*The following is the text of a report set out on pages I-1 to I-64, received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.*

KPMG

**ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF 蘇州群策科技股份有限公司 QUNCE TECHNOLOGY CO., LTD.* AND CITIC SECURITIES (HONG KONG) LIMITED**

**Introduction**

We report on the historical financial information of 蘇州群策科技股份有限公司 Qunce Technology Co., Ltd.* (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages I-3 to I-64, which comprises 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 the consolidated statements of profit or loss, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated cash flow statements for each of the years ended 31 December 2023, 2024 and 2025 (the "**Track Record Period**"), and material accounting policy information and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages I-3 to I-64 forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [●] (the "**Document**") in connection with the **[REDACTED]** of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

**Directors' responsibility for the Historical Financial Information**

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information, and for such internal control as the directors of the Company 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.

* *For identification purpose only.*

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 and presentation set out in Note 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 purpose of the accountants' report, a true and fair view of the Company's and the Group's financial position as at 31 December 2023, 2024 and 2025, and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

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

***Adjustments***

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

***Dividends***

We refer to Note 26(b) to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Track Record Period.

**KPMG**
*Certified Public Accountants*
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

[●]

## HISTORICAL FINANCIAL INFORMATION

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

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by KPMG under separate terms of engagement with the Company in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "**Underlying Financial Statements**").

**Consolidated statements of profit or loss**

*(Expressed in Renminbi ("**RMB**"))*

| | | Year ended 31 December | | |
|---|---|---|---|---|
| | | **2023** | **2024** | **2025** |
| | *Note* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Revenue** | *4* | 2,794,138 | 3,659,025 | 3,602,676 |
| Cost of sales | *6(c)* | (1,871,767) | (2,252,249) | (2,477,627) |
| **Gross profit** | | 922,371 | 1,406,776 | 1,125,049 |
| Other income | *5(a)* | 151,832 | 126,518 | 113,543 |
| Other net loss | *5(b)* | (16,921) | (72,149) | (90,872) |
| Selling and distribution expenses | | (22,296) | (21,945) | (22,430) |
| Administrative expenses | | (96,351) | (109,255) | (124,149) |
| Research and development costs | | (125,663) | (224,418) | (239,544) |
| Reversal/(provision) of impairment losses on trade receivables | *27(a)* | 6,356 | (11,047) | 2,340 |
| **Profit from operations** | | 819,328 | 1,094,480 | 763,937 |
| Finance costs | *6(a)* | (15) | — | (1,114) |
| **Profit before taxation** | *6* | 819,313 | 1,094,480 | 762,823 |
| Income tax | *7(a)* | (133,179) | (170,819) | (116,308) |
| **Profit for the year** | | 686,134 | 923,661 | 646,515 |
| **Attributable to:** | | | | |
| Equity shareholders of the Company | | 690,242 | 916,425 | 646,515 |
| Non-controlling interests | | (4,108) | 7,236 | — |
| **Profit for the year** | | 686,134 | 923,661 | 646,515 |
| **Earnings per share** | | | | |
| Basic and diluted *(RMB)* | *10* | 0.50 | 0.66 | 0.46 |

The accompanying notes form part of the Historical Financial Information.

**Consolidated statements of profit or loss and other comprehensive income**
*(Expressed in RMB)*

| | Year ended 31 December | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| **Profit for the year** | 686,134 | 923,661 | 646,515 |
| **Other comprehensive income for the year (after tax and reclassification adjustments)** | | | |
| Item that may be reclassified subsequently to profit or loss: | | | |
| Exchange differences on translation of | | | |
| — financial statements of a subsidiary with functional currency other than RMB | — | 73 | (241) |
| **Other comprehensive income for the year** | — | 73 | (241) |
| **Total comprehensive income for the year** | 686,134 | 923,734 | 646,274 |
| **Attributable to** | | | |
| Equity shareholders of the Company | 690,242 | 916,498 | 646,274 |
| Non-controlling interests | (4,108) | 7,236 | — |
| **Total comprehensive income for the year** | 686,134 | 923,734 | 646,274 |

The accompanying notes form part of the Historical Financial Information.

**Consolidated statements of financial position**
*(Expressed in RMB)*

| | | As at 31 December | | |
|---|---|---|---|---|
| | | **2023** | **2024** | **2025** |
| | *Note* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Non-current assets** | | | | |
| Property, plant and equipment | *11* | 4,331,623 | 4,730,021 | 5,047,244 |
| Right-of-use assets | *12* | 56,357 | 112,570 | 108,431 |
| Intangible assets | *13* | 7,267 | 4,585 | 4,616 |
| Prepayments, deposits and other receivables | *17* | 250,359 | 302,988 | 124,777 |
| Time deposits and restricted bank deposits | *18(b)* | 909,034 | 1,730,680 | 1,400,916 |
| Deferred tax assets | *25(b)* | 47,538 | 38,947 | 42,735 |
| | | 5,602,178 | 6,919,791 | 6,728,719 |
| **Current assets** | | | | |
| Inventories | *15(a)* | 225,360 | 312,405 | 363,991 |
| Trade receivables | *16* | 898,795 | 929,658 | 967,411 |
| Current taxation recoverable | *25(a)* | 27,565 | — | 23,426 |
| Prepayments, deposits and other receivables | *17* | 71,122 | 44,492 | 35,306 |
| Time deposits and restricted bank deposits | *18(b)* | 2,530,281 | 729,152 | 880,345 |
| Cash and cash equivalents | *18(a)* | 1,663,757 | 1,723,345 | 1,071,443 |
| | | 5,416,880 | 3,739,052 | 3,341,922 |
| **Current liabilities** | | | | |
| Trade payables | *19* | 365,911 | 408,242 | 494,289 |
| Other payables and accruals | *20* | 1,212,022 | 1,070,458 | 2,753,436 |
| Contract liabilities | *21* | 49,661 | 86,559 | 149,041 |
| Bank loans | *22* | — | — | 380,245 |
| Derivative financial liabilities | *23* | — | 1,106 | — |
| Deferred income | *24* | 1,224 | 3,458 | 4,646 |
| Current taxation payable | *25(a)* | 1,295 | 56,493 | 7,471 |
| | | 1,630,113 | 1,626,316 | 3,789,128 |
| **Net current assets/(liabilities)** | | 3,786,767 | 2,112,736 | (447,206) |
| **Total assets less current liabilities** | | 9,388,945 | 9,032,527 | 6,281,513 |

The accompanying notes form part of the Historical Financial Information.

| | | As at 31 December | | |
|---|---|---|---|---|
| | | **2023** | **2024** | **2025** |
| | *Note* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Non-current liabilities** | | | | |
| Other payables and accruals | *20* | 3,479,789 | 2,991,279 | 2,237,665 |
| Contract liabilities | *21* | 597,393 | 465,332 | 348,177 |
| Deferred income | *24* | 8,063 | 32,253 | 37,083 |
| | | 4,085,245 | 3,488,864 | 2,622,925 |
| **NET ASSETS** | | 5,303,700 | 5,543,663 | 3,658,588 |
| **CAPITAL AND RESERVES** | | | | |
| Paid-in capital | *26(c)* | 1,390,593 | 1,390,593 | 1,462,291 |
| Reserves | *26(d)* | 3,725,939 | 4,153,070 | 2,196,297 |
| **Total equity attributable to equity shareholders of the Company** | | 5,116,532 | 5,543,663 | 3,658,588 |
| **Non-controlling interests** | | 187,168 | — | — |
| **TOTAL EQUITY** | | 5,303,700 | 5,543,663 | 3,658,588 |

The accompanying notes form part of the Historical Financial Information.

**Statements of financial position of the Company**
*(Expressed in RMB)*

| | | As at 31 December | | |
|---|---|---|---|---|
| | | **2023** | **2024** | **2025** |
| | *Note* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Non-current assets** | | | | |
| Property, plant and equipment | *11* | 3,653,762 | 4,041,163 | 4,237,438 |
| Right-of-use assets | | 21,600 | 79,530 | 77,042 |
| Intangible assets | | 6,328 | 3,812 | 3,852 |
| Prepayments, deposits and other receivables | *17* | 250,350 | 207,743 | 29,412 |
| Time deposits and restricted bank deposits | | 864,748 | 1,665,775 | 1,317,052 |
| Investments in subsidiaries | *14* | 790,231 | 1,332,055 | 1,365,346 |
| Deferred tax assets | | 38,402 | 33,139 | 34,002 |
| | | 5,625,421 | 7,363,217 | 7,064,144 |
| **Current assets** | | | | |
| Inventories | *15(a)* | 230,380 | 317,816 | 377,166 |
| Trade receivables | *16* | 899,104 | 929,718 | 971,778 |
| Current taxation recoverable | | 27,565 | — | 23,426 |
| Prepayments, deposits and other receivables | *17* | 44,277 | 179,465 | 119,055 |
| Time deposits and restricted bank deposits | | 2,530,281 | 486,796 | 776,982 |
| Cash and cash equivalents | *18(a)* | 904,896 | 1,257,019 | 638,890 |
| | | 4,636,503 | 3,170,814 | 2,907,297 |
| **Current liabilities** | | | | |
| Trade payables | *19* | 386,080 | 406,861 | 517,738 |
| Other payables and accruals | *20* | 947,772 | 996,761 | 2,696,378 |
| Contract liabilities | | 49,578 | 86,459 | 148,410 |
| Bank loans | *22* | — | — | 380,245 |
| Derivative financial liabilities | *23* | — | 1,106 | — |
| Deferred income | | 1,224 | 2,476 | 3,664 |
| Current taxation payable | | — | 48,855 | 820 |
| | | 1,384,654 | 1,542,518 | 3,747,255 |
| **Net current assets/(liabilities)** | | 3,251,849 | 1,628,296 | (839,958) |
| **Total assets less current liabilities** | | 8,877,270 | 8,991,513 | 6,224,186 |

The accompanying notes form part of the Historical Financial Information.

| | | As at 31 December | | |
|---|---|---|---|---|
| | | **2023** | **2024** | **2025** |
| | *Note* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Non-current liabilities** | | | | |
| Other payables and accruals | *20* | 3,479,789 | 2,991,279 | 2,237,665 |
| Contract liabilities | | 597,393 | 465,332 | 348,177 |
| Deferred income | | 8,063 | 15,482 | 21,289 |
| | | 4,085,245 | 3,472,093 | 2,607,131 |
| **NET ASSETS** | | 4,792,025 | 5,519,420 | 3,617,055 |
| **CAPITAL AND RESERVES** | | | | |
| Paid-in capital | *26(c)* | 1,390,593 | 1,390,593 | 1,462,291 |
| Reserves | *26(d)* | 3,401,432 | 4,128,827 | 2,154,764 |
| **TOTAL EQUITY** | | 4,792,025 | 5,519,420 | 3,617,055 |

The accompanying notes form part of the Historical Financial Information.

## Consolidated statements of changes in equity

*(Expressed in RMB)*

| | | Attributable to equity shareholders of the Company | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Paid-in capital | Capital reserve | PRC statutory reserve | Exchange reserve | Retained earnings | Sub-total | Non-controlling interests | Total equity |
| | *Note* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Balance at 1 January 2023** | | 1,390,115 | 489,626 | 510,004 | — | 1,972,545 | 4,362,290 | 191,276 | 4,553,566 |
| **Changes in equity for 2023:** | | | | | | | | | |
| Profit/(loss) for the year | | — | — | — | — | 690,242 | 690,242 | (4,108) | 686,134 |
| Other comprehensive income | | — | — | — | — | — | — | — | — |
| Total comprehensive income | | — | — | — | — | 690,242 | 690,242 | (4,108) | 686,134 |
| Capital injection from an investor | *26(c)* | 478 | 1,434 | — | — | — | 1,912 | — | 1,912 |
| Appropriation to statutory reserves | *26(d)* | — | — | 70,204 | — | (70,204) | — | — | — |
| Expense borne by the ultimate holding company | *26(d)* | — | 62,088 | — | — | — | 62,088 | — | 62,088 |
| **Balance at 31 December 2023** | | 1,390,593 | 553,148 | 580,208 | — | 2,592,583 | 5,116,532 | 187,168 | 5,303,700 |

The accompanying notes form part of the Historical Financial Information.

| | | Attributable to equity shareholders of the Company | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Note | Paid-in capital RMB'000 | Capital reserve RMB'000 | PRC statutory reserve RMB'000 | Exchange reserve RMB'000 | Retained earnings RMB'000 | Sub-total RMB'000 | Non-controlling interests RMB'000 | Total equity RMB'000 |
| **Balance at 1 January 2024** | | 1,390,593 | 553,148 | 580,208 | — | 2,592,583 | 5,116,532 | 187,168 | 5,303,700 |
| **Changes in equity for 2024:** | | | | | | | | | |
| Profit for the year | | — | — | — | — | 916,425 | 916,425 | 7,236 | 923,661 |
| Other comprehensive income for the year | | — | — | — | 73 | — | 73 | — | 73 |
| Total comprehensive income | | — | — | — | 73 | 916,425 | 916,498 | 7,236 | 923,734 |
| Acquisition of interest in a subsidiary under common control | *14* | — | (346,199) | — | — | — | (346,199) | — | (346,199) |
| Acquisition of non-controlling interests | *14* | — | 5,894 | — | — | — | 5,894 | (194,404) | (188,510) |
| Appropriation to statutory reserves | *26(d)* | — | — | 87,763 | — | (87,763) | — | — | — |
| Dividends declared and approved | *26(b)* | — | — | — | — | (190,000) | (190,000) | — | (190,000) |
| Expense borne by the ultimate holding company | *26(d)* | — | 40,938 | — | — | — | 40,938 | — | 40,938 |
| **Balance at 31 December 2024** | | 1,390,593 | 253,781 | 667,971 | 73 | 3,231,245 | 5,543,663 | — | 5,543,663 |

