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

[To insert the firm's letterhead]

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF LINKTEL TECHNOLOGIES CO., LTD. AND CITIC SECURITIES (HONG KONG) LIMITED

Introduction

We report on the historical financial information of Linktel Technologies Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") set out on pages [●] to [●], which comprises the consolidated statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2023, 2024 and 2025 (the "Relevant Periods"), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2023, 2024 and 2025 and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages [●] to [●] 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 the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

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

Reporting accountants' responsibility

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

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

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

Opinion

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

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

Adjustments

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

Dividends

We refer to note 11 to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Relevant Periods.

[●]
Certified Public Accountants
Hong Kong
[Date]

I. HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

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

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

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

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Notes	Year ended 31 December 2023	Year ended 31 December 2024	Year ended 31 December 2025
		RMB'000	RMB'000	RMB'000
REVENUE	5	605,725	890,075	1,253,529
Cost of sales		(493,161)	(683,586)	(947,829)
Gross profit		112,564	206,489	305,700
Other income and gains	5	33,384	47,213	48,634
Selling and marketing expenses		(20,511)	(22,788)	(28,929)
Administrative expenses		(40,261)	(65,650)	(98,624)
Research and development expenses		(57,306)	(58,367)	(98,561)
Reversal of impairment/(impairment) on financial assets, net		557	6,369	(2,339)
Other expenses		(2,501)	(6,361)	(1,726)
Fair value losses on investment properties		—	(676)	(518)
Finance costs	7	(3,255)	(6,096)	(13,166)
Share of profits and losses of a joint venture		—	—	(283)
PROFIT BEFORE TAX	6	22,671	100,133	110,188
Income tax credit/(expense)	10	3,812	(7,181)	(7,101)
PROFIT FOR THE YEAR		26,483	92,952	103,087
Attributable to:				
Owners of the parent		26,483	92,952	103,087
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	12			
Basic (RMB)		0.20	0.72	0.79
Diluted (RMB)		0.20	0.72	0.79

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended 31 December 2023	Year ended 31 December 2024	Year ended 31 December 2025
	RMB'000	RMB'000	RMB'000
PROFIT FOR THE YEAR	26,483	92,952	103,087
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods			
Exchange differences on translation of foreign operations	(136)	2,682	2,500
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Gain on property revaluation, net of tax	—	238	—
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	(136)	2,920	2,500
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	26,347	95,872	105,587
Attributed to:			
Owners of the parent	26,347	95,872	105,587

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 December 2023	As at 31 December 2024	As at 31 December 2025
		RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment	13	517,445	696,480	856,024
Investment properties	14	—	12,145	11,627
Right-of-use assets	15(a)	30,145	29,308	64,154
Other intangible assets	16	17,855	29,166	29,163
Investment in a joint venture	17	—	—	2,217
Deferred tax assets	19	11,715	12,259	41,433
Prepayments, other receivables and other assets	18	83,154	57,236	192,067
Time deposits	25	51,103	52,689	—
Total non-current assets		711,417	889,283	1,196,685
CURRENT ASSETS				
Inventories	20	365,859	539,715	961,677
Trade and bills receivables	21	137,877	108,963	235,092
Bills receivable at fair value through other comprehensive income	22	16,525	5,841	5,684
Prepayments, other receivables and other assets	18	28,104	53,300	90,709
Financial assets at fair value through profit or loss	23	292,769	387,708	282,159
Derivative financial instruments	24	—	83	—
Time deposits	25	—	—	32,475
Pledged deposits	25	—	3,000	—
Cash and cash equivalents	25	187,035	223,619	179,629
Total current assets		1,028,169	1,322,229	1,787,425
CURRENT LIABILITIES				
Trade and bills payables	26	125,149	216,254	331,774
Other payables and accruals	27	32,488	129,387	84,749
Derivative financial instruments	24	—	—	6,392
Contract liabilities	29	154	109	15,110
Interest-bearing bank borrowings	28	149,063	330,216	838,952
Lease liabilities	15(b)	2,021	2,749	8,651
Tax payable		30	3,905	24,813
Total current liabilities		308,905	682,620	1,310,441

	Notes	As at 31 December 2023	As at 31 December 2024	As at 31 December 2025
		RMB'000	RMB'000	RMB'000
NET CURRENT ASSETS		719,264	639,609	476,984
TOTAL ASSETS LESS CURRENT LIABILITIES		1,430,681	1,528,892	1,673,669
NON-CURRENT LIABILITIES				
Interest-bearing bank borrowings	28	—	—	3,500
Lease liabilities	15(b)	1,692	1,378	31,478
Provision		—	539	527
Deferred tax liabilities	19	—	2,913	—
Deferred income	30	7,386	13,074	18,812
Total non-current liabilities		9,078	17,904	54,317
NET ASSETS		1,421,603	1,510,988	1,619,352
EQUITY				
Equity attributable to owners of the parent				
Share capital	31	129,744	129,744	129,744
Reserves	32	1,291,859	1,381,244	1,489,608
Total equity		1,421,603	1,510,988	1,619,352

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2023

	Notes	Share capital	Capital reserve *	Exchange fluctuation reserve *	Surplus reserve *	Retained profits *	Total equity
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023		72,080	1,112,358	388	22,068	202,778	1,409,672
Profit for the year		—	—	—	—	26,483	26,483
Other comprehensive income/(loss) for the year:							
Exchange differences related to foreign operations		—	—	(136)	—	—	(136)
Total comprehensive income/(loss) for the year		—	—	(136)	—	26,483	26,347
Issue of bonus shares	31	57,664	(57,664)	—	—	—	—
Dividend declared	11	—	—	—	—	(14,416)	(14,416)
Transfer from retained profits		—	—	—	3,199	(3,199)	—
At 31 December 2023		129,744	1,054,694	252	25,267	211,646	1,421,603

Year ended 31 December 2024

	Notes	Share capital	Capital reserve *	Exchange fluctuation reserve *	Assets revaluation reserve *	Surplus reserve *	Retained profits *	Total equity
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024		129,744	1,054,694	252	—	25,267	211,646	1,421,603
Profit for the year		—	—	—	—	—	92,952	92,952
Other comprehensive income for the year:								—
Gain on property revaluation, net of tax	13	—	—	—	238	—	—	238
Exchange differences related to foreign operations		—	—	2,682	—	—	—	2,682
Total comprehensive income for the year		—	—	2,682	238	—	92,952	95,872
Dividend declared	11	—	—	—	—	—	(6,487)	(6,487)
Transfer from retained profits		—	—	—	—	8,521	(8,521)	—
At 31 December 2024		129,744	1,054,694	2,934	238	33,788	289,590	1,510,988

