1,561	612
Interest-bearing bank borrowings	11,600	59,255	89,503
	106,351	166,909	230,222

For the details of pre-[**REDACTED**] investments, please refer to note 32 to this report.

39. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

As at 31 December 2023, 2024 and 2025, the fair values of the Group's financial assets or liabilities approximated to their respective carrying amounts.

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

The Group's finance department is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At the end of each of the Relevant Periods, the finance department 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 periodically for 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 following methods and assumptions were used to estimate the fair values:

The Group invests in unlisted investments, which represent wealth management products and structured deposits and negotiable certificates of deposit issued by banks in Mainland China. The Group has estimated the fair value of these unlisted investments by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

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

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December 2023, 2024 and 2025:

Unlisted equity investments	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
31 December 2023	Market Capitalization Calibration	Average market-cap multiple of peers	-54.38%~-10.19%	5% increase/decrease in Average market-cap Multiple of peers would result in increase/ decrease in fair value by RMB349,000.
31 December 2024	Market Capitalization Calibration	Average market-cap multiple of peers	-68.30%~62.79%	5% increase/decrease in Average market-cap Multiple of peers would result in increase/ decrease in fair value by RMB420,000.
31 December 2025	Market Capitalization Calibration	Average market-cap multiple of peers	-66.07%~81.11%	5% increase/decrease in Average market-cap Multiple of peers would result in increase/ decrease in fair value by RMB500,000.

Fair value hierarchy

The Group

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

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				
Financial assets at fair value through profit or loss	—	126,641	—	126,641
Debt investments at fair value through other comprehensive income	—	20,729	—	20,729
Equity investments designated at fair value through other comprehensive income	—	—	7,000	7,000

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				
Financial assets at fair value through profit or loss	—	163,804	—	163,804
Equity investments designated at fair value through other comprehensive income	—	—	8,000	8,000

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				
Financial assets at fair value through profit or loss	—	10,000	—	10,000
Debt investments at fair value through other comprehensive income	—	20,000	—	20,000
Equity investments designated at fair value through other comprehensive income	—	—	10,000	10,000

The Company

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

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				
Financial assets at fair value through profit or loss	—	116,641	—	116,641
Debt investments at fair value through other comprehensive income	—	10,729	—	10,729

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				
Financial assets at fair value through profit or loss	—	142,362	—	142,362

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				
Financial assets at fair value through profit or loss	—	10,000	—	10,000
Debt investments at fair value through other comprehensive income	—	20,000	—	20,000

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and cash equivalents, financial assets at fair value through other comprehensive income. 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 and bill receivables, trade payables, other receivables and other payables, which arise directly from its operations.

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

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.

Maximum exposure and staging as at the end of each of the Relevant Periods

The table below shows 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 staging classification as at the end of each of the Relevant Periods. The amounts presented are gross carrying amounts for financial assets.

At 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables*	—	—	—	6,988	6,988
Financial assets included in prepayments, deposits and other receivables					
— Normal**	2,985	—	—	—	2,985
Debt investments at fair value through other comprehensive income	20,729	—	—	—	20,729
Cash and cash equivalents	87,675	—	—	—	87,675
	111,389	—	—	6,988	118,377

At 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables*	—	—	—	8,809	8,809
Financial assets included in prepayments, deposits and other receivables					
— Normal**	4,752	—	—	—	4,752
Cash and cash equivalents	37,615	—	—	—	37,615
	42,367	—	—	8,809	51,176

At 31 December 2025

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables*	—	—	—	13,146	13,146
Bill receivables					
— Normal**	150	—	—	—	150
Financial assets included in prepayments, deposits and other receivables					
— Normal**	1,549	—	—	—	1,549
— Doubtful**	—	—	3,103	—	3,103
Debt investments at fair value through other comprehensive income	20,000	—	—	—	20,000
Cash and cash equivalents	196,533	—	—	—	196,533
	218,232	—	3,103	13,146	234,481

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 22 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.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of internally generated cash flows from operations. The Group regularly reviews its major funding positions to ensure that it has adequate financial resources in meeting its financial obligations.

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

	As at 31 December 2023		
	Less than 1 year	Over 1 year	Total
	RMB'000	RMB'000	RMB'000
Trade payables	5,201	5,129	10,330
Financial liabilities included in other payables and accruals	3,040	—	3,040
Lease liabilities	4,059	6,390	10,449
Interest-bearing bank borrowings	11,871	—	11,871
	24,171	11,519	35,690

	As at 31 December 2024		
	Less than 1 year	Over 1 year	Total
	RMB'000	RMB'000	RMB'000
Trade payables	4,399	5,284	9,683
Financial liabilities included in other payables and accruals	498	—	498
Lease liabilities	2,402	1,258	3,660
Interest-bearing bank borrowings	60,112	—	60,112
	67,411	6,542	73,953

	As at 31 December 2025		
	Less than 1 year	Over 1 year	Total
	RMB'000	RMB'000	RMB'000
Trade payables	17,668	159	17,827
Financial liabilities included in other payables and accruals	23,704	7,303	31,007
Lease liabilities	2,089	161	2,250
Interest-bearing bank borrowings	90,338	—	90,338
	133,799	7,623	141,422

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 asset-liability ratios as at the end of each of the Relevant Periods are as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Total assets	350,751	312,486	459,847
Total liabilities	82,770	112,240	188,083
Asset-liability ratio	23.60%	35.92%	40.90%

41. EVENTS AFTER THE REPORTING PERIOD

On 5 January 2026 and 12 January 2026, the Group received additional investment proceeds from Qingdao Zhongyun amounted to RMB1,000,000 and RMB1,570,000 pursuant to the investment agreement as disclosed in note 28 to the Historical Financial Information. On 12 January 2026, the shares were issued and allotted to the investor with an increase in share capital and capital reserve of RMB66,795 and RMB21,593,205, respectively.

On 5 January 2026, Changchun Zhangxing Equity Investment Fund Partnership (Limited Partnership) (長春長興股權投資基金合夥企業(有限合夥)), has subscribed 61,676 ordinary shares of the Company at a price of RMB324.28 per share with a total cash consideration of RMB20,000,000. The subscription has resulted in an increase in share capital and capital reserve of RMB61,676 and RMB19,938,324, respectively.

On 6 February 2026, Xiamen Lingkai Xingwei Future Venture Capital Partnership (Limited Partnership) (廈門翎凱芯未來創業投資合夥企業(有限合夥)) and Ms. Wan Li (萬麗), both are independent third parties, have subscribed 161,939 ordinary shares of the Company at a price of RMB358.16 per share with a total cash consideration of RMB58,000,000. The subscription has resulted in an increase in share capital and capital reserve of RMB161,939 and RMB57,838,061, respectively.

42. 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.