The accompanying notes form part of the Historical Financial Information.

| | | Attributable to equity shareholders of the Company | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Paid-in capital | Capital reserve | PRC statutory reserve | Exchange reserve | Retained earnings | Sub-total | Non-controlling interests | Total equity |
| | *Note* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Balance at 1 January 2025** | | 1,390,593 | 253,781 | 667,971 | 73 | 3,231,245 | 5,543,663 | — | 5,543,663 |
| **Changes in equity for 2025:** | | | | | | | | | |
| Profit for the year | | — | — | — | — | 646,515 | 646,515 | — | 646,515 |
| Other comprehensive income for the year | | — | — | — | (241) | — | (241) | — | (241) |
| Total comprehensive income | | — | — | — | (241) | 646,515 | 646,274 | — | 646,274 |
| Capital injection from investors | *26(c)* | 71,698 | 151,283 | — | — | — | 222,981 | — | 222,981 |
| Appropriation to statutory reserves | *26(d)* | — | — | 63,063 | — | (63,063) | — | — | — |
| Dividends declared and approved | *26(b)* | — | — | — | — | (2,800,000) | (2,800,000) | — | (2,800,000) |
| Expense borne by the ultimate holding company | *26(d)* | — | 45,670 | — | — | — | 45,670 | — | 45,670 |
| **Balance at 31 December 2025** | | 1,462,291 | 450,734 | 731,034 | (168) | 1,014,697 | 3,658,588 | — | 3,658,588 |

The accompanying notes form part of the Historical Financial Information.

**Consolidated cash flow statements**

*(Expressed in RMB)*

| | | Year ended 31 December | | |
|---|---|---|---|---|
| | | **2023** | **2024** | **2025** |
| | *Note* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Operating activities:** | | | | |
| Cash generated from operations | *18(c)* | 1,141,941 | 1,336,823 | 1,223,600 |
| Income tax paid | *25(a)* | (244,774) | (79,465) | (192,544) |
| **Net cash generated from operating activities** | | 897,167 | 1,257,358 | 1,031,056 |
| **Investing activities:** | | | | |
| Payment for the purchase of property, plant and equipment | | (546,069) | (1,042,432) | (672,450) |
| Payment for the purchase of intangible assets | | (5,382) | (1,761) | (2,962) |
| Payment for the purchase of leasehold land | | (34,768) | (36,058) | — |
| Proceeds from disposal of property, plant and equipment | | 28,517 | 1,047 | 6,793 |
| Placement of time deposits | | (2,052,878) | (837,471) | (257,865) |
| Proceeds from redemption of time deposits | | 10,000 | 1,830,000 | 460,000 |
| Net (increase)/decrease in restricted bank deposits | | (3,360) | (485) | 1,325 |
| Interest received | | 65,186 | 82,772 | 61,949 |
| Payment for purchase of wealth management products | | — | (340,000) | — |
| Proceeds from redemption of wealth management products | | — | 341,191 | — |
| Net payment for the settlement of derivative financial instruments | | (4,288) | (1,454) | (704) |
| **Net cash used in investing activities** | | (2,543,042) | (4,651) | (403,914) |

The accompanying notes form part of the Historical Financial Information.

| | | Year ended 31 December | | |
|---|---|---|---|---|
| | | **2023** | **2024** | **2025** |
| | *Note* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Financing activities:** | | | | |
| Proceeds from capital contributions by investors | | 1,912 | — | 222,981 |
| Refundable capacity commitment deposits received | | 700,000 | — | — |
| Refundable capacity commitment deposits refunded | | (25,608) | (467,869) | (604,439) |
| Proceeds from bank loans | *18(d)* | 75,532 | — | 380,000 |
| Repayment of bank loans | *18(d)* | (180,076) | — | — |
| Interest paid | *18(d)* | (3,168) | — | (869) |
| Dividend paid | | (10,546) | (191,002) | (1,276,432) |
| Payment for acquisition of non-controlling interests | | — | (188,510) | — |
| Payment for acquisition of interest in a subsidiary under common control | | — | (346,199) | — |
| **Net cash generated from/(used in) financing activities** | | 558,046 | (1,193,580) | (1,278,759) |
| **Net (decrease)/increase in cash and cash equivalents** | | (1,087,829) | 59,127 | (651,617) |
| **Cash and cash equivalents at 1 January** | | 2,752,800 | 1,663,757 | 1,723,345 |
| **Effect of foreign exchange rate changes** | | (1,214) | 461 | (285) |
| **Cash and cash equivalents at 31 December** | *18(a)* | 1,663,757 | 1,723,345 | 1,071,443 |

The accompanying notes form part of the Historical Financial Information.

## NOTES TO THE HISTORICAL FINANCIAL INFORMATION

### 1 BASIS OF PREPARATION AND PRESENTATION OF HISTORICAL FINANCIAL INFORMATION

Qunce Technology Co., Ltd.* 蘇州群策科技股份有限公司 (formerly known as 蘇州群策科技有限公司, the "**Company**") was incorporated in Suzhou, Jiangsu Province, the People's Republic of China (the "**PRC**") on 10 June 2005, as a limited liability company. Subsequent to the Track Record Period, on 3 April 2026, the Company was converted from a limited liability company into a joint stock limited liability company under the PRC Company Law. Further details are set out in Note 31.

The principal activities of the Company and its subsidiaries (together, "**the Group**") are mainly engaged in the design, development, manufacturing and sales of advanced integrated circuit substrate ("**IC substrate**"). The Company's ultimate holding company is Unimicron Technology Corporation, a company established in Chinese Taiwan, whose shares are listed on the Taiwan Stock Exchange.

The statutory financial statements of the Company for the years ended 31 December 2023, 2024 and 2025 were prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC (the "**PRC GAAP**") and audited by Jiangsu Welsen Certified Public Accountants Co., Ltd. Kunshan Branch* (江蘇華星會計師事務所有限公司昆山分所). The financial statements of the subsidiaries of the Group for which there are statutory requirements were prepared in accordance with the relevant accounting rules and regulations applicable to entities in the countries or regions in which they are established, details of which are disclosed in Note 14.

During the Track Record Period, the Group completed the following business combination under common control:

On 22 April 2024, the Company and Unimicron Holding Limited, the controlling shareholder of the Company ("**UHL**"), entered into an equity interest transfer agreement, pursuant to which UHL agreed to transfer 50% equity interest in 昆山群啟科技有限公司 Kunshan Qunqi Technology Co., Ltd.* ("**Kunshan Qunqi**") to the Company, at a consideration of RMB346,199,000. Further details are set out in Note 14(d).

As Kunshan Qunqi was controlled by the same controlling party before and after the transaction, the transaction has been accounted for as a business combination of an entity under common control. Accordingly, for the purpose of presentation of the Historical Financial Information of the Group, the net asset of the combining entity is combined using the existing book values prior to these transactions. Intra-group balances, transactions and unrealised gains/losses on intra-group transactions are eliminated in full in preparing the Historical Financial Information.

The Historical Financial Information has been prepared assuming the Group will continue as a going concern notwithstanding the net current liabilities of the Group of RMB447,206,000 at 31 December 2025. Based on the projection of profit and cash flow forecast, the directors of the Company are of the opinion that the Group has sufficient working capital to meet its financial liabilities and obligations as and when they fall due and to sustain its operations for at least the next twelve months from 31 December 2025. Therefore, the directors of the Company are satisfied that it is appropriate to prepare the Historical Financial Information on a going concern basis.

The Historical Financial Information has been prepared in accordance with all applicable IFRS Accounting Standards as issued by the International Accounting Standards Board ("**IASB**"). Further details of the material accounting policy information are set out in Note 2.

The IASB has issued a number of new and revised IFRS Accounting Standards. For the purpose of preparing the Historical Financial Information, the Group has adopted all applicable new and revised IFRS Accounting Standards to the Track Record Period, except for any new standards or interpretations that are not yet effective for the Track Record Period. The revised and new accounting standards and interpretations issued but not yet effective for the Track Record Period are set out in Note 30.

The Historical Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

The accounting policies set out below have been applied consistently to all periods presented in the Historical Financial Information.

* *For identification purpose only.*

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

## 2 MATERIAL ACCOUNTING POLICY INFORMATION

### (a) Basis of measurement

The measurement basis used in the preparation of the Historical Financial Information is the historical cost basis except that the financial assets and liabilities are stated at their fair value as explained in the accounting policies as set out in Notes 2(e), 2(f) and 2(o).

### (b) Use of estimates and judgements

The preparation of Historical Financial Information in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

Judgements made by management in the application of IFRS Accounting Standards that have significant effect on the Historical Financial Information and major sources of estimation uncertainty are discussed in Note 3.

### (c) Business combination involving entities under common control

The Group accounts for business combinations of entities under common control based on the principle of merger accounting. The consolidated financial statements incorporate the financial statements items of the combining businesses in which the common control combination occurs as if they had been consolidated from the date when the combining businesses first came under the control of the controlling party. The net assets of the combining businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or bargain purchase gain at the time of common control combination. The consolidated statements of profit or loss and the consolidated statements of profit or loss and other comprehensive income include the results of each of the combining businesses from the earliest date presented or since the date when the combining businesses first came under the common control, where this is a shorter period. The comparative amounts in the consolidated financial statements are presented as if the businesses had been consolidated at the beginning of the previous reporting period or when they first came under common control, whichever is earlier.

### (d) Subsidiaries and non-controlling interests ("NCI")

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

For each business combination, the Group can elect to measure any NCI either at fair value or at the NCI's proportionate share of the subsidiary's net identifiable assets. NCI are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. NCI in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between NCI and the equity shareholders of the Company.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in that former subsidiary is measured at fair value when control is lost.

In the Company's statements of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 2(j)), unless it is classified as held for sale (or included in a disposal group classified as held for sale).

**(e) Other investments in securities**

The Group's policies for investments in securities, other than investments in subsidiaries, are set out below.

Investments in securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss ("**FVPL**") for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see Note 27(e). These investments are subsequently accounted for as follows, depending on their classification.

***Non-equity investments***

Non-equity investments are classified into one of the following measurement categories:

— amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Expected credit losses, interest income calculated using the effective interest method (see Note 2(t)(ii)(b)), foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

— fair value through other comprehensive income ("**FVOCI**") — recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses are recognised in profit or loss and computed in the same manner as if the financial asset was measured at amortised cost. The difference between the fair value and the amortised cost is recognised in other comprehensive income ("**OCI**"). When the investment is derecognised, the amount accumulated in OCI is recycled from equity to profit or loss.

— FVPL if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

**(f) Derivative financial instruments**

The Group holds derivative financial instruments to manage its foreign currency risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequently, they are measured at fair value with changes therein recognised in profit or loss, except where the derivatives qualify for cash flow hedge accounting or hedges of net investment in a foreign operation.

**(g) Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses (see Note 2(j)(ii)). The cost of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to working condition and location for its intended use. Subsequent expenditure relating to an item of property, plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that the future economic benefits, in excess of the original assessed standard of performance of the existing asset, will flow to the Group. All other subsequent expenditure is recognised as an expense in profit or loss in the period in which it is incurred.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components).

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual value, if any, using the straight line method over their estimated useful lives, and is generally recognised in profit or loss.

The estimated useful lives for the Track Record Period are as follows:

| | |
|---|---|
| Plant and buildings | 5–20 years |
| Machinery and equipment | 10 years |
| Furniture, fixtures and office equipment | 5 years |
| Motor vehicles | 5 years |

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Construction in progress is stated at cost less impairment losses (see Note 2(j)(ii)). Cost comprises the purchase costs of the asset and the related construction and installation costs. Cost comprises direct costs of construction as well as interest charges during the periods of construction.

Construction in progress is transferred to other property, plant and equipment when the asset is substantially ready for its intended use and depreciation will be provided at the appropriate rates in accordance with the depreciation policies specified above.

No depreciation is provided in respect of construction in progress.

**(h) Intangible assets**

Expenditure on research activities is recognised in profit or loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the resulting asset. Otherwise, it is recognised in profit or loss as incurred. Capitalised development expenditure is subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses (see Note 2(j)(ii)).

Expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, if any, and is generally recognised in profit or loss.