Year ended 31 December 2025

	Notes	Share capital	Capital reserve *	Share-based payment reserve *	Exchange fluctuation reserve *	Assets revaluation reserve *	Surplus reserve *	Retained profits *	Total equity
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2025		129,744	1,054,694	—	2,934	238	33,788	289,590	1,510,988
Profit for the year		—	—	—	—	—	—	103,087	103,087
Other comprehensive income for the year:									
Exchange differences related to foreign operations		—	—	—	2,500	—	—	—	2,500
Total comprehensive income for the year		—	—	—	2,500	—	—	103,087	105,587
Dividend declared	11	—	—	—	—	—	—	(25,949)	(25,949)
Share-based payments	33	—	—	28,726	—	—	—	—	28,726
Transfer from retained profits		—	—	—	—	—	14,711	(14,711)	—
At 31 December 2025		129,744	1,054,694	28,726	5,434	238	48,499	352,017	1,619,352

* These reserve accounts comprise the Group's reserves of RMB1,291,859,000, RMB1,381,244,000 and RMB1,489,608,000 in the consolidated statements of financial position as at 31 December 2023, 2024 and 2025, respectively.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended 31 December 2023	Year ended 31 December 2024	Year ended 31 December 2025
		RMB'000	RMB'000	RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		22,671	100,133	110,188
Adjustments for:				
Finance costs	7	3,255	6,096	13,166
Share of profits and losses of a joint venture		—	—	283
Interest income	5	(9,609)	(7,860)	(6,596)
Fair value losses/(gains) on derivative financial instruments	5	—	(1,075)	5,002
Fair value gains on financial assets at fair value through profit or loss	5	(8,941)	(7,507)	(7,279)
Changes in fair value of investment properties	6	—	676	518
Depreciation of property, plant and equipment	6	50,609	59,162	71,441
Depreciation of right-of-use assets	6	3,798	2,668	7,180
Amortisation of other intangible assets	6	3,531	3,754	5,017
Impairment/(reversal of impairment) of financial assets, net	6	(557)	(6,369)	2,339
Impairment of property, plant and equipment	6	2,368	786	—
Impairment of other intangible assets	6	—	3,921	—
Losses/(gains) on disposal of items of property, plant and equipment, net	6	17	266	(303)
Gains on early termination of leases	5	(5)	(11)	—
Provision of inventories	6	39,919	63,540	121,040
Share-based payment expense		—	—	28,726
Foreign exchange gains, net	6	(2,360)	(11,278)	(11,331)
		104,696	206,902	339,391
Increase in inventories		(63,048)	(237,477)	(544,366)
Decrease/(increase) in trade and bills receivables		21,881	37,258	(126,989)
(Increase)/decrease in bills receivable at fair value through other comprehensive income		(7,952)	10,684	157
Decrease/(increase) in prepayments, other receivables and other assets		11,731	(29,144)	(18,570)
Decrease in pledged deposits		2,580	—	—
Increase in trade and bills payables		44,086	93,173	116,166
(Decrease)/increase in other payables and accruals		(5,867)	26,137	16,276
(Decrease)/increase in contract liabilities		(83)	(45)	15,001
Increase in deferred income		6,916	5,688	5,738
Increase/(decrease) in provision		—	539	(12)
Cash flows generated form/(used in) operations		114,940	113,715	(197,208)
Interest received		8,506	6,274	6,539
Income taxes paid		(4,944)	(1,266)	(15,527)
Net cash flows from/(used in) operating activities		118,502	118,723	(206,196)

	Notes	Year ended 31 December 2023	Year ended 31 December 2024	Year ended 31 December 2025
		RMB'000	RMB'000	RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of financial assets at fair value through profit or loss		(250,000)	(630,000)	(445,000)
Proceeds on disposal of financial assets at fair value through profit or loss		207,062	542,568	557,828
Settlement on derivative financial instruments		—	992	1,125
Placement of time deposits		(50,000)	—	—
Withdrawal of time deposits		—	—	21,561
Purchases of items of property, plant and equipment		(404,615)	(166,040)	(438,721)
Proceeds on disposal of items of property, plant and equipment		17	3,923	290
Purchases of items of other intangible assets		(4,357)	(3,992)	(2,695)
Additions to right-of-use assets		(9,396)	(507)	—
Capital injection in a joint venture		—	—	(2,500)
Placement of pledged deposits		—	(5,500)	(2,500)
Withdrawal of pledged deposits		—	2,500	5,500
Net cash flows used in investing activities		(511,289)	(256,056)	(305,112)
CASH FLOWS FROM FINANCING ACTIVITIES				
New bank borrowings		149,000	370,000	872,839
Repayment of bank borrowings		(89,000)	(189,000)	(360,230)
Interest paid		(3,064)	(5,822)	(10,020)
Payment of lease liabilities		(2,784)	(1,043)	(6,570)
Dividends paid		(14,416)	(6,487)	(25,949)
Net cash flows from financing activities		39,736	167,648	470,070
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(353,051)	30,315	(41,238)
Cash and cash equivalents at the beginning of year		538,710	187,035	223,619
Effect of foreign exchange rate changes, net		1,376	6,269	(2,752)
CASH AND CASH EQUIVALENTS AT END OF YEAR		187,035	223,619	179,629
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS				
Cash and bank balances	25	238,138	279,308	212,104
Less: Time deposits	25	(51,103)	(52,689)	(32,475)
Less: Restricted bank deposits	25	—	(3,000)	—
Cash and cash equivalents as stated in the consolidated statements of financial position and statements of cash flows		187,035	223,619	179,629

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Notes	As at 31 December 2023	As at 31 December 2024	As at 31 December 2025
		RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment	13	444,335	613,883	672,576
Investment properties	14	—	12,145	11,627
Right-of-use assets	15(a)	29,601	28,864	27,195
Other intangible assets	16	17,855	29,082	29,051
Investments in subsidiaries	1	7,422	7,422	124,920
Investment in a joint venture	17	—	—	2,217
Deferred tax assets	19	11,715	7,386	1,374
Prepayments, other receivables and other assets	18	83,154	55,997	90,804
Time deposits	25	51,103	52,689	—
Total non-current assets		645,185	807,468	959,764
CURRENT ASSETS				
Inventories	20	336,839	441,581	624,714
Trade and bills receivables	21	152,865	205,794	845,815
Bills receivable at fair value through other comprehensive income	22	16,525	5,841	5,684
Prepayments, other receivables and other assets	18	147,285	173,329	104,985
Financial assets at fair value through profit or loss	23	292,769	387,708	282,159
Derivative financial instruments	24	—	83	—
Time deposits	25	—	—	32,475
Pledged deposits	25	—	3,000	—
Cash and cash equivalents	25	146,966	186,014	101,737
Total current assets		1,093,249	1,403,350	1,997,569
CURRENT LIABILITIES				
Trade and bills payables	26	125,135	238,900	355,856
Other payables and accruals	27	30,827	123,184	71,918
Derivative financial instruments	24	—	—	6,392
Contract liabilities	29	154	109	156
Interest-bearing bank borrowings	28	149,063	330,216	838,952
Lease liabilities	15(b)	1,796	2,549	1,595
Tax payable		—	—	8,270
Total current liabilities		306,975	694,958	1,283,139
NET CURRENT ASSETS		786,274	708,392	714,430
TOTAL ASSETS LESS CURRENT LIABILITIES		1,431,459	1,515,860	1,674,194
NON-CURRENT LIABILITIES				
Interest-bearing bank borrowings	28	—	—	3,500
Lease Liabilities	15(b)	1,378	1,129	335
Deferred income	30	7,386	13,074	18,812
Total non-current liabilities		8,764	14,203	22,647
NET ASSETS		1,422,695	1,501,657	1,651,547
EQUITY				
Equity attributable to owners of the parent				
Share capital	31	129,744	129,744	129,744
Reserves	32	1,292,951	1,371,913	1,521,803
Total equity		1,422,695	1,501,657	1,651,547

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION AND INVESTMENTS IN SUBSIDIARIES

Linktel Technologies Co., Ltd. (the "Company") is a joint stock limited company registered in the People's Republic of China ("PRC"). The registered office of the Company is located at No. 19, Jiulonghu Street, Donghu New Technology Development Zone, Wuhan City, Hubei Province, PRC.

During the Relevant Periods, the Company's subsidiaries were principally involved in the business of research and development, manufacture and sale of optical transceivers.

As at the end of the Relevant Periods, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies (or, if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of which are set out below:

Name	Notes	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary share capital/ registered capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
LINKTEL TECHNOLOGIES SDN. BHD.("聯特科技（馬來西亞）股份有限公司")	a	Malaysia 20 September 2021	Malaysian Ringgit 69,083,000	—	100	Production, sales and research & development of products
Linktel Technologies, Inc.("聯特科技(美國)股份有限公司")	b	United States of America 26 April 2018	USD1,000,000	100	—	Product sales, technical support provision, and customer relationship maintenance
LINKTEL TECHNOLOGIES PTE.LIMITED ("聯特科技(新加坡)股份有限公司")	c	Singapore 19 August 2021	USD1,630,000	100	—	Investment holding

Notes:

(a) The statutory financial statements of this entity for the years ended 31 December 2023, 2024 and 2025 prepared under the Malaysian Financial Reporting Standards for Non-Publicly Accountable Entities were audited by Baker Tilly Monteiro Heng PLT registered in Malaysia.

(b) No audited financial statements have been prepared for this entity for the years ended 31 December 2023, 2024 and 2025, as this entity was not subject to any statutory audit requirements under the relevant rules and regulations in its jurisdiction of incorporation.

(c) The statutory financial statements of this entity for the years ended 31 December 2023, 2024 and 2025 prepared under the Financial Reporting Standards in Singapore (FRSs) for Non-Publicly Accountable Entities were audited by FOZL Assurance PAC registered in Singapore.

The carrying amounts of the Company's investments in subsidiaries are as below:

	31 December 2023	31 December 2024	31 December 2025
	RMB'000	RMB'000	RMB'000
Investments, at cost	7,422	7,422	124,920
Less: impairment	—	—	—
Total	7,422	7,422	124,920

2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards, which comprise all standards and interpretations approved by the International Accounting Standards Board (the "IASB").

All IFRS Accounting Standards effective for the accounting period commencing from 1 January 2025, together with the relevant transitional provisions, have been consistently adopted by the Group in the preparation of the Historical Financial Information.

The Historical Financial Information has been prepared under the historical cost convention, except for investment properties, derivative financial instruments, financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss which have been measured at fair value.

Basis of consolidation

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

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

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

(b) rights arising from other contractual arrangements; and

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

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

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

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

2.2 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

The Group has not applied the following new and amended IFRS Accounting Standards, that have been issued but are not yet effective, in the Historical Financial Information.

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

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

Further information about those IFRS Accounting Standards that are expected to be applicable to the Group is described below:

The Group is in the process of making an assessment of the impact of these new and amended IFRS Accounting Standards upon initial application. So far, the Group considers that these new and amended IFRS Accounting Standards, except for IFRS 18, may result in changes in accounting policies but are unlikely to have a significant impact on the Group's financial performance and financial position in the period of initial application.

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

2.3 MATERIAL ACCOUNTING POLICY INFORMATION

Fair value measurement

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

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

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

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

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

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

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

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

Investments in joint ventures

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in joint ventures are stated in the consolidated statements of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. The Group's share of the post-acquisition results and other comprehensive income of joint ventures is included in the consolidated statements of profit or loss and consolidated other comprehensive income. In addition, when there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statements of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its joint ventures are eliminated to the extent of the Group's investments in the joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred.

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

Impairment of non-financial assets

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

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

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

Related parties

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

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

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

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group.

or

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

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

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

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

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

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

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

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

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

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

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

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

Buildings	2.38%-19.00%
Machinery and equipment	9.50%-31.67%
Electronic equipment and others	9.50%-31.67%
Vehicles	19.00%
Leasehold improvements	20.00%

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

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

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

Investment properties

Investment properties are interests in buildings held to earn rental income. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of the retirement or disposal.

For a transfer from investment properties to owner-occupied properties or inventories, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use. If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under "Property, plant and equipment and depreciation" for owned property and/or accounts for such property in accordance with the policy stated under "Right-of-use assets" for property held as a right-of-use asset up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as a revaluation in accordance with IAS 16 *Property, Plant and Equipment*.