The estimated useful lives for the Track Record Period are as follows:

| | |
|---|---|
| Software | 3 years |
| Pollution discharge right | 5 years |

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

**(i) Leased assets**

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. This is the case if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

***(i) As a lessee***

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for leases that have a short lease term of 12 months or less, and leases of low-value items. When the Group enters into a lease in respect of low-value items, the Group decides whether to capitalise the lease on a lease-by-lease basis. If not capitalised, the associated lease payments are recognised in profit or loss on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is recognised using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability, and are charged to profit or loss as incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see Note 2(j)(ii)). Depreciation is calculated using the straight-line method over the unexpired term of lease.

Refundable rental deposits are accounted for separately from the right-of-use assets in accordance with the accounting policy applicable to investments in non-equity securities carried at amortised cost (see Notes 2(e), 2(t)(ii) and 2(j)(i)). Any excess of the nominal value over the initial fair value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a lease modification, which means a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract, if such modification is not accounted for as a separate lease. In this case, the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the consolidated statements of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

***(ii) As a lessor***

The Group determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying asset to the lessee. Otherwise, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The rental income from operating leases is recognised in accordance with Note 2(t)(ii)(a).

**(j) Credit losses and impairment of assets**

***(i) Credit losses from financial instruments***

The Group recognises a loss allowance for ECLs on financial assets measured at amortised cost (including cash and cash equivalents, time deposits and restricted bank deposits, trade receivables and other receivables).

*Measurement of ECLs*

ECLs are a probability-weighted estimate of credit losses. Generally, credit losses are measured as the present value of all expected cash shortfalls between the contractual and expected amounts.

The expected cash shortfalls are discounted using the following rates if the effect is material:

— fixed-rate financial assets, trade and other receivables: effective interest rate determined at initial recognition or an approximation thereof; and

— variable-rate financial assets: current effective interest rate.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are measured on either of the following bases:

— 12-month ECLs: these are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months); and

— lifetime ECLs: these are the ECLs that result from all possible default events over the expected lives of the items to which the ECL model applies.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-months ECLs:

— financial instruments that are determined to have low credit risk at the reporting date; and

— other financial instruments for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

*Significant increases in credit risk*

When determining whether the credit risk of a financial instrument has increased significantly since initial recognition and when measuring ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when:

— the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or

— the financial asset is 90 days past due.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

*Credit-impaired financial assets*

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

— significant financial difficulties of the debtor;

— a breach of contract, such as a default;

— it is probable that the debtor will enter bankruptcy or other financial reorganisation; or

— the disappearance of an active market for a security because of financial difficulties of the issuer.

*Write-off policy*

The gross carrying amount of a financial asset is written off to the extent that there is no realistic prospect of recovery. This is generally the case when the Group otherwise determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

***(ii) Impairment of other non-current assets***

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("**CGU**"s).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated to reduce the carrying amounts of the assets in the CGU on a pro rata basis.

An impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**(k) Inventories**

Inventories are measured at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

**(l) Contract liabilities**

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see Note 2(t)(i)). A contract liability is also recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such latter cases, a corresponding receivable is also recognised (see Note 2(m)).

**(m) Trade and other receivables**

A receivable is recognised when the Group has an unconditional right to receive consideration and only the passage of time is required before payment of that consideration is due.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortised cost (see Note 2(j)(i)).

**(n) Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECL (see Note 2(j)(i)).

**(o) Trade and other payables**

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts except for refundable capacity commitment deposits. Refundable capacity commitment deposits are designated as financial liabilities at fair value through profit or loss. They are initially measured at fair value. Subsequently, the amount of change in the fair value that is attributable to changes in their credit risk is recognised in other comprehensive income and the remaining amount of change in the fair value is recognised in profit or loss.

**(p) Interest-bearing borrowings**

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequently, these borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with Note 2(v).

**(q) Employee benefits**

***(i) Short-term employee benefits and contributions to defined contribution retirement plans***

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Obligations for contributions to defined contribution retirement plans are expensed as the related service is provided.

***(ii) Termination benefits***

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring.

**(r) Income tax**

Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;

- temporary differences related to investment in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

- those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organization for Economic Co-operation and Development.

The Group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

**(s) Provisions and contingent liabilities**

Generally provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

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

**(t) Revenue and other income**

Income is classified by the Group as revenue when it arises from the sale of goods or the provision of services in the ordinary course of the Group's business.

Further details of the Group's revenue and other income recognition policies are as follows.

***(i) Revenue from contracts with customers***

In determining whether the Group acts as a principal or as an agent, it considers whether it obtains control of the products before they are transferred to the customers. Control refers to the Group's ability to direct the use of and obtain substantially all of the remaining benefits from the products.

Revenue is recognised when control over a product or service is transferred to the customer at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties such as value added tax or other sales taxes.

*(a) Sale of products*

Revenue is recognised when the customer takes possession of and accepts the products. Payment terms and conditions vary by customers and are based on the billing schedule established in the contracts or purchase orders with customers, but the Group generally provides credit terms to customers upon customer acceptance. The Group takes advantage of the practical expedient in paragraph 63 of IFRS 15 and does not adjust the consideration for any effects of a significant financing component as the period of financing is 12 months or less.

When the Group grants a customer the option to acquire additional goods or services in a contract, that option gives rise to a performance obligation in the contract if the option provides a material right to the customer that it would not receive without entering into that contract. If the option provides a material right to the customer, the customer in effect pays the entity in advance for future goods or services and the entity recognises revenue when those future goods or services are transferred or when the option expires. To the extent that the difference in timing arises for reasons other than the provision of finance, no financing component is deemed to exist.

*(b) Provision of services*

Revenue from services is recognised at a point in time when the service is provided and accepted by the customer.

***(ii) Revenue from other sources and other income***

*(a) Rental income from operating leases*

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are earned.

*(b) Interest income*

Interest income is recognised using the effective interest method. The "effective interest rate" is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

*(c) Government grants*

Government grants are recognised in the consolidated statements of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them.

Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

Grants that compensate the Group for the cost of an asset are recognised as deferred income and subsequently recognised in profit or loss on a systematic basis over the useful life of the asset. Government grants related to income, those to be used as compensation for future expenses or losses shall be recognised as deferred income and shall be recorded in other income in the period in which the relevant expenses or losses are recognised; other government grants shall be recorded in other income directly.

**(u) Translation of foreign currencies**

Transactions in foreign currencies are translated into the respective functional currencies of group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

The assets and liabilities of foreign operations are translated into RMB at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into RMB at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI and accumulated in the exchange reserve.

**(v) Borrowing costs**

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

**(w) Related parties**

(a) A person, or a close member of that person's family, is related to the Group if 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 the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or a joint venture of the other entity (or an associate or a joint venture of a member of a group of which the other entity is a member).

(iii) Both entities 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).

(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 Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

**(x) Segment reporting**

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

## 3 ACCOUNTING JUDGEMENTS AND ESTIMATES

**Sources of estimation uncertainty**

Note 27 contains information about the assumptions and their risk factors relating to the fair value of financial instruments. Other key sources of estimation uncertainty are as follows:

***(i) Net realisable value of inventories***

Net realisable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. These estimates are based on the current market conditions and the historical experience of selling products with similar nature. Any change in the assumptions would increase or decrease the amount of inventories write-down or the related reversals of write-down made in prior years and affect the Group's net assets value. Management reassesses these estimations at the end of reporting period to ensure inventory is shown at the lower of cost and net realisable value.

***(ii) Loss allowance for expected credit losses***

The Group estimates the amount of loss allowance for ECLs on trade receivables that are measured at amortised cost based on the credit risk of the respective financial instruments. The loss allowance amount is measured as the asset's carrying amount and the present value of estimated future cash flows with the consideration of expected future credit loss of the respective financial instrument. The assessment of the credit risk of the respective financial instrument involves high degree of estimation and uncertainty. When the actual future cash flows are less than expected or more than expected, a material impairment loss or a material reversal of impairment loss may arise, accordingly.

***(iii) Useful life of property, plant and equipment***

Property, plant and equipment is depreciated on a straight-line basis over the estimated useful lives, after taking into account the estimated residual value. The Group reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation expense to be recorded during any reporting period. The useful lives are based on the Group's historical experience with similar assets and taking into account anticipated technological changes. The depreciation expenses for future periods are adjusted prospectively if there are significant changes from previous estimates.

## 4 REVENUE AND SEGMENT REPORTING

### (a) Revenue

#### *(i) Disaggregation of revenue*

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

| | Year ended 31 December | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| **Revenue from contracts with customers within the scope of IFRS 15** | | | |
| Sales of products: | | | |
| Revenue in relation to IC substrates | | | |
| — manufacture and sales of IC substrates | 2,667,494 | 3,498,652 | 3,432,189 |
| — capacity commitment (i) | 89,188 | 84,810 | 92,066 |
| Sales of others (ii) | 32,628 | 63,834 | 63,264 |
| Sub-total for sales of products | 2,789,310 | 3,647,296 | 3,587,519 |
| Services income | 4,828 | 11,729 | 15,157 |
| | 2,794,138 | 3,659,025 | 3,602,676 |

*Notes:*

(i) Capacity commitment agreements

The Group has entered into certain long-term capacity commitment agreements with end-customers to secure the Group's IC substrates supply capacity, with the contractual term ranging from 2 to 9 years. Pursuant to the agreements, the endcustomers would pay the capacity commitment deposits upfront, and the Group is obligated to reserve a specific monthly or quarterly production capacity for each of the end-customers during the agreed commitment period. The deposits received under these agreements may be refundable or non-refundable.

(a) Non-refundable capacity commitment deposits

For non-refundable capacity commitment deposits, the deposit creates a material right for the commitment period. The Group's customer exercises the material right by placing orders for IC substrates. The deposit received is recognised as a contract liability and the related revenue is recognised ratably over the commitment period.

(b) Refundable capacity commitment deposits

For refundable capacity commitment deposits, the deposits received shall be refunded by instalment to the customers, on a non-interest-bearing basis, during the agreed period when the material right is exercisable by the customers. The amount to be refunded in each period shall be determined at the amount of (i) an amount equals to a specified percentage of the sales to the customers or (ii) a fixed amount equals to the deposit received divided by the number of instalments over the agreed period. The remaining balance of deposits received, if any, shall be refunded in the last period. The refundable capacity commitment deposits are included in other payables and accruals. They are initially measured at fair value, with the difference between the initial fair value and the cash received are recognised as contract liabilities and accounted for in the same manner as the non-refundable capacity commitment deposits. Subsequently, the refundable capacity commitment deposits are measured at fair value with changes other than those attributable to changes in credit risk recognised in profit or loss and included in other net loss.

(ii) Sales of others mainly represented sales of production residues which primarily contain metals.

The Group's revenue from contracts with customers was recognised at a point in time, except for the capacity commitment as mentioned above.

Revenue from major customers which accounts for 10% or more of the Group's revenue are as follows:

| | Year ended 31 December | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Customer A | 838,711 | 615,988 | N/A* |
| Customer B | 794,432 | 1,206,046 | 1,176,918 |
| Customer C | N/A* | 497,927 | 411,807 |
| Customer D | 349,002 | 413,152 | 538,442 |
| | 1,982,145 | 2,733,113 | 2,127,167 |

* Transactions with this customer did not exceed 10% of the Group's revenue in the respective years.

***(ii) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date***

As at 31 December 2023, 2024 and 2025, the aggregate amount of the transaction price allocated to the performance obligations that were unsatisfied (or partially unsatisfied) under the capacity commitment agreements mentioned above is RMB586,494,000, RMB501,684,000 and RMB444,618,000.

This amount represents revenue expected to be recognised in the future when the material right is exercised or expired unexercised, as follows:

| | As at 31 December | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Within one year | 28,476 | 62,602 | 96,441 |
| After one year | 558,018 | 439,082 | 348,177 |
| | 586,494 | 501,684 | 444,618 |

The Group has also applied the practical expedient in paragraph 121(a) of IFRS 15 to its other sales contracts for IC substrates products such that the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the other contracts for sales of IC substrates products that had an original expected duration of one year or less.

**(b) Segment reporting**

***(i) Segment information***

Operating segments are identified on the basis of internal reports that the Group's most senior executive management reviews regularly in allocating resources to segments and in assessing their performances.

The Group's most senior executive management makes resources allocation decisions based on internal management functions and assess the Group's business performance as one integrated business instead of by separate business lines or geographical regions. Accordingly, the Group has only one operating segment and therefore, no segment information is presented.

*(ii) Geographic information*

The following table sets out information about the geographical location of the Group's revenue from contracts with external customers. The geographical location of customers is based on the location at which the products were delivered or the services were provided.

| | Year ended 31 December | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Chinese Mainland | 2,400,739 | 3,438,254 | 3,461,173 |
| Other countries and regions | 393,399 | 220,771 | 141,503 |
| | 2,794,138 | 3,659,025 | 3,602,676 |

As at 31 December 2023, 2024 and 2025, all of the non-current assets are located in Chinese Mainland.