Other intangible assets

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

Software

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

Technical know-how

Technical know-how is stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 4 to 10 years.

Research and development costs

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

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

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

Leases

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

Group as a lessee

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

(a) Right-of-use assets

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

Plant and properties	2 to 6 years
Leasehold land	50 years

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

(b) Lease liabilities

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

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

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

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of equipment that is considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. 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. Rental income is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

Investments and other financial assets

Initial recognition and measurement

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

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

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

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

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

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

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

Financial assets at fair value through profit or loss

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

This category includes derivative instruments which the Group had not irrevocably elected to classify at fair value through other comprehensive income.

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

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

Derecognition of financial assets

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

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

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

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

Impairment of financial assets

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

General approach

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

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

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

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

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

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

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

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

Simplified approach

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

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings, payables, and derivative financial instruments.

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

The Group's financial liabilities include trade and bills payables, other payables and accruals, derivative financial instruments, interest-bearing bank borrowings and lease liabilities.

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities at amortised cost

After initial recognition, trade and other payables, and interest-bearing bank borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Derecognition of financial liabilities

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

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

Derivative financial instruments

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to the statement of profit or loss.

Inventories

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

Cash and cash equivalents

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

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

Provisions

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

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

Income tax

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

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

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

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

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries when the timing of the reversal of the temporary differences can be controlled, and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

Government grants

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

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

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

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

Sale of products

The Group manufactures and sells a range of optical transceivers and other products. Revenue is recognised when control of the goods has been transferred to the customers, and there is no unfulfilled obligation that could affect the customer's acceptance of the goods.

Provision of processing services

The Group provides entrusted processing services to customers under arrangements whereby the customers supply the raw materials and components, and the Group performs the processing and assembly services to manufacture products in accordance with the customers' specifications. Revenue from the processing services is recognised upon completion of the processing and assembly of the products.

Other income

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

Contract liabilities

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

Share-based payments

The Company operates a share option incentive plan. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined using a Black-Scholes model, further details of which are given in note 33 to the Historical Financial Information.

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

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

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

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

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Other employee benefits

Pension scheme

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

Housing fund and other social insurances

The Group has participated in defined social security contribution schemes for its employees pursuant to the relevant laws and regulations of the PRC. These include housing fund, basic medical insurance, unemployment insurance, injury insurance and maternity insurance. The Group makes monthly contributions to the housing fund and other social insurances. The contributions are charged to profit or loss on an accrual basis. The Group has no further obligations beyond the contributions made.

Borrowing costs

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

Dividends

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

Foreign currencies

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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

Judgement

In the process of applying the Group's accounting policies, management has made the following judgement, apart from those involving estimations, which has the most significant effect on the amounts recognised in the Historical Financial Information:

Deferred tax assets

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

Estimation uncertainty

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

Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECLs for trade and bills receivables. The provision rates are for groupings of various customer segments that have similar loss patterns.

The Group calculates expected credit losses through expected credit loss rate. In determining the expected credit loss rate, the Group uses data such as internal historical credit loss experience, etc. and adjusts historical data based on current conditions and forward-looking information. When considering forward-looking information, the indicators used by the Group include the risk of economic downturn, external market environment, technological environment and changes in customer situations. The Group regularly monitors and reviews assumptions related to the calculation of expected credit losses.

Provision of inventories

Inventories are stated at the lower of cost and net realisable value at the end of each reporting period. The net realisable value is the estimated selling price in the current course of business, less applicable costs, selling expenses and tax charges. Management of the Group makes the best estimate on the net realisable value and the corresponding impairment of inventory, while the impairment assessment may still be significantly changed due to the change of market conditions.

4. OPERATING SEGMENT INFORMATION

The Group is engaging in the research and development, manufacture and sales of optical transceivers, which are regarded as a single reportable segment in a manner consistent with the way in which information is reported internally to the Group's senior management for purposes of resource allocation and performance assessment. Therefore, no analysis by operating segment is presented.

Geographical information

(a) Revenue from external customers:

	Year ended 31 December 2023	Year ended 31 December 2024	Year ended 31 December 2025
	RMB'000	RMB'000	RMB'000
Overseas markets	483,649	793,665	1,120,346
Chinese mainland	122,076	96,410	133,183
Total revenue	605,725	890,075	1,253,529

The revenue information above is based on the incorporation places of the customers.

(a) Non-current assets

	31 December 2023	31 December 2024	31 December 2025
	RMB'000	RMB'000	RMB'000
Chinese mainland	583,115	750,034	860,218
Malaysia	64,965	73,965	290,885
United States of America	519	336	1,932
Total non-current assets	648,599	824,335	1,153,035

The non-current assets information above is based on the locations of the assets and excludes deferred tax assets, investments in a joint venture and time deposits.

Information about major customers

Information about external customers, including a group of entities which are known to be under common control with that customer, from which the revenue amounted to over 10% of the total revenue of the Group for the years ended 31 December 2023, 2024 and 2025, respectively, were set below:

	Year ended 31 December 2023	Year ended 31 December 2024	Year ended 31 December 2025
	RMB'000	RMB'000	RMB'000
Customer A	*	194,400	284,265
Customer B	*	128,255	240,145
Customer C	100,288	96,759	155,873
Customer D	*	90,807	*

* Less than 10% of the Group's revenue

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Year ended 31 December 2023	Year ended 31 December 2024	Year ended 31 December 2025
	RMB'000	RMB'000	RMB'000
Revenue from contracts with customers	605,725	890,075	1,253,529

(a) Disaggregated revenue information

	Year ended 31 December 2023	Year ended 31 December 2024	Year ended 31 December 2025
	RMB'000	RMB'000	RMB'000
Types of goods and services			
400G-and-above optical transceivers	57,059	381,933	689,245
Below 400G optical transceivers	541,779	500,369	537,835
Others	6,887	7,773	26,449
Total	605,725	890,075	1,253,529
Timing of revenue recognition			
Goods and service transferred at a point in time	605,725	890,075	1,253,529
Total	605,725	890,075	1,253,529

The following table shows the amounts of revenue recognised in the Relevant Periods that were included in the contract liabilities at the beginning of each of the Relevant Periods:

	Year ended 31 December 2023	Year ended 31 December 2024	Year ended 31 December 2025
	RMB'000	RMB'000	RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period	237	154	109

(b) Performance obligations

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

Sale of products

The Group manufactures and sells a range of optical transceivers and other products. Sales are recognised when control of the goods has been transferred to the customers, and there is no unfulfilled obligation that could affect the customer's acceptance of the goods.