## 5 OTHER INCOME AND OTHER NET LOSS

### (a) Other income

| | Year ended 31 December | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Government grants *(i)* | 24,225 | 6,625 | 9,068 |
| Value-added tax ("**VAT**") additional deduction *(ii)* | — | 19,015 | 16,026 |
| Interest income | 126,342 | 95,333 | 86,838 |
| Rental income | 1,265 | 5,545 | 1,611 |
| | 151,832 | 126,518 | 113,543 |

*Notes:*

(i) During the years ended 31 December 2023, 2024 and 2025, the Group received unconditional government grants of RMB23,512,000, RMB5,049,000 and RMB5,514,000, respectively, as rewards of the Group's contribution to technology innovation and regional economic development.

During the years ended 31 December 2023, 2024 and 2025, the Group received conditional government grants of RMB10,000,000, RMB28,000,000 and RMB9,572,000 respectively as subsidies for construction and equipment and recognised such grants of RMB713,000, RMB1,576,000, and RMB3,554,000 respectively, in the consolidated statements of profit or loss when related conditions were satisfied.

(ii) Pursuant to Taxation Policy for VAT Addition and Deduction for Advanced Manufacturing Enterprises (Announcement No. 43 of 2023), from 1 January 2023 to 31 December 2027, the Company, as advanced manufacturing enterprises, become eligible for the VAT additional deduction and claimed VAT additional deduction of nil, RMB19,015,000 and RMB16,026,000 for the years ended 31 December 2023, 2024 and 2025, respectively.

**(b) Other net loss**

| | Year ended 31 December | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Net foreign exchange gain/(loss) | 5,807 | 6,272 | (4,215) |
| Net realised gain on wealth management products | — | 1,191 | — |
| Net realised and unrealised (loss)/gain on derivative financial instruments | (4,545) | (2,560) | 402 |
| Net loss on disposal of property, plant and equipment | (13,139) | (6,329) | (9,047) |
| Changes in fair value of refundable capacity commitment deposits | (5,800) | (71,522) | (78,007) |
| Others | 756 | 799 | (5) |
| | (16,921) | (72,149) | (90,872) |

## 6 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

**(a) Finance costs**

| | Year ended 31 December | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Interest on bank loans | 2,155 | — | 1,114 |
| Less: interest expense capitalised into construction in progress | (2,140) | — | — |
| | 15 | — | 1,114 |

**(b) Staff costs**

| | Year ended 31 December | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Salaries, wages and other benefits | 525,085 | 537,228 | 564,961 |
| Contributions to defined contribution retirement plans *(Note)* | 56,021 | 60,633 | 65,184 |
| | 581,106 | 597,861 | 630,145 |

*Note:* Employees of the Group's PRC subsidiaries are required to participate in a defined contribution retirement plan administered and operated by the local municipal government. The Group's PRC subsidiaries contribute funds which are calculated on certain percentages of the average employee salary as agreed by the local municipal government to the plan to fund the retirement benefits of the employees.

The Group has no other material obligation for the payment of retirement benefits associated with the scheme beyond the annual contributions described above.

**(c) Other items**

| | | Year ended 31 December | | |
|---|---|---|---|---|
| | | **2023** | **2024** | **2025** |
| | *Note* | *RMB'000* | *RMB'000* | *RMB'000* |
| Amortisation of intangible assets | *13* | 5,159 | 4,443 | 2,931 |
| Depreciation charge | | | | |
| — owned property, plant and equipment | *11* | 284,573 | 371,895 | 437,839 |
| — right-of-use assets | *12* | 1,622 | 3,465 | 4,139 |
| | | 286,195 | 375,360 | 441,978 |
| Cost of inventories sold *(Note)* | | 1,869,546 | 2,251,934 | 2,477,627 |
| Write-down of/(reversal of) inventories | | 7,587 | (5,328) | (5,859) |

*Note:* Cost of inventories sold includes amounts relating to staff costs, depreciation and amortisation expenses and write-down of/(reversal of) inventories, which are also included in the respective total amounts disclosed separately above or in Note 6(b) for each of these types of expenses.

## 7 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

**(a) Taxation in the consolidated statements of profit or loss represents:**

| | Year ended 31 December | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| **Current tax:** | | | |
| Provision for the year | 81,909 | 162,228 | 120,096 |
| **Deferred tax:** | | | |
| Origination and reversal of temporary differences *(Note 25(b))* | 51,270 | 8,591 | (3,788) |
| | 133,179 | 170,819 | 116,308 |

*Notes:*

(i) According to the Corporate Income Tax Law of China (the "**Tax Law**"), the Company and its subsidiaries in Chinese Mainland are subject to statutory income tax rate of 25%, except for those which are entitled to a preferential tax rate applicable to High and New Technology Enterprise ("**HNTE**") of 15%.

The Company has been accredited as a HNTE since October 2022, with such accreditation renewed in November 2025, and was entitled to a preferential tax rate of 15% throughout the Track Record Period.

According to the tax incentives policies promulgated by the State Tax Bureau of the PRC in March 2023, effective for the period from 1 January 2023, an additional 100% of qualified research and development costs incurred is allowed to be deducted from the taxable income.

(ii) The Company's subsidiary incorporated in Hong Kong is subject to Hong Kong Profits Tax for 2024 and 2025 at 8.25% of the taxable profit less than Hong Kong Dollars ("**HKD**") 2,000,000 or 16.50% of the taxable profit exceeding HKD2,000,000.

**(b) Reconciliation between tax expense and accounting profit at applicable tax rates:**

| | Year ended 31 December | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Profit before taxation | 819,313 | 1,094,480 | 762,823 |
| Notional tax on profit before taxation, calculated using the PRC statutory tax rate of 25% | 204,828 | 273,620 | 190,706 |
| Tax effect of preferential tax rate | (89,451) | (107,658) | (76,904) |
| Tax effect of different tax rate | — | (289) | (383) |
| Tax effect of additional deduction for research and development costs | (2,780) | (7,304) | (9,498) |
| Tax effect of non-deductible expenses | 20,582 | 12,450 | 12,387 |
| Actual tax expense | 133,179 | 170,819 | 116,308 |

## 8 DIRECTORS' AND SUPERVISOR'S EMOLUMENTS

Details of directors' and supervisor's emoluments during the Track Record Period are as follows:

| **For the year ended 31 December 2023** | **Directors' fees** | **Salaries, allowances and benefits in kind** | **Discretionary bonuses** | **Retirement scheme contributions** | **Total** |
|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Directors** | | | | | |
| Mr. Lan Ting 蘭庭*(i)* | 252 | — | — | — | 252 |
| Mr. Tseng Tzyy-Jang 曾子章*(ii)* | — | — | — | — | — |
| Mr. Li Jiabin 李嘉彬*(ii)* | — | — | — | — | — |
| **Supervisor** | | | | | |
| Mr. Liu Weisen 劉偉森*(iii)* | — | — | — | — | — |
| | 252 | — | — | — | 252 |

| **For the year ended 31 December 2024** | **Directors' fees** | **Salaries, allowances and benefits in kind** | **Discretionary bonuses** | **Retirement scheme contributions** | **Total** |
|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Directors** | | | | | |
| Mr. Lan Ting 蘭庭*(i)* | 252 | — | — | — | 252 |
| Mr. Tseng Tzyy-Jang 曾子章*(ii)* | — | — | — | — | — |
| Mr. Li Jiabin 李嘉彬*(ii)* | — | — | — | — | — |
| **Supervisor** | | | | | |
| Mr. Liu Weisen 劉偉森*(iii)* | — | — | — | — | — |
| | 252 | — | — | — | 252 |

| For the year ended 31 December 2025 | Directors' fees | Salaries, allowances and benefits in kind | Discretionary bonuses | Retirement scheme contributions | Total |
|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Directors** | | | | | |
| Mr. Lan Ting 蘭庭*(i)* | 252 | — | — | — | 252 |
| Mr. Tseng Tzyy-Jang 曾子章*(ii)* | — | — | — | — | — |
| Mr. Li Jiabin 李嘉彬*(ii)* | — | — | — | — | — |
| **Supervisor** | | | | | |
| Mr. Liu Weisen 劉偉森*(iii)* | — | — | — | — | — |
| | 252 | — | — | — | 252 |

(i) Mr. Lan Ting was re-designated as an executive director on 11 March 2026.

(ii) Mr. Tseng Tzyy-Jang and Mr. Li Jiabin were resigned as directors of the Company on 11 March 2026.

(iii) Mr. Liu Weisen was resigned as a supervisor of the Company on 11 March 2026.

(iv) Mr. CHEN Gwo-Chaur, Mr. LEE Ping-Hsuan and Mr. TANG Jui-Chang were appointed as executive directors of the Company on 11 March 2026.

(v) Mr. CHUNG Ming-Feng and Mr. HONG Hsi-Hsin were appointed as non-executive directors of the Company on 11 March 2026.

(vi) Mr. WANG Ting-Chao, Ms. PENG Ying-Hui and Mr. JOU Hei Jen were appointed as independent non-executive directors of the Company on 11 March 2026.

During the Track Record Period, no director or supervisor has waived or agreed to waive any emoluments, and no amounts were paid or payable by the Group to the directors and supervisor as an inducement to join or upon joining the Group or as compensation for loss of any office in connection with the management of the affairs of any member of the Group.

## 9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

During the Track Record Period, of the five individuals with the highest emoluments, none of them is a director or supervisor whose emolument is disclosed in Note 8. The aggregate of the emoluments in respect of the 5, 5, 5 individuals for each of the years ended 31 December 2023, 2024 and 2025, respectively, are as follows:

| | Year ended 31 December | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Salaries, allowances and benefits in kind | 2,910 | 2,938 | 2,998 |
| Discretionary bonuses | 5,610 | 3,954 | 3,808 |
| Contributions to defined contribution retirement plan | 53 | 53 | 53 |
| | 8,573 | 6,945 | 6,859 |

The emoluments of the individuals who are not directors or supervisors and with the highest emoluments are within the following bands:

| | Year ended 31 December | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *Number of individuals* | *Number of individuals* | *Number of individuals* |
| HKD1,000,001–HKD1,500,000 | — | 3 | 3 |
| HKD1,500,001–HKD2,000,000 | 3 | 1 | 1 |
| HKD2,000,001–HKD2,500,000 | 1 | 1 | 1 |
| HKD2,500,001–HKD3,000,000 | 1 | — | — |
| | 5 | 5 | 5 |

## 10 EARNINGS PER SHARE

### (a) Basic earnings per share

The calculation of basic and diluted earnings per share is based on the profit attributable to equity shareholders of the Company and the weighted average number of ordinary shares deemed to be in issue during the Track Record Period.

As set out in Note 31, the Company was converted into a joint stock limited liability company and 1,462,291,031 shares with par value of RMB1 each were issued on 3 April 2026. For the purpose of computing basic and diluted earnings per share, the weighted average number of ordinary shares deemed to be in issue before the Company's conversion into a joint stock limited liability company was determined assuming the above conversion had occurred since 1 January 2023, at the exchange ratio established on 3 April 2026.

| | Year ended 31 December | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Profit for the year attributable to equity shareholders of the Company | 690,242 | 916,425 | 646,515 |

***Weighted average number of ordinary shares deemed to be in issue***

| | Year ended 31 December | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *'000* | *'000* | *'000* |
| Ordinary shares deemed to be in issue at 1 January | 1,390,115 | 1,390,593 | 1,390,593 |
| Effect of deemed issue of shares *(Note 26(c))* | 4 | — | 1,179 |
| Weighted average number of ordinary shares deemed to be in issue at 31 December | 1,390,119 | 1,390,593 | 1,391,772 |

### (b) Diluted earnings per share

For the years ended 31 December 2023, 2024 and 2025, the Company did not have any dilutive potential ordinary shares outstanding. Accordingly, diluted earnings per share were equal to basic earnings per share in the respective years.