Provision of processing services

The Group provides entrusted processing services to customers under arrangements whereby the customers supply the raw materials and components, and the Group performs the processing and assembly services to manufacture products in accordance with the customers' specifications. Revenue from the processing services is recognised upon completion of the processing and assembly of the products.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	At 31 December 2023	At 31 December 2024	At 31 December 2025
	RMB'000	RMB'000	RMB'000
Amounts expected to be recognised as revenue:			
Within one year	77,996	242,317	481,666

An analysis of other income and gains is as follows:

	Year ended 31 December 2023	Year ended 31 December 2024	Year ended 31 December 2025
	RMB'000	RMB'000	RMB'000
Other income			
Interest income	9,609	7,860	6,596
Government grants *	11,634	7,126	9,077
Additional deduction for value-added tax	793	578	1,079
Rental income	—	978	3,996
Others	38	10,800	13,971
Total other income	22,074	27,342	34,719
Gains			
Foreign exchange gains	2,360	11,278	11,331
Fair value gains on financial assets at fair value through profit or loss	8,941	7,507	7,279
Fair value gains/(losses) on derivative financial instruments, net	—	1,075	(5,002)
Gain on disposal of items of property, plant and equipment	4	—	307
Gains on early termination of lease	5	11	—
Total gains	11,310	19,871	13,915
Total other income and gains	33,384	47,213	48,634

* Government grants were received for the Group's operating businesses and there were no unfulfilled conditions or contingencies relating to these subsidies during the Relevant Periods.

6. PROFIT BEFORE TAX

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

	Notes	Year ended 31 December 2023	Year ended 31 December 2024	Year ended 31 December 2025
		RMB'000	RMB'000	RMB'000
Cost of inventories sold*		493,161	683,586	947,829
Depreciation of property, plant and equipment	13	50,609	59,162	71,441
Depreciation of right-of-use assets	15	3,798	2,668	7,180
Amortisation of other intangible assets	16	3,531	3,754	5,017
Employee benefit expense (including directors' and chief executive's remuneration (note 8)):				
Salaries, allowances, bonuses and benefits in kind		119,556	129,743	161,979
Contributions to pension plans		8,270	8,587	10,545
Share-based payment expense	33	—	—	28,726
Total		127,826	138,330	201,250
Impairment/(reversal of impairment) of financial assets, net	18, 21	(557)	(6,369)	2,339
Impairment of property, plant and equipment	13	2,368	786	—
Impairment of other intangible assets	16	—	3,921	—
Provision for inventories		39,919	63,540	121,040
Foreign exchange gains, net		(2,360)	(11,278)	(11,331)
Losses/(gains) on disposal of items of property, plant and equipment, net		17	266	(303)
Fair value gains on financial assets at fair value through profit or loss		(8,941)	(7,507)	(7,279)
Fair value gains/(losses) on derivative financial instruments, net		—	(1,075)	5,002
Fair value losses on investment properties	14	—	676	518

* Cost of inventories sold include provision for inventories and expenses relating to depreciation of property, plant and equipment, amortisation of intangible assets, depreciation of right-of-use assets and employee benefit expense, which are also included in the respective total amounts disclosed above for each of these types of expenses.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December 2023	Year ended 31 December 2024	Year ended 31 December 2025
	RMB'000	RMB'000	RMB'000
Interest on bank borrowings	3,055	5,975	11,761
Interest on lease liabilities	200	96	1,359
Interest on discounted bills	—	25	46
Total	3,255	6,096	13,166

8. DIRECTORS' REMUNERATION

The remuneration of directors of the Company recorded in each of the Relevant Periods is set out below:

	Year ended 31 December 2023	Year ended 31 December 2024	Year ended 31 December 2025
	RMB'000	RMB'000	RMB'000
Fees	240	240	240
Other emoluments:			
Salaries, allowances and benefits in kind	2,594	2,517	3,892
Performance-based bonus	298	4,379	3,243
Contributions to pension plans	166	166	166
Total	3,298	7,302	7,541

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the Relevant Periods were as follows:

	Year ended 31 December 2023	Year ended 31 December 2024	Year ended 31 December 2025
	RMB'000	RMB'000	RMB'000
Ms. Wu Youyu	80	80	80
Mr. Liu Hua	80	80	80
Mr. Yu Yumiao	80	80	80
Total	240	240	240

There were no other emoluments payable to the independent non-executive directors during the Relevant Periods.

(b) Executive and non-executive directors

Year ended 31 December 2023

	Salaries, allowances and benefits in kind	Performance-based bonus	Contributions to pension plans	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors:				
Mr. Zhang Jian (i)	461	1	36	498
Mr. Yang Xianwen	461	1	36	498
Mr. Wu Tianshu	461	29	36	526
Mr. Li Linke	461	29	36	526
Mr. Lin Xuefeng (ii)	402	172	12	586
Mr. Wang Bing (iii)	348	66	10	424
Subtotal	2,594	298	166	3,058
Non-executive directors:				
Mr. Zhang Peng (iv)	—	—	—	—
Mr. Zhang Qing (iv)	—	—	—	—
Subtotal	—	—	—	—
Total	2,594	298	166	3,058

Year ended 31 December 2024

	Salaries, allowances and benefits in kind	Performance-based bonus	Contributions to pension plans	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors:				
Mr. Zhang Jian (i)	406	950	36	1,392
Mr. Yang Xianwen	406	950	36	1,392
Mr. Wu Tianshu	406	930	36	1,372
Mr. Li Linke	406	950	36	1,392
Mr. Lin Xuefeng (ii)	548	413	12	973
Mr. Wang Bing (iii)	345	186	10	541
Total	2,517	4,379	166	7,062

Year ended 31 December 2025

	Salaries, allowances and benefits in kind	Performance-based bonus	Contributions to pension plans	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors:				
Mr. Zhang Jian (i)	820	756	36	1,612
Mr. Yang Xianwen	736	672	36	1,444
Mr. Wu Tianshu	700	636	36	1,372
Mr. Li Linke	700	636	36	1,372
Mr. Lin Xuefeng (ii)	575	410	12	997
Mr. Wang Bing (iii)	361	133	10	504
Total	3,892	3,243	166	7,301

(i) During the Relevant Periods, Mr. Zhang Jian also served as the chief executive officer of the Company.