## 11 PROPERTY, PLANT AND EQUIPMENT

### The Group

| | Plant and buildings<br>*RMB'000* | Machinery and equipment<br>*RMB'000* | Furniture, fixtures and office equipment<br>*RMB'000* | Motor vehicles<br>*RMB'000* | Construction in progress<br>*RMB'000* | Total<br>*RMB'000* |
|---|---|---|---|---|---|---|
| **Cost:** | | | | | | |
| At 1 January 2023 | 1,134,414 | 2,525,342 | 52,856 | 7,432 | 976,969 | 4,697,013 |
| Additions | 5,056 | 5,785 | 2,614 | 1,650 | 1,260,753 | 1,275,858 |
| Transfers | 959,949 | 612,202 | 7,554 | 2,339 | (1,582,044) | — |
| Disposals | — | (42,809) | (1,034) | (79) | (29,957) | (73,879) |
| At 31 December 2023 and 1 January 2024 | 2,099,419 | 3,100,520 | 61,990 | 11,342 | 625,721 | 5,898,992 |
| Additions | 97,128 | 3,307 | 4,700 | 4,972 | 667,562 | 777,669 |
| Transfers | 304,923 | 555,698 | 10,946 | 1,202 | (872,769) | — |
| Disposals | — | (82,495) | (862) | (293) | — | (83,650) |
| At 31 December 2024 and 1 January 2025 | 2,501,470 | 3,577,030 | 76,774 | 17,223 | 420,514 | 6,593,011 |
| Additions | 215,324 | 4,686 | 4,558 | 8,281 | 538,053 | 770,902 |
| Transfers | 111,026 | 454,007 | 8,672 | 182 | (573,887) | — |
| Disposals | — | (63,822) | (2,096) | (297) | — | (66,215) |
| At 31 December 2025 | 2,827,820 | 3,971,901 | 87,908 | 25,389 | 384,680 | 7,297,698 |
| **Accumulated depreciation:** | | | | | | |
| At 1 January 2023 | (438,922) | (850,570) | (22,733) | (2,794) | — | (1,315,019) |
| Charge for the year | (72,693) | (201,649) | (8,707) | (1,524) | — | (284,573) |
| Written back on disposals | — | 31,306 | 888 | 29 | — | 32,223 |
| At 31 December 2023 and 1 January 2024 | (511,615) | (1,020,913) | (30,552) | (4,289) | — | (1,567,369) |
| Charge for the year | (110,993) | (248,130) | (10,150) | (2,622) | — | (371,895) |
| Written back on disposals | — | 75,272 | 770 | 232 | — | 76,274 |
| At 31 December 2024 and 1 January 2025 | (622,608) | (1,193,771) | (39,932) | (6,679) | — | (1,862,990) |
| Charge for the year | (136,883) | (286,421) | (10,994) | (3,541) | — | (437,839) |
| Written back on disposals | — | 48,234 | 1,874 | 267 | — | 50,375 |
| At 31 December 2025 | (759,491) | (1,431,958) | (49,052) | (9,953) | — | (2,250,454) |
| **Net book value:** | | | | | | |
| **At 31 December 2023** | 1,587,804 | 2,079,607 | 31,438 | 7,053 | 625,721 | 4,331,623 |
| **At 31 December 2024** | 1,878,862 | 2,383,259 | 36,842 | 10,544 | 420,514 | 4,730,021 |
| **At 31 December 2025** | 2,068,329 | 2,539,943 | 38,856 | 15,436 | 384,680 | 5,047,244 |

**The Company**

| | Plant and buildings | Machinery and equipment | Furniture, fixtures and office equipment | Motor vehicles | Construction in progress | Total |
|---|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Cost:** | | | | | | |
| At 1 January 2023 | 1,134,414 | 2,393,442 | 47,802 | 7,432 | 522,550 | 4,105,640 |
| Additions | 770 | 5,245 | 933 | 1,555 | 1,144,164 | 1,152,667 |
| Transfers | 476,874 | 555,491 | 7,004 | 2,340 | (1,041,709) | — |
| Disposals | — | (47,250) | (1,034) | (79) | (29,957) | (78,320) |
| At 31 December 2023 and 1 January 2024 | 1,612,058 | 2,906,928 | 54,705 | 11,248 | 595,048 | 5,179,987 |
| Additions | 92,354 | 1,678 | 4,648 | 4,968 | 628,135 | 731,783 |
| Transfers | 304,484 | 522,057 | 10,946 | 1,202 | (838,689) | — |
| Disposals | — | (95,255) | (862) | (293) | — | (96,410) |
| At 31 December 2024 and 1 January 2025 | 2,008,896 | 3,335,408 | 69,437 | 17,125 | 384,494 | 5,815,360 |
| Additions | 206,054 | 1,595 | 4,342 | 8,281 | 376,371 | 596,643 |
| Transfers | 103,355 | 409,340 | 8,672 | 182 | (521,549) | — |
| Disposals | — | (63,822) | (2,096) | (297) | — | (66,215) |
| At 31 December 2025 | 2,318,305 | 3,682,521 | 80,355 | 25,291 | 239,316 | 6,345,788 |
| **Accumulated depreciation:** | | | | | | |
| At 1 January 2023 | (438,922) | (848,649) | (22,457) | (2,794) | — | (1,312,822) |
| Charge for the year | (52,690) | (186,867) | (7,555) | (1,516) | — | (248,628) |
| Written back on disposals | — | 34,308 | 888 | 29 | — | 35,225 |
| At 31 December 2023 and 1 January 2024 | (491,612) | (1,001,208) | (29,124) | (4,281) | — | (1,526,225) |
| Charge for the year | (88,980) | (229,353) | (8,834) | (2,603) | — | (329,770) |
| Written back on disposals | — | 80,796 | 770 | 232 | — | 81,798 |
| At 31 December 2024 and 1 January 2025 | (580,592) | (1,149,765) | (37,188) | (6,652) | — | (1,774,197) |
| Charge for the year | (108,294) | (263,058) | (9,652) | (3,524) | — | (384,528) |
| Written back on disposals | — | 48,234 | 1,874 | 267 | — | 50,375 |
| At 31 December 2025 | (688,886) | (1,364,589) | (44,966) | (9,909) | — | (2,108,350) |
| **Net book value:** | | | | | | |
| **At 31 December 2023** | 1,120,446 | 1,905,720 | 25,581 | 6,967 | 595,048 | 3,653,762 |
| **At 31 December 2024** | 1,428,304 | 2,185,643 | 32,249 | 10,473 | 384,494 | 4,041,163 |
| **At 31 December 2025** | 1,629,419 | 2,317,932 | 35,389 | 15,382 | 239,316 | 4,237,438 |

## 12 RIGHT-OF-USE ASSETS

**(a) The reconciliation of the carrying amounts of right-of-use assets by class of underlying asset is as follows:**

| | **Leasehold land** |
|---|---|
| | *RMB'000* |
| **Cost:** | |
| At 1 January 2023 | 60,545 |
| Additions | 11,148 |
| At 31 December 2023 and 1 January 2024 | 71,693 |
| Additions | 59,678 |
| At 31 December 2024, 1 January 2025 and 31 December 2025 | 131,371 |
| **Accumulated depreciation:** | |
| At 1 January 2023 | (13,714) |
| Charge for the year | (1,622) |
| At 31 December 2023 and 1 January 2024 | (15,336) |
| Charge for the year | (3,465) |
| At 31 December 2024 and 1 January 2025 | (18,801) |
| Charge for the year | (4,139) |
| At 31 December 2025 | (22,940) |
| **Net book value:** | |
| At 31 December 2023 | 56,357 |
| At 31 December 2024 | 112,570 |
| At 31 December 2025 | 108,431 |

Interests in leasehold land held for own use represent payments for land use rights of certain lands located in the PRC. Lump sum payments were made upfront and there are no ongoing payments to be made under the terms of the land lease in the PRC. The period for these land use rights is 25 to 50 years.

**(b) The analysis of expense items in relation to leases recognised in profit or loss is as follows:**

| | **Year ended 31 December** | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Depreciation charge of right-of-use assets | 1,622 | 3,465 | 4,139 |
| Expense relating to short-term leases | 2,174 | 4,107 | 4,618 |

## 13 INTANGIBLE ASSETS

| | Software | Pollution discharge right | Total |
|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* |
| **Cost:** | | | |
| At 1 January 2023 | 25,070 | — | 25,070 |
| Additions | 4,520 | 862 | 5,382 |
| At 31 December 2023 and 1 January 2024 | 29,590 | 862 | 30,452 |
| Additions | 1,761 | — | 1,761 |
| At 31 December 2024 and 1 January 2025 | 31,351 | 862 | 32,213 |
| Additions | 2,962 | — | 2,962 |
| At 31 December 2025 | 34,313 | 862 | 35,175 |
| **Accumulated amortisation:** | | | |
| At 1 January 2023 | (18,026) | — | (18,026) |
| Charge for the year | (5,073) | (86) | (5,159) |
| At 31 December 2023 and 1 January 2024 | (23,099) | (86) | (23,185) |
| Charge for the year | (4,270) | (173) | (4,443) |
| At 31 December 2024 and 1 January 2025 | (27,369) | (259) | (27,628) |
| Charge for the year | (2,758) | (173) | (2,931) |
| At 31 December 2025 | (30,127) | (432) | (30,559) |
| **Net book value:** | | | |
| At 31 December 2023 | 6,491 | 776 | 7,267 |
| At 31 December 2024 | 3,982 | 603 | 4,585 |
| At 31 December 2025 | 4,186 | 430 | 4,616 |

## 14 INVESTMENTS IN SUBSIDIARIES

| | As at 31 December | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Investments in subsidiaries | 790,231 | 1,332,055 | 1,365,346 |

During the Track Record Period, the Company has direct interests in the following subsidiaries, all of which are private companies:

| Company name | Place of incorporation and operation/date of incorporation | Particulars of registered capital and paid-up capital | Attributable equity interest held by the Company As at 31 December 2023 | 2024 | 2025 | Principal activities | Name of auditor |
|---|---|---|---|---|---|---|---|
| Huangshi Qunli Electronic Technology Co., Ltd. 黃石群立電子科技有限公司 ("**Huangshi Qunli**") *(Notes (a) and (c))* | The PRC 9 August 2017 | RMB676,027,000/ RMB676,027,000 | 70% | 100% | 100% | Research and development, production and sales of IC substrates | 2023–2025: Jiangsu Welsen Certified Public Accountants Co., Ltd. Kunshan Branch* 江蘇華星會計師事務所有限公司昆山分所 |
| Kunshan Qunqi Technology Co., Ltd. (昆山群啟科技有限公司) ("**Kunshan Qunqi**") *(Notes (a) and (d))* | The PRC 30 June 2022 | RMB1,420,860,000/ RMB680,630,400 | 50% | 100% | 100% | Research and development, production and sale of IC substrates | 2023–2025: Jiangsu Welsen Certified Public Accountants Co., Ltd. Kunshan Branch* 江蘇華星會計師事務所有限公司昆山分所 |
| Unimicron Technology Suz (Hong Kong) Limited *(Note (b))* | Hong Kong, 4 January 2024 | United States Dollar ("**USD**") 1,000,000/ USD1,000,000 | Not applicable | 100% | 100% | Trading of IC substrates | 2024: Simon Choy Co. |

*Notes:*

(a) These entities are limited liability companies established in Chinese Mainland. The official names of these entities are in Chinese. The English translation of the company names is for identification purpose only.

(b) The statutory financial statements of the entity for the period from 4 January 2024 (date of incorporation) to 31 December 2024 were prepared in accordance with Hong Kong Small and Medium-sized Entity Financial Reporting Standard issued by the Hong Kong Institute of Certified Public Accountants. The statutory financial statements of the entity for the year ended 31 December 2025 are not yet available.

(c) As at 31 December 2023, Huangshi Qunli was the subsidiary of the Company as the Company's equity interests in Huangshi Qunli was 70% and the remaining 30% of the equity interests in Huangshi Qunli was held by UHL. On 22 April 2024, the Company and UHL entered into an equity interest transfer agreement, pursuant to this agreement, the Company agreed to purchase the 30% equity interest in Huangshi Qunli from UHL at the consideration of RMB188,510,000. The consideration was paid in October 2024. Upon completion of the acquisition, Huangshi Qunli was wholly owned by the Company. The difference of RMB5,894,000 between consideration paid and carrying amount of NCI acquired on the date of acquisition was recognised as capital reserve.

* *For identification purpose only.*

(d) As at 31 December 2023, 50% of the equity interests in Kunshan Qunqi was held by the Company and the remaining 50% of the equity interests in Kunshan Qunqi was held by UHL. On 22 April 2024, the Company and UHL entered into an equity interest transfer agreement, pursuant to this agreement, the Company agreed to purchase the 50% equity interest in Kunshan Qunqi from UHL at the consideration of RMB346,199,000. The consideration was paid in October 2024. Upon completion of the acquisition, Kunshan Qunqi was wholly owned by the Company. As Kunshan Qunqi was controlled by UHL, immediately before and after the acquisition, and the control is not transitory, consequently there was a continuation of the risks and benefits to UHL. The acquisition was considered as a business combination of entities under common control in accordance with Note 2(c).

## 15 INVENTORIES

### (a) Inventories in the statements of financial position comprise

***The Group***

| | As at 31 December | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Raw materials | 76,713 | 69,345 | 127,240 |
| Work in progress | 104,383 | 183,128 | 177,945 |
| Finished goods | 107,270 | 117,610 | 110,625 |
| | 288,366 | 370,083 | 415,810 |
| Write down of inventories | (63,006) | (57,678) | (51,819) |
| | 225,360 | 312,405 | 363,991 |

***The Company***

| | As at 31 December | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Raw materials | 75,004 | 66,522 | 122,250 |
| Work in progress | 109,563 | 189,932 | 191,576 |
| Finished goods | 108,805 | 119,013 | 115,138 |
| | 293,372 | 375,467 | 428,964 |
| Write down of inventories | (62,992) | (57,651) | (51,798) |
| | 230,380 | 317,816 | 377,166 |

### (b) The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

| | Year ended 31 December | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Carrying amount of inventories sold | 1,861,959 | 2,257,262 | 2,483,486 |
| Write-down of/(reversal of) inventories | 7,587 | (5,328) | (5,859) |
| | 1,869,546 | 2,251,934 | 2,477,627 |

All inventories are expected to be recovered within one year.