(ii) Mr. Lin Xuefeng was appointed as a director of the Company with effect from September 2023.

(iii) Mr. Wang Bing was appointed as a director of the Company with effect from September 2023.

(iv) Mr. Zhang Peng was appointed by Shenzhen Nanhai Growth Tongying Equity Investment Fund (Limited Partnership)* ("南海成長" , 深圳南海成長同贏股權投資基金(有限合夥)) as a non-executive director of the Company with effect from September 2020 and resigned in September 2023. Mr. Zhang Qing was appointed by SME Development Fund (Limited Partnership) * ("中小企業發展基金", 深圳國中中小企業發展私募股權投資基金合夥企業(有限合夥)) as a non-executive director of the Company with effect from September 2020 and resigned in September 2023.

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

9. FIVE HIGHEST PAID EMPLOYEES

The five individuals whose remunerations were the highest in the Group for the years ended 31 December 2023, 2024 and 2025 include nil, three and three directors, respectively, details of whose remuneration are set out in note 8 above. Details of the remunerations of the remaining five, two and two individuals who are not director of the Company during the years ended 31 December 2023, 2024 and 2025, respectively, are as follows:

	Year ended 31 December 2023	Year ended 31 December 2024	Year ended 31 December 2025
	RMB'000	RMB'000	RMB'000
Salaries, allowances and benefits in kind	5,373	2,577	2,566
Performance related bonuses	554	1,470	1,641
Contributions to pension plans	283	179	106
Share-based payment expenses	—	—	5,522
Total	6,210	4,226	9,835

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

	Year ended 31 December 2023	Year ended 31 December 2024	Year ended 31 December 2025
Nil to HK$1,000,000	2	—	—
HK$1,500,001 to HK$2,000,000	3	—	—
HK$2,000,001 to HK$2,500,000	—	1	—
HK$2,500,001 to HK$3,000,000	—	1	—
HK$4,000,001 to HK$4,500,000	—	—	1
HK$6,500,001 to HK$7,000,000	—	—	1
Total	5	2	2

10. INCOME TAX

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

Chinese mainland

The Company was qualified as a High and New Technology Enterprise on 9 November 2022 and 19 December 2025 and entitled to a preferential corporate income tax rate of 15% during the Relevant Periods.

Malaysia

The subsidiary incorporated in Malaysia is subject to a 24% income tax rate during the Relevant Periods.

The United States of America

The subsidiary incorporated in the United States of America is subject to a federal tax rate of 21% and a state income tax rate of 8.84%.

Singapore

The subsidiary incorporated in Singapore is subject to a 17% income tax rate during the Relevant Periods.

	Year ended 31 December 2023	Year ended 31 December 2024	Year ended 31 December 2025
	RMB'000	RMB'000	RMB'000
Current income tax	570	4,967	38,768
Deferred tax (note 19)	(4,382)	2,214	(31,667)
Total tax expense/(credit)	(3,812)	7,181	7,101

A reconciliation of the income tax expense applicable to profit before tax at the statutory tax rates in PRC in which the Company is domiciled to the income tax expense at the effective tax rates are as follow:

	Year ended 31 December 2023	Year ended 31 December 2024	Year ended 31 December 2025
	RMB'000	RMB'000	RMB'000
Profit before tax	22,671	100,133	110,188
Tax at PRC statutory tax rate of 25%	5,668	25,033	27,547
Effect of preferential or different tax rates	(1,185)	(9,370)	(17,849)
Adjustments in respect of current tax of previous periods	—	—	8,292
Effect of super deduction for research and development expenses	(8,320)	(9,227)	(11,434)
Expenses not deductible for tax	235	953	539
Others	(210)	(208)	6
Tax charge/(credit) for the year	(3,812)	7,181	7,101

11. DIVIDENDS

	Year ended 31 December 2023	Year ended 31 December 2024	Year ended 31 December 2025
	RMB'000	RMB'000	RMB'000
Final paid — RMB0.20, RMB0.05 and RMB0.20 per ordinary share for years ended 31 December 2022, 2023 and 2024, respectively	14,416	6,487	25,949

The final dividend of RMB0.20 per ordinary share for the year ended 31 December 2025 has been declared in May 2026.

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

The calculation of the basic earnings per share amounts is based on the profit attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares outstanding during the Relevant Periods, as adjusted to reflect the conversion of share premium to share capital during the year ended 31 December 2023 (note 31).

The calculation of the diluted earnings per share amounts is based on the profit attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares outstanding during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculation of basic and diluted earnings per share are based on:

	Year ended 31 December		
	2023	2024	2025
Earnings			
Profit attributable to owners of the parent (RMB'000)	26,483	92,952	103,087
	Number of shares	Number of shares	Number of shares
Shares	'000	'000	'000
Weighted average number of ordinary shares outstanding used in the basic earnings per share calculation	129,744	129,744	129,744
Effect of dilution:			
Share options	—	—	287
Total	129,744	129,744	130,031
Earnings per share			
Basic earnings per share (RMB)	0.20	0.72	0.79
Diluted earnings per share (RMB)	0.20	0.72	0.79

13. PROPERTY, PLANT AND EQUIPMENT

The Group

31 December 2023

	Buildings	Machinery and equipment	Electronic equipment and others	Vehicles	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023							
Cost	71,074	206,818	8,175	1,725	12,054	72,809	372,655
Accumulated depreciation and impairment	(23,772)	(59,576)	(2,219)	(869)	(1,950)	—	(88,386)
Net carrying amount	47,302	147,242	5,956	856	10,104	72,809	284,269
At 1 January 2023, net of accumulated depreciation and impairment	47,302	147,242	5,956	856	10,104	72,809	284,269
Additions	—	43,202	1,539	68	841	240,859	286,509
Disposal	—	(165)	(53)	—	—	—	(218)
Depreciation provided during the year	(2,789)	(40,887)	(4,267)	(182)	(2,484)	—	(50,609)
Transfer in/(out)	60,258	—	—	—	—	(60,258)	—
Impairment provided during the year	—	—	—	—	(2,368)	—	(2,368)
Exchange realignment	—	(143)	—	5	—	—	(138)
At 31 December 2023, net of accumulated depreciation	104,771	149,249	3,175	747	6,093	253,410	517,445
At 31 December 2023:							
Cost	131,332	249,693	9,661	1,798	12,895	253,410	658,789
Accumulated depreciation and impairment	(26,561)	(100,444)	(6,486)	(1,051)	(6,802)	—	(141,344)
Net carrying amount	104,771	149,249	3,175	747	6,093	253,410	517,445