## 16 TRADE RECEIVABLES

**The Group**

| | As at 31 December | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Trade receivables | | | |
| — due from related parties | 355,372 | 109,283 | 58,715 |
| — due from third parties | 551,047 | 839,046 | 925,027 |
| | 906,419 | 948,329 | 983,742 |
| Less: loss allowance | (7,624) | (18,671) | (16,331) |
| | 898,795 | 929,658 | 967,411 |

**The Company**

| | As at 31 December | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Trade receivables | | | |
| — due from subsidiaries | 309 | 3,030 | 34,668 |
| — due from other related parties | 355,372 | 109,283 | 38,363 |
| — due from third parties | 551,047 | 836,012 | 915,059 |
| | 906,728 | 948,325 | 988,090 |
| Less: loss allowance | (7,624) | (18,607) | (16,312) |
| | 899,104 | 929,718 | 971,778 |

All of the trade receivables are expected to be recovered within one year.

**Ageing analysis**

As of the end of each reporting period, the ageing analysis of the Group's trade receivables, based on the invoice date and net of loss allowance, is as follows:

| | As at 31 December | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Within 1 month | 373,893 | 287,342 | 281,083 |
| 1 to 3 months | 429,338 | 551,963 | 600,234 |
| 3 to 6 months | 95,564 | 90,353 | 86,094 |
| | 898,795 | 929,658 | 967,411 |

Trade receivables are generally due within 30–150 days from the date of billing. Further details on the Group's credit policy and credit risk arising for trade receivable are set out in Note 27(a).

## 17 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

**The Group**

| | As at 31 December | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| **Non-current portion** | | | |
| Prepayments for purchase of property, plant and equipment | 226,739 | 302,988 | 124,777 |
| Prepayments for leasehold land | 23,620 | — | — |
| | 250,359 | 302,988 | 124,777 |
| **Current portion** | | | |
| Amounts due from related parties *(i)* | 724 | 5,261 | 831 |
| Prepayments for expenses | 16,746 | 24,843 | 11,012 |
| Deposits | 1,970 | 1,239 | 1,240 |
| VAT recoverable | 46,420 | 7,859 | 14,007 |
| Other receivables | 5,262 | 5,290 | 8,216 |
| | 71,122 | 44,492 | 35,306 |

**The Company**

| | As at 31 December | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| **Non-current portion** | | | |
| Prepayments for purchase of property, plant and equipment | 226,730 | 207,743 | 29,412 |
| Prepayments for leasehold land | 23,620 | — | — |
| | 250,350 | 207,743 | 29,412 |
| **Current portion** | | | |
| Loan to a subsidiary *(ii)* | — | 149,829 | 100,455 |
| Amounts due from other related parties *(i)* | 344 | 517 | 794 |
| Prepayments for expenses | 14,983 | 21,365 | 10,178 |
| Deposits | 1,248 | 467 | 468 |
| VAT recoverable | 22,733 | 2,419 | — |
| Other receivables | 4,969 | 4,868 | 7,160 |
| | 44,277 | 179,465 | 119,055 |

*Notes:*

(i) The amounts due from related parties are unsecured, interest-free and payable on demand.

(ii) As at 31 December 2024 and 2025, the loan to a subsidiary is unsecured with an annual interest rate at 2.6% and 2.1%, respectively, and is payable within one year.

All of the current prepayments, deposits and other receivables are expected to be recovered or recognised as expense within one year.

## 18 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

### (a) Cash and cash equivalents comprise:

*The Group*

| | As at 31 December | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Cash on hand | 114 | 157 | 144 |
| Cash at bank | 1,663,643 | 1,723,188 | 1,071,299 |
| | 1,663,757 | 1,723,345 | 1,071,443 |

*The Company*

| | As at 31 December | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Cash on hand | 97 | 139 | 125 |
| Cash at bank | 904,799 | 1,256,880 | 638,765 |
| | 904,896 | 1,257,019 | 638,890 |

### (b) Time deposits and restricted bank deposits

| | As at 31 December | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| **Non-current portion** | | | |
| Restricted bank deposits *(i)* | 3,360 | 2,520 | 2,520 |
| Time deposits *(ii)* | 905,674 | 1,728,160 | 1,398,396 |
| | 909,034 | 1,730,680 | 1,400,916 |
| **Current portion** | | | |
| Restricted bank deposits *(i)* | — | 1,325 | — |
| Time deposits *(ii)* | 2,530,281 | 727,827 | 880,345 |
| | 2,530,281 | 729,152 | 880,345 |

*Notes:*

(i) As at 31 December 2023, 2024 and 2025, the non-current restricted bank deposits are pledged as security for the Group's letters of credit, with the restriction period from February 2023 to February 2028.

As at 31 December 2024, the current restricted bank deposits of RMB840,000 are pledged as security for the Group's letters of credit, and RMB485,000 are pledged as security for the Group's foreign currency forward contracts.

(ii) As at 31 December 2023, 2024 and 2025, the time deposits carry a fixed interest rate within 1.70%–3.55%, 1.30%–3.35% and 1.20%–3.3% per annum, respectively.

**(c) Reconciliation of profit before taxation to cash generated from operations:**

| | | Year ended 31 December | | |
|---|---|---|---|---|
| | | **2023** | **2024** | **2025** |
| | *Note* | *RMB'000* | *RMB'000* | *RMB'000* |
| Profit before taxation | | 819,313 | 1,094,480 | 762,823 |
| **Adjustments for:** | | | | |
| Depreciation of property, plant and equipment | *6(c)* | 284,573 | 371,895 | 437,839 |
| Depreciation of right-of-use assets | *6(c)* | 1,622 | 3,465 | 4,139 |
| Amortisation of intangible assets | *6(c)* | 5,159 | 4,443 | 2,931 |
| Net realised gain on wealth management products | *5(b)* | — | (1,191) | — |
| Net realised and unrealised loss/(gain) on derivative financial instrument | *5(b)* | 4,545 | 2,560 | (402) |
| Net loss on disposal of property, plant and equipment | *5(b)* | 13,139 | 6,329 | 9,047 |
| Interest income | *5(a)* | (126,342) | (95,333) | (86,838) |
| Finance costs | *6(a)* | 15 | — | 1,114 |
| Expense borne by the ultimate holding company | *26(d)* | 62,088 | 40,938 | 45,670 |
| Changes in fair value of refundable capacity commitment deposits | *5(b)* | 5,800 | 71,522 | 78,007 |
| Foreign exchange loss/(gain) | | 1,214 | (388) | 44 |
| **Changes in working capital:** | | | | |
| Decrease/(increase) in inventories | | 33,785 | (87,045) | (51,586) |
| Decrease/(increase) in trade receivables | | 228,763 | (30,863) | (37,753) |
| Decrease in prepayments, deposits and other receivables | | 135,734 | 26,630 | 9,186 |
| (Decrease)/increase in trade payables | | (42,566) | 42,331 | 86,047 |
| (Decrease)/increase in other payables and accruals | | (143,875) | (44,211) | 11,987 |
| Decrease in contract liabilities | | (150,313) | (95,163) | (54,673) |
| Increase in deferred income | | 9,287 | 26,424 | 6,018 |
| Cash generated from operations | | 1,141,941 | 1,336,823 | 1,223,600 |

**(d) Reconciliation of liabilities arising from financing activities:**

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

| | **Bank loans**<br>*RMB'000*<br>*(Note 22)* |
|---|---|
| **At 1 January 2023** | 105,557 |
| Proceeds from bank loans | 75,532 |
| Repayment of bank loans | (180,076) |
| Interest paid | (3,168) |
| Total changes from financing cash flows | (107,712) |
| **Other changes:** | |
| Finance costs *(Note 6(a))* | 2,155 |
| **At 31 December 2023, 31 December 2024 and 1 January 2025** | — |
| Proceeds from bank loans | 380,000 |
| Interest paid | (869) |
| Total changes from financing cash flows | 379,131 |
| **Other changes:** | |
| Finance costs *(Note 6(a))* | 1,114 |
| **At 31 December 2025** | 380,245 |

**(e) Total cash outflow for leases**

| | **Year ended 31 December** | | |
|---|---|---|---|
| | **2023**<br>*RMB'000* | **2024**<br>*RMB'000* | **2025**<br>*RMB'000* |
| Within operating cash flows | 2,174 | 4,107 | 4,618 |
| Within investing cash flows | 34,768 | 36,058 | — |
| | 36,942 | 40,165 | 4,618 |

## 19 TRADE PAYABLES

**The Group**

| | As at 31 December | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Trade payables | | | |
| — due to related parties | 44,579 | 65,873 | 57,079 |
| — due to third parties | 321,332 | 342,369 | 437,210 |
| | 365,911 | 408,242 | 494,289 |

**The Company**

| | As at 31 December | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Trade payables | | | |
| — due to subsidiaries | 32,747 | 80,454 | 101,489 |
| — due to related parties | 44,261 | 5,527 | 7,521 |
| — due to third parties | 309,072 | 320,880 | 408,728 |
| | 386,080 | 406,861 | 517,738 |

All of the trade payables are expected to be settled within one year or are repayable on demand.

**Ageing analysis**

As of the end of each reporting period, the ageing analysis of trade payables, based on the invoice date, is as follows:

| | As at 31 December | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Within 1 month | 223,065 | 174,444 | 236,002 |
| 1 to 3 months | 123,309 | 208,077 | 221,560 |
| 3 to 6 months | 19,537 | 25,721 | 36,727 |
| | 365,911 | 408,242 | 494,289 |

## 20 OTHER PAYABLES AND ACCRUALS

**The Group**

| | As at 31 December | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| **Non-current portion** | | | |
| Refundable capacity commitment deposits *(Note 4(a))* | 3,479,789 | 2,991,279 | 2,237,665 |
| **Current portion** | | | |
| Amounts due to related parties *(Note)* | 18,115 | 8,332 | 14,650 |
| Payables for acquisition of property, plant and equipment | 561,067 | 322,181 | 214,403 |
| Accrued payroll | 112,197 | 97,063 | 85,657 |
| Other taxes payable | 13,357 | 9,610 | 20,865 |
| Dividends payable *(Note 26(b))* | 10,746 | 9,744 | 1,533,312 |
| Refundable capacity commitment deposits *(Note 4(a))* | 466,347 | 608,882 | 864,083 |
| Others | 30,193 | 14,646 | 20,466 |
| | 1,212,022 | 1,070,458 | 2,753,436 |

**The Company**

| | As at 31 December | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| **Non-current portion** | | | |
| Refundable capacity commitment deposits *(Note 4(a))* | 3,479,789 | 2,991,279 | 2,237,665 |
| **Current portion** | | | |
| Amounts due to related parties *(Note)* | 18,115 | 8,169 | 14,366 |
| Payables for acquisition of property, plant and equipment | 303,680 | 257,459 | 168,789 |
| Accrued payroll | 107,324 | 90,524 | 79,085 |
| Other taxes payable | 12,130 | 8,089 | 17,388 |
| Dividends payable *(Note 26(b))* | 10,746 | 9,744 | 1,533,312 |
| Refundable capacity commitment deposits *(Note 4(a))* | 466,347 | 608,882 | 864,083 |
| Others | 29,430 | 13,894 | 19,355 |
| | 947,772 | 996,761 | 2,696,378 |

*Note:* The amounts due to related parties are unsecured, interest-free and payable on demand.

## 21 CONTRACT LIABILITIES

| | As at 31 December | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| **Non-current portion** | | | |
| Capacity commitment deposits *(Note 4(a))* | 597,393 | 465,332 | 348,177 |
| **Current portion** | | | |
| Advances from customers | 8,060 | 10,832 | 52,600 |
| Capacity commitment deposits *(Note 4(a))* | 41,601 | 75,727 | 96,441 |
| | 49,661 | 86,559 | 149,041 |

**Movements in contract liabilities**

| | As at 31 December | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Balance at 1 January | 561,445 | 647,054 | 551,891 |
| Decrease in advances from customers as a result of recognising revenue | (56,060) | (8,060) | (10,832) |
| Decrease in capacity commitment deposits as a result of recognising revenue | (89,188) | (84,810) | (92,066) |
| Increase in contract liabilities as a result of receiving advance payments | 8,060 | 10,832 | 52,600 |
| Increase in capacity commitment deposits | 235,922 | — | — |
| Payment of capacity commitment deposits to Unimicron Technology Corporation | (13,125) | (13,125) | (4,375) |
| Balance at 31 December | 647,054 | 551,891 | 497,218 |

All of the current contract liabilities are expected to be recognised as revenue or settled within one year.

## 22 BANK LOANS

**The Group and the Company**

| | As at 31 December | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Unsecured bank loans | — | — | 380,245 |

As at 31 December 2025, the Group's unsecured bank loans carried a fixed annual interest rates of 2.11%, and were all repayable within one year.