31 December 2024

	Buildings	Machinery and equipment	Electronic equipment and others	Vehicles	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024:							
Cost	131,332	249,693	9,661	1,798	12,895	253,410	658,789
Accumulated depreciation and impairment	(26,561)	(100,444)	(6,486)	(1,051)	(6,802)	—	(141,344)
Net carrying amount	104,771	149,249	3,175	747	6,093	253,410	517,445
At 1 January 2024, net of accumulated depreciation and impairment	104,771	149,249	3,175	747	6,093	253,410	517,445
Additions	—	89,725	12,270	7	419	149,746	252,167
Disposal	—	(4,069)	(260)	—	—	—	(4,329)
Depreciation provided during the year	(10,547)	(41,184)	(2,234)	(191)	(5,006)	—	(59,162)
Transfer in/(out)*	371,345	1,027	—	—	—	(384,913)	(12,541)
Impairment provided during the year	—	(781)	(5)	—	—	—	(786)
Exchange realignment	2,794	815	47	16	14	—	3,686
At 31 December 2024, net of accumulated depreciation and impairment	468,363	194,782	12,993	579	1,520	18,243	696,480
At 31 December 2024:							
Cost	496,475	337,358	21,720	1,826	13,328	18,243	888,950
Accumulated depreciation and impairment	(28,112)	(142,576)	(8,727)	(1,247)	(11,808)	—	(192,470)
Net carrying amount	468,363	194,782	12,993	579	1,520	18,243	696,480

31 December 2025

	Buildings	Machinery and equipment	Electronic equipment and others	Vehicles	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2025:							
Cost	496,475	337,358	21,720	1,826	13,328	18,243	888,950
Accumulated depreciation and impairment	(28,112)	(142,576)	(8,727)	(1,247)	(11,808)	—	(192,470)
Net carrying amount	468,363	194,782	12,993	579	1,520	18,243	696,480
At 1 January 2025, net of accumulated depreciation and impairment	468,363	194,782	12,993	579	1,520	18,243	696,480
Additions	—	106,215	6,547	293	2,734	114,040	229,829
Disposal	—	(1,393)	(587)	—	—	—	(1,980)
Depreciation provided during the year	(12,630)	(50,093)	(3,880)	(227)	(4,611)	—	(71,441)
Transfer in/(out)	—	64,028	3,621	—	45,353	(113,002)	—
Adjustment to original value in final settlement	(4,075)	—	—	—	—	—	(4,075)
Exchange realignment	3,896	1,674	74	3	1,564	—	7,211
At 31 December 2025, net of accumulated depreciation and impairment	455,554	315,213	18,768	648	46,560	19,281	856,024
At 31 December 2025:							
Cost	496,415	508,414	31,401	2,122	52,576	19,281	1,110,209
Accumulated depreciation and impairment	(40,861)	(193,201)	(12,633)	(1,474)	(6,016)	—	(254,185)
Net carrying amount	455,554	315,213	18,768	648	46,560	19,281	856,024

* During the year ended 31 December 2024, the Group rented out its owner-occupied properties to an independent third party for earning purpose. At the date of change in use, these properties became investment properties. Upon the transfer of property of RMB12,541,000 to investment properties, these properties were revalued at RMB12,821,000 with a revaluation gain of RMB238,000, net of tax of RMB42,000, which was credited to the asset revaluation reserve.

The Group and the Company determines whether there is any indication that an asset may be impaired at the end of each of the Relevant Periods. If there is an indication of impairment, the Group estimates its recoverable amount and performs an impairment test, The recoverable amount is the higher of the fair value of the cash generating unit, net of disposal costs, and the net present value of the cash-generating unit's estimated future cash flows.

The Group recognised an impairment provision for property, plant and equipment of approximately RMB2 million, RMB0.8 million and nil for the year ended 31 December 2023, 2024 and 2025, respectively.

At 31 December 2024 and 2025, certain of the Group's and the Company's buildings with a net carrying amount of approximately RMB376,879,000 and RMB349,381,000, respectively, did not have property ownership certificates registered under the names of the Company and its subsidiaries. In the opinion of the directors, the risk of the Group for not being able to obtain the legal titles for the relevant buildings is low and the Group will continue to pursue and discuss with the Ministry of Land and Resources of the PRC for the final settlement and complete the ownership registration of the buildings.

The Company

31 December 2023

	Buildings	Machinery and equipment	Electronic equipment and others	Vehicles	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023:							
Cost	71,074	198,217	8,149	936	12,054	72,809	363,239
Accumulated depreciation and impairment	(23,772)	(57,186)	(2,207)	(793)	(1,950)	—	(85,908)
Net carrying amount	47,302	141,031	5,942	143	10,104	72,809	277,331
At 1 January 2023, net of accumulated depreciation and impairment	47,302	141,031	5,942	143	10,104	72,809	277,331
Additions	—	34,546	766	—	555	185,590	221,457
Disposals	—	(6,589)	(220)	—	—	—	(6,809)
Depreciation provided during the year	(2,461)	(36,097)	(4,225)	(22)	(2,471)	—	(45,276)
Transfer in/(out)	4,989	—	—	—	—	(4,989)	—
Impairment provided during the year	—	—	—	—	(2,368)	—	(2,368)
At 31 December 2023, net of accumulated depreciation and impairment	49,830	132,891	2,263	121	5,820	253,410	444,335
At 31 December 2023:							
Cost	76,063	226,174	8,695	936	12,609	253,410	577,887
Accumulated depreciation and impairment	(26,233)	(93,283)	(6,432)	(815)	(6,789)	—	(133,552)
Net carrying amount	49,830	132,891	2,263	121	5,820	253,410	444,335