## 23 DERIVATIVE FINANCIAL LIABILITIES

**The Group and the Company**

| | As at 31 December | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Liabilities | | | |
| — Foreign currency forward contracts | — | 1,106 | — |

The Group entered into several foreign currency forward contracts with certain banks to mitigate the currency risk arising from transactions denominated in USD and Japanese Yen ("**JPY**"). The fair value changes of the above derivative financial instruments were recognised in other net loss.

The analysis on the fair value measurement of the above financial instruments is disclosed in Note 27(e).

## 24 DEFERRED INCOME

| | As at 31 December | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| At the beginning of the year | — | 9,287 | 35,711 |
| Additions | 10,000 | 28,000 | 9,572 |
| Credited to profit or loss | (713) | (1,576) | (3,554) |
| At the end of the year | 9,287 | 35,711 | 41,729 |
| Represented by: | | | |
| Within 1 year | 1,224 | 3,458 | 4,646 |
| Over 1 year | 8,063 | 32,253 | 37,083 |
| | 9,287 | 35,711 | 41,729 |

As of 31 December 2023, 2024 and 2025, deferred income represented unamortised conditional government grants for construction of property, plant and equipment, which are recognised as income on a straight-line basis over the expected useful life of relevant assets.

## 25 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

### (a) Current taxation in the consolidated statements of financial position represents:

| | As at 31 December | | |
|---|---|---|---|
| | 2023 | 2024 | 2025 |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| At the beginning of the year | 136,595 | (26,270) | 56,493 |
| Provision for income tax for the year | 81,909 | 162,228 | 120,096 |
| Income tax paid during the year | (244,774) | (79,465) | (192,544) |
| At the end of the year | (26,270) | 56,493 | (15,955) |
| Represented by: | | | |
| Current taxation recoverable | (27,565) | — | (23,426) |
| Current taxation payable | 1,295 | 56,493 | 7,471 |
| | (26,270) | 56,493 | (15,955) |

### (b) Movement of each component of deferred tax assets

The components of deferred tax assets recognised in the consolidated statement of financial position and the movements during the Track Record Period are as follows:

| *Deferred tax arising from:* | Credit loss allowance and provision | Accrued expenses | Contract liabilities | Tax losses | Unrealized inter-group profit | Deferred income | Total |
|---|---|---|---|---|---|---|---|
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| At 31 December 2022 and 1 January 2023 | 10,410 | 13,593 | 72,945 | 1,721 | 139 | — | 98,808 |
| Credited/(charged) to profit or loss | 186 | 2,085 | (62,207) | 6,404 | 869 | 1,393 | (51,270) |
| At 31 December 2023 and 1 January 2024 | 10,596 | 15,678 | 10,738 | 8,125 | 1,008 | 1,393 | 47,538 |
| Credited/(charged) to profit or loss | 859 | (3,330) | (3,958) | (8,125) | 224 | 5,739 | (8,591) |
| At 31 December 2024 and 1 January 2025 | 11,455 | 12,348 | 6,780 | — | 1,232 | 7,132 | 38,947 |
| (Charged)/credited to profit or loss | (1,230) | 2,408 | 314 | — | 1,491 | 805 | 3,788 |
| At 31 December 2025 | 10,225 | 14,756 | 7,094 | — | 2,723 | 7,937 | 42,735 |

## 26 CAPITAL, RESERVES AND DIVIDENDS

### (a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statements of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of each reporting period are set out below:

***The Company***

| | **Paid-in capital** *RMB'000* | **Capital reserve** *RMB'000* | **PRC Statutory reserve** *RMB'000* | **Retained profits** *RMB'000* | **Total** *RMB'000* |
|---|---|---|---|---|---|
| Balance at 1 January 2023 | 1,390,115 | 149,311 | 510,004 | 1,977,967 | 4,027,397 |
| Changes in equity for 2023: | | | | | |
| Profit for the year | — | — | — | 702,043 | 702,043 |
| Capital injection from an investor | 478 | 1,434 | — | — | 1,912 |
| Appropriation to statutory reserves | — | — | 70,204 | (70,204) | — |
| Expense borne by the ultimate holding company | — | 60,673 | — | — | 60,673 |
| Balance at 31 December 2023 and 1 January 2024 | 1,390,593 | 211,418 | 580,208 | 2,609,806 | 4,792,025 |
| Changes in equity for 2024: | | | | | |
| Profit for the year | — | — | — | 877,634 | 877,634 |
| Appropriation to statutory reserves | — | — | 87,763 | (87,763) | — |
| Dividends declared and approved | — | — | — | (190,000) | (190,000) |
| Expense borne by the ultimate holding company | — | 39,761 | — | — | 39,761 |
| Balance at 31 December 2024 and 1 January 2025 | 1,390,593 | 251,179 | 667,971 | 3,209,677 | 5,519,420 |
| Changes in equity for 2025: | | | | | |
| Profit for the year | — | — | — | 630,625 | 630,625 |
| Capital injection from investors | 71,698 | 151,283 | — | — | 222,981 |
| Appropriation to statutory reserves | — | — | 63,063 | (63,063) | — |
| Dividends declared and approved | — | — | — | (2,800,000) | (2,800,000) |
| Expense borne by the ultimate holding company | — | 44,029 | — | — | 44,029 |
| Balance at 31 December 2025 | 1,462,291 | 446,491 | 731,034 | 977,239 | 3,617,055 |

**(b) Dividends**

During the years ended 31 December 2023, 2024 and 2025, the Company declared dividends of nil, RMB190,000,000 and RMB2,800,000,000, respectively to its shareholders.

**(c) Registered capital and paid-in capital**

| | **Registered capital** *RMB'000* | **Paid-in capital** *RMB'000* |
|---|---|---|
| At 1 January 2023 | 1,390,115 | 1,390,115 |
| Capital injection from an investor *(i)* | 478 | 478 |
| At 31 December 2023, 2024 and 1 January 2025 | 1,390,593 | 1,390,593 |
| Capital injection from investors *(ii)* | 71,698 | 71,698 |
| At 31 December 2025 | 1,462,291 | 1,462,291 |

*Notes:*

(i) In December 2023, the Company received the investment of RMB1,912,000 from an employee shareholding platform, with RMB478,000 and RMB1,434,000 credited to the Company's paid-in capital and capital reserve respectively.

(ii) In December 2025, the Company received the investment for an aggregate of RMB222,981,000 from the investors, with RMB71,698,000 and RMB151,283,000 credited to the Company's paid-in capital and capital reserve respectively.

**(d) Nature and purpose of reserves**

***(i) Capital reserve***

The capital reserve primarily represented: (i) the differences between the net considerations received and the par value of the registered capital of the Company; (ii) the differences between the consideration paid by the Group and the carrying value of the net assets of the entities acquired under common control; (iii) the differences between the consideration paid and carrying amount of NCI acquired on the date of acquisition; and (iv) the expense borne by the ultimate holding company which was recognised as the capital reserve.

***(ii) PRC statutory reserve***

In accordance with the PRC Company Law, all PRC subsidiaries of the Group which are domestic enterprises are required to allocate 10% of their profit after tax, as determined in accordance with the PRC accounting standard, to their respective statutory reserves until the reserves reach 50% of their respective registered capital. For the entity concerned, statutory reserves can be used to make good previous years' losses, if any, and may be converted into capital in proportion to the existing equity interests of investors, provided that the balance of the reserve after such conversion is not less than 25% of the entity's registered capital.

***(iii) Exchange reserve***

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of operations with functional currency other than RMB. The reserve is dealt with in accordance with the accounting policy as set out in Note 2(u).

**(e) Capital management**

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintaining a balance between the higher shareholders returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

**27 FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS**

Exposure to credit, liquidity, interest rate and currency risk arises in the normal course of the Group's business.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

**(a) Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables. The Group's exposure to credit risk arising from cash and cash equivalents, time deposits and restricted bank deposits is limited because the counterparties are mainly reputable financial institutions with high credit standing, for which the Group considers to have low credit risk.

The Group does not provide any guarantees which would expose the Group to credit risk.

***Trade receivables***

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. As at 31 December 2023, 2024 and 2025, 39%, 38% and 33% of trade receivables were due from the Group's largest customer and 95%, 91% and 86% of trade receivables were due from the Group's five largest customers. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers.

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 30 to 150 days from the date of billing. Normally, the Group does not obtain collateral from customers.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables as at 31 December 2023, 2024 and 2025:

| | As at 31 December 2023 | | |
|---|---|---|---|
| | **Expected loss rate** | **Gross carrying amount** | **Loss allowance** |
| | *%* | *RMB'000* | *RMB'000* |
| Not past due | 0.84% | 906,419 | 7,624 |

| | As at 31 December 2024 | | |
|---|---|---|---|
| | **Expected loss rate** | **Gross carrying amount** | **Loss allowance** |
| | *%* | *RMB'000* | *RMB'000* |
| Not past due | 1.97% | 948,329 | 18,671 |

| | As at 31 December 2025 | | |
|---|---|---|---|
| | **Expected loss rate** | **Gross carrying amount** | **Loss allowance** |
| | *%* | *RMB'000* | *RMB'000* |
| Not past due | 1.66% | 983,742 | 16,331 |

Expected loss rates are based on actual loss experience over the past years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Movement in the loss allowance account in respect of trade receivables during the Track Record Period is as follows:

| | As at 31 December | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Balance at the beginning of the year | (13,980) | (7,624) | (18,671) |
| Impairment loss recognised during the year | — | (11,047) | — |
| Impairment loss reversed during the year | 6,356 | — | 2,340 |
| Balance at the end of the year | (7,624) | (18,671) | (16,331) |

**(b) Liquidity risk**

Individual operating entities within the Group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the parent company's board when the borrowings exceed certain predetermined levels of authority.

The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants and its relationship with finance providers, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the end of each reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the reporting date) and the earliest date the Group can be required to pay:

| | As at 31 December 2023 | | | | | |
|---|---|---|---|---|---|---|
| | Contractual undiscounted cash outflow | | | | | |
| | Within 1 year or on demand | More than 1 year but less than 2 years | More than 2 years but less than 5 years | More than 5 years | Total | Carrying amount at 31 December |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Trade payables | 365,911 | — | — | — | 365,911 | 365,911 |
| Other payables and accruals | 1,212,022 | 595,316 | 2,966,479 | 775,131 | 5,548,948 | 4,691,811 |
| | 1,577,933 | 595,316 | 2,966,479 | 775,131 | 5,914,859 | 5,057,722 |

| | As at 31 December 2024 | | | | | |
|---|---|---|---|---|---|---|
| | Contractual undiscounted cash outflow | | | | | |
| | Within 1 year or on demand | More than 1 year but less than 2 years | More than 2 years but less than 5 years | More than 5 years | Total | Carrying amount at 31 December |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Trade payables | 408,242 | — | — | — | 408,242 | 408,242 |
| Other payables and accruals | 1,070,458 | 859,613 | 2,087,598 | 372,363 | 4,390,032 | 4,061,737 |
| | 1,478,700 | 859,613 | 2,087,598 | 372,363 | 4,798,274 | 4,469,979 |

| | As at 31 December 2025 | | | | | |
|---|---|---|---|---|---|---|
| | Contractual undiscounted cash outflow | | | | | |
| | Within 1 year or on demand | More than 1 year but less than 2 years | More than 2 years but less than 5 years | More than 5 years | Total | Carrying amount at 31 December |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Bank loans | 386,931 | — | — | — | 386,931 | 380,245 |
| Trade payables | 494,289 | — | — | — | 494,289 | 494,289 |
| Other payables and accruals | 2,753,436 | 1,081,945 | 1,211,016 | 12,000 | 5,058,397 | 4,991,101 |
| | 3,634,656 | 1,081,945 | 1,211,016 | 12,000 | 5,939,617 | 5,865,635 |

**(c) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group is primarily exposed to fair value interest rate risk in relation to fixed rate bank loans, and cash flow risk in relation to variable-rate bank balances. The Group currently does not have an interest rate hedging policy to mitigate interest rate risk. Nevertheless, the management monitors interest rate exposure and will consider hedging significant interest rate risk should the need arise.

The Group considers that the exposure of cash flow interest rate risk arising from variable-rate bank balances is insignificant because the current market interest rates are relatively low and stable.

**(d) Currency risk**

The Group is exposed to currency risk primarily through sales and purchases which give rise to receivables, payables and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily USD and JPY. In the normal course of business, the Group enters into foreign currency forward contracts for trading transactions denominated in USD to reduce exposure to fluctuations in foreign currency exchange rates. These foreign currency forward contracts are not hedge accounted.

RMB is not freely convertible into foreign currencies. All foreign exchange transactions involving RMB must take place through the People's Bank of China or other institutions authorised to buy and sell foreign exchange. The exchange rate adopted for the foreign exchange transactions are the rates of exchange quoted by the People's Bank of China.

***(i) Exposure to currency risk***

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in RMB, translated using the spot rate at the year end date. Differences resulting from the translation of the financial statements of foreign operations into the Group's presentation currency are excluded.

| | As at 31 December | | | | | |
|---|---|---|---|---|---|---|
| | 2023 | | 2024 | | 2025 | |
| | USD | JPY | USD | JPY | USD | JPY |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| Cash and cash equivalents | 40,971 | 5,661 | 98,199 | 3 | 37,647 | 18,930 |
| Time deposits | — | 75,334 | — | 12,899 | — | — |
| Trade receivables | 370,223 | — | 113,119 | — | 55,948 | — |
| Prepayments, deposits and other receivables | 19,916 | — | 15,446 | — | 14,947 | (18,673) |
| Trade payables | (109,097) | (67) | (49,010) | (552) | (75,481) | (597) |
| Other payables and accruals | (121,867) | (98,325) | (82,091) | (52,289) | (54,726) | — |
| Net exposure | 200,146 | (17,397) | 95,663 | (39,939) | (21,665) | (340) |

*(ii) Sensitivity analysis*

The following table indicates the instantaneous change in the Group's profit after tax (and retained earnings) that would arise if foreign exchange rates to which the Group has significant exposure at the end of each reporting period had changed at that date, assuming all other risk variables remained constant.

| | As at 31 December | | | | | |
|---|---|---|---|---|---|---|
| | 2023 | | 2024 | | 2025 | |
| | Increase/ (decrease) in foreign exchange rates | Effect on profit after tax and retained profits *RMB'000* | Increase/ (decrease) in foreign exchange rates | Effect on profit after tax and retained profits *RMB'000* | Increase/ (decrease) in foreign exchange rates | Effect on profit after tax and retained profits *RMB'000* |
| USD | 5% | 8,438 | 5% | 4,126 | 5% | (777) |
| | (5%) | (8,438) | (5%) | (4,126) | (5%) | 777 |
| JPY | 5% | (739) | 5% | (1,669) | 5% | (14) |
| | (5%) | 739 | (5%) | 1,669 | (5%) | 14 |

**(e) Fair value measurement**

***(i) Financial assets measured at fair value***

*Fair value hierarchy*

The following table presents the fair value of the Group's financial instruments measured at the end of each reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

Analysis on fair value measurement of financial instruments as at 31 December 2023, 2024 and 2025 are as follows:

| | | Fair value measurements as at 31 December 2023 categorised into | | |
|---|---|---|---|---|
| | Fair value at 31 December 2023 *RMB'000* | Level 1 | Level 2 | Level 3 |
| **Recurring fair value measurement** | | | | |
| Refundable capacity commitment deposits | 3,946,136 | – | – | 3,946,136 |

| | Fair value at 31 December 2024 | Fair value measurements as at 31 December 2024 categorised into | | |
|---|---|---|---|---|
| | | Level 1 | Level 2 | Level 3 |
| | *RMB'000* | | | |
| **Recurring fair value measurement** | | | | |
| Derivative financial instruments | | | | |
| — Foreign currency forward contracts | 1,106 | — | 1,106 | — |
| Refundable capacity commitment deposits | 3,600,161 | — | — | 3,600,161 |

| | Fair value at 31 December 2025 | Fair value measurements as at 31 December 2025 categorised into | | |
|---|---|---|---|---|
| | | Level 1 | Level 2 | Level 3 |
| | *RMB'000* | | | |
| **Recurring fair value measurement** | | | | |
| Refundable capacity commitment deposits | 3,101,748 | — | — | 3,101,748 |

During the years ended 31 December 2023, 2024 and 2025, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of foreign currency forward contracts in Level 2 is determined by discounting the difference between the contractual forward price and the current forward price. The discount rate used is derived from the relevant government yield curve as at the end of the reporting period plus an adequate constant credit spread.

Information about Level 3 fair value measurements

| | Valuation techniques | Significant unobservable inputs |
|---|---|---|
| Refundable capacity commitment deposits | Discounted cash flow method | Discount rate |

The fair value of refundable capacity commitment deposits is calculated by discounting the expected future cash flows using market interest rate currently available for other financial instruments with similar credit risk and remaining maturities. The fair value measurement is negatively correlated to discount rate. As at 31 December 2023, 2024 and 2025, it is estimated that with all other variables held constant, a decrease/increase in discount rate by 1% would have increased/decreased the Group's profit for the period by RMB33,542,000, RMB30,601,000 and RMB26,365,000, respectively.

The movements during the Track Record Period in the balance of these Level 3 fair value measurements are as follows:

| | Year ended 31 December | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| At 1 January | 3,384,246 | 3,946,136 | 3,600,161 |
| Refundable capacity commitment deposits received | 700,000 | — | — |
| Refundable capacity commitment deposits refunded | (25,608) | (467,869) | (604,439) |
| Transfer to contract liabilities | (235,922) | — | — |
| Changes in fair value of refundable capacity commitment deposits | 5,800 | 71,522 | 78,007 |
| Transfer to property, plant and equipment | 117,620 | 50,372 | 28,019 |
| | 3,946,136 | 3,600,161 | 3,101,748 |

*(ii)* ***Fair value of financial assets and liabilities carried at other than fair value***

All financial instruments carried at cost or amortised cost that were not materially different from their fair values as at 31 December 2023, 2024 and 2025.

## 28 COMMITMENTS

Commitments outstanding at the end of the reporting periods not provided for in the financial statements were as follows:

| | As at 31 December | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Contracted for acquisition of property, plant and equipment | 922,764 | 891,784 | 683,902 |

## 29 MATERIAL RELATED PARTY TRANSACTIONS

### (a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in Note 8 and certain of the highest paid employees as disclosed in Note 9, is as follows:

| | Year ended 31 December | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| Salaries, wages and other benefits | 1,752 | 1,734 | 1,773 |
| Discretionary bonuses | 3,128 | 2,287 | 2,209 |
| Contributions to defined contribution retirement plan | 67 | 67 | 68 |
| | 4,947 | 4,088 | 4,050 |

Total remuneration is included in "staff costs" (see Note 6(b)).

**(b) Names and relationship of the related parties that had material transactions with the Group during the Track Record Period**

| Name of the related party | Relationship |
|---|---|
| Unimicron Technology Corporation# | Ultimate controlling shareholder of the Group |
| UHL# | Immediate parent of the Group |
| Unimicron-FPC Technology (Kunshan) Co., Ltd.# 欣興同泰科技(昆山)有限公司* | Entity controlled by the ultimate controlling shareholder of the Group |
| Unimicron Technology (Kunshan) Co., Ltd.# 昆山鼎鑫電子有限公司* | Entity controlled by the ultimate controlling shareholder of the Group |
| Unimicron Technology (Shenzhen) Co., Ltd.# 聯能科技(深圳)有限公司* | Entity controlled by the ultimate controlling shareholder of the Group |
| Unimicron Technology (Huangshi) Co., Ltd.# 黃石欣益興電子科技有限公司* | Entity controlled by the ultimate controlling shareholder of the Group |
| Huangshi Xinli Enterprise Management Co., Ltd.# 黃石欣立企業管理有限公司* | Entity controlled by the ultimate controlling shareholder of the Group |
| Unimicron (Thailand) Co., Ltd.# | Entity controlled by the ultimate controlling shareholder of the Group |
| Gobo Lighting Technology Co., Ltd.# 黃石晶暐達光電科技有限公司* | Entity controlled by the ultimate controlling shareholder of the Group |
| Unimicron Electronics (Kunshan) Co., Ltd.# 昆山鼎昌鑫電子科技有限公司* | Entity controlled by the ultimate controlling shareholder of the Group |
| Advance Materials Corporation 聯致科技股份有限公司* | The associate of the ultimate controlling shareholder of the Group |
| Shanghai Topoint Precision Technology Co., Ltd. 上海尖點精密工具有限公司* | The associate of the ultimate controlling shareholder of the Group |
| Suzhou AMC Technology Co., Ltd. 蘇州聯致科技有限公司* | The associate of the ultimate controlling shareholder of the Group |

* The official names of these entities are in Chinese. The English translation of the company names is for identification purpose only.

\# Unimicron Technology Corporation and its subsidiaries (excluding the Group) are herein referred to as "Remaining Unimicron Taiwan Group".

**(c) Material related parties transactions**

The Group had following material transactions with related parties:

| | Year ended 31 December | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| **Transaction with Remaining Unimicron Taiwan Group** | | | |
| Purchase of goods from *(Note)* | 79,761 | 210,589 | 347,522 |
| Sales of goods to | 833,892 | 604,980 | 343,701 |
| Rendering of services to *(Note)* | 4,819 | 11,008 | 14,741 |
| Rental income charged to | 1,288 | 5,229 | 1,202 |
| Short-term lease expense charged from | — | 52 | — |
| Purchase of property, plant and equipment from | 30,793 | 27,129 | 36,066 |
| Disposal of property, plant and equipment to | 11,765 | — | 3,582 |
| Expense borne by | 62,088 | 40,938 | 45,670 |
| Purchase of leasehold land from | 9,230 | — | — |
| Payment of capacity commitment deposits to | 13,125 | 13,125 | 4,375 |
| **Transaction with Suzhou AMC Technology Co., Ltd.** | | | |
| Purchase of property, plant and equipment from | — | 78,260 | — |
| Purchase of leasehold land from | — | 57,940 | — |
| Prepayments relating to purchase of leasehold land | 23,620 | — | — |
| **Transaction with Shanghai Topoint Precision Technology Co., Ltd.** | | | |
| Purchase of goods from | 4,154 | 4,099 | 8,473 |

*Note:* The purchase of goods from Remaining Unimicron Group includes the finished goods purchased from Remaining Unimicron Group of RMB78,768,000, RMB208,939,000 and RMB333,377,000 for the years ended 31 December 2023, 2024 and 2025, respectively, and then directly sold to the third parties. The Group uses net amount method for this transaction and the net revenue of RMB2,689,000, RMB10,558,000 and RMB14,741,000 was recognised as service income.

**(d) Material related party balances**

The Group had following material balances with related parties:

**Trade in nature:**

| | As at 31 December | | |
|---|---|---|---|
| | **2023** | **2024** | **2025** |
| | *RMB'000* | *RMB'000* | *RMB'000* |
| **Remaining Unimicron Taiwan Group** | | | |
| Trade receivables | 355,372 | 109,283 | 58,715 |
| Trade payables | 42,448 | 64,250 | 51,770 |
| Other payables and accruals | 18,115 | 8,332 | 14,650 |
| Prepayments, deposits and other receivables | 724 | 5,261 | 831 |
| **Suzhou AMC Technology Co., Ltd.** | | | |
| Prepayments, deposits and other receivables | 23,620 | — | — |
| **Shanghai Topoint Precision Technology Co., Ltd.** | | | |
| Trade payables | 2,126 | 1,623 | 5,309 |
| **Advance Materials Corporation** | | | |
| Trade payables | 5 | — | — |

## 30 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE TRACK RECORD PERIOD

As at the date of this report, the IASB has issued a number of amendments, new standards and interpretations, which are not yet effective for the Track Record Period and which have not been adopted in preparing the Historical Financial Information. These developments include:

| | **Effective for accounting periods beginning on or after** |
|---|---|
| Amendments to IFRS 9 and IFRS 7, *Contracts Referencing Nature-dependent Electricity* | 1 January 2026 |
| Amendments to IFRS 9 and IFRS 7: *Amendments to the Classification and Measurement of Financial Instruments* | 1 January 2026 |
| Annual improvements to IFRS Accounting Standards — Volume 11 | 1 January 2026 |
| IFRS 18, *Presentation and disclosure in financial statements* | 1 January 2027 |
| IFRS 19, *Subsidiaries without public accountability: disclosures* | 1 January 2027 |
| Amendments to IAS 21, *Translation to a hyperinflationary presentation currency* | 1 January 2027 |
| Amendments to IFRS 10 and IAS 28, *Sale or contribution of assets between an investor and its associate or joint venture* | To be determined |

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the Group's results of operations and financial position except for the following:

**IFRS 18, *Presentation and disclosure in financial statements***

IFRS 18 will replace IAS 1 Presentation of financial statements and aims to improve the transparency and comparability of information about an entity's financial statements. IFRS 18 is effective for reporting periods beginning on or after 1 January 2027 and is to be applied retrospectively.

Among other changes, under IFRS 18, entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to provide specific disclosures about management-defined performance measures in a single note in the financial statements.

The Group does not plan to early adopt IFRS 18 and IFRS 18 will impact the presentation of financial statements and is not expected to have significant impact on the financial performance and position of the Group.

**31 SUBSEQUENT EVENTS**

Pursuant to the shareholders' resolutions dated 11 March 2026, the then existing shareholders of the Company agreed to convert the Company into a joint stock limited liability company. Pursuant to the shareholders' resolutions, the net asset value of the Company as at 31 December 2025 was converted into 1,462,291,031 ordinary shares at RMB1.00 each, and the excess of the net assets converted over the nominal value of the ordinary shares was credited to the Company's share premium. The Company's conversion into a joint stock limited liability company was completed on 3 April 2026.

**32 IMMEDIATE AND ULTIMATE CONTROLLING PARTY**

As at the date of this report, the directors of the Company consider the immediate parent and ultimate controlling party of the Group is UHL and Unimicron Technology Corporation, respectively.

## SUBSEQUENT FINANCIAL STATEMENTS

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