31 December 2024

	Buildings	Machinery and equipment	Electronic equipment and others	Vehicles	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024:							
Cost	76,063	226,174	8,695	936	12,609	253,410	577,887
Accumulated depreciation and impairment	(26,233)	(93,283)	(6,432)	(815)	(6,789)	—	(133,552)
Net carrying amount	49,830	132,891	2,263	121	5,820	253,410	444,335
At 1 January 2024, net of accumulated depreciation and impairment	49,830	132,891	2,263	121	5,820	253,410	444,335
Additions	—	83,370	11,787	7	319	149,746	245,229
Disposals	—	(10,664)	(260)	—	—	—	(10,924)
Depreciation provided during the year	(9,167)	(35,422)	(1,885)	(23)	(4,933)	—	(51,430)
Transfer in/(out)	371,345	1,027	—	—	—	(384,913)	(12,541)
Impairment provided during the year	—	(781)	(5)	—	—	—	(786)
At 31 December 2024, net of accumulated depreciation and impairment	412,008	170,421	11,900	105	1,206	18,243	613,883
At 31 December 2024:							
Cost	447,408	299,907	20,222	943	12,928	18,243	799,651
Accumulated depreciation and impairment	(35,400)	(129,486)	(8,322)	(838)	(11,722)	—	(185,768)
Net carrying amount	412,008	170,421	11,900	105	1,206	18,243	613,883

31 December 2025

	Buildings	Machinery and equipment	Electronic equipment and others	Vehicles	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2025:							
Cost	447,408	299,907	20,222	943	12,928	18,243	799,651
Accumulated depreciation and impairment	(35,400)	(129,486)	(8,322)	(838)	(11,722)	—	(185,768)
Net carrying amount	412,008	170,421	11,900	105	1,206	18,243	613,883
At 1 January 2025, net of accumulated depreciation and impairment	412,008	170,421	11,900	105	1,206	18,243	613,883
Additions	—	75,429	393	4	324	66,948	143,098
Disposals	—	(23,929)	(570)	—	—	—	(24,499)
Depreciation provided during the year	(11,155)	(41,221)	(2,923)	(24)	(508)	—	(55,831)
Transfer in/(out)	—	64,028	3,590	—		(67,618)	—
Adjustment to original value in final settlement	(4,075)	—	—	—	—	—	(4,075)
At 31 December 2025, net of accumulated depreciation and impairment	396,778	244,728	12,390	85	1,022	17,573	672,576
At 31 December 2025:							
Cost	443,333	415,435	23,635	947	13,252	17,573	914,175
Accumulated depreciation and impairment	(46,555)	(170,707)	(11,245)	(862)	(12,230)	—	(241,599)
Net carrying amount	396,778	244,728	12,390	85	1,022	17,573	672,576

14. INVESTMENT PROPERTIES

The Group and the Company

	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Carrying amount at 1 January	—	—	12,145
Transfer from owner-occupied property	—	12,821	—
Net loss from a fair value adjustment	—	(676)	(518)
Carrying amount at 31 December	—	12,145	11,627

The Group's investment properties consist of commercial properties in Wuhan.

The Group's investment properties were revalued on 31 December 2024 and 2025 based on valuations performed by Shanghai Orient Appraisal Co., Ltd., an independent professionally qualified valuer, at RMB12,145,000 and RMB11,627,000, respectively.

Each year, the chief financial officer decides to appoint which external valuer to be responsible for the external valuations of the Group's properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The chief financial officer has discussions with the valuer on the valuation assumptions and valuation results once a year when the valuation is performed for annual financial reporting.

The investment properties are leased to third parties under operating leases, further summary details of which are included in note 15 to the Historical Financial Information.

15. LEASES

The Group as a lessee

The Group has lease contracts for leasehold land and plant and properties used in its operations. Leasehold land has a lease term of 50 years while plant and properties generally have lease terms between 2 and 6 years. Lump sum payment was made upfront to acquire the leasehold land from the owner and no ongoing payment will be made under the terms of the land lease.

(a) Right-of-use assets

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

	Notes	Plant and properties	Leasehold land	Total
		RMB'000	RMB'000	RMB'000
As at 1 January 2023		6,391	17,732	24,123
Additions		650	9,396	10,046
Depreciation for the year	6	(3,322)	(476)	(3,798)
Lease termination		(194)	—	(194)
Lease modification		(32)	—	(32)
As at 31 December 2023 and 1 January 2024		3,493	26,652	30,145
Additions		1,976	507	2,483
Depreciation for the year	6	(2,106)	(562)	(2,668)
Lease termination		(677)	—	(677)
Exchange realignment		25	—	25
As at 31 December 2024 and 1 January 2025		2,711	26,597	29,308
Additions		41,995	—	41,995
Depreciation for the year	6	(6,615)	(565)	(7,180)
Exchange realignment		31	—	31
As at 31 December 2025		38,122	26,032	64,154

(b) Lease liabilities

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

	Note	2023 RMB'000	2024 RMB'000	2025 RMB'000
Carrying amount at 1 January		5,845	3,713	4,127
New leases		650	1,973	41,995
Accretion of interest recognised during the year	7	200	96	1,359
Lease termination		(209)	(688)	—
Lease modification		(36)	—	—
Exchange realignment		47	76	(782)
Payments		(2,784)	(1,043)	(6,570)
Carrying amount at 31 December		3,713	4,127	40,129
Analysed into:				
Current portion		2,021	2,749	8,651
Non-current portion		1,692	1,378	31,478

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

	Year ended 31 December 2023 RMB'000	Year ended 31 December 2024 RMB'000	Year ended 31 December 2025 RMB'000
Interest on lease liabilities	200	96	1,359
Gains on early termination	(5)	(11)	—
Expense relating to short-term leases	705	762	797
Depreciation charge of right-of-use assets	3,798	2,668	7,180
Total amount recognised in profit or loss	4,698	3,515	9,336

(d) The total cash outflows for leases are set out in note 34.

The Group and the Company as a lessor

The Group and the Company leases its properties under operating lease arrangements. Rental income recognised by the Group was Nil, RMB978,000 and RMB3,996,000 during the year ended 31 December 2023, 2024 and 2025 respectively (note 5).

The undiscounted lease payments receivable by the Group and the Company in future periods under operating leases with its tenants are as follows:

	At 31 December 2023 RMB'000	At 31 December 2024 RMB'000	At 31 December 2025 RMB'000
Within one year	—	1,745	958
After one year but within two years	—	945	23
After two years but within three years	—	23	—
Total	—	2,713	981

The Company as a lessee

The Company has lease contracts for leasehold land and plant and properties used in its operations. Leases of leasehold land generally have lease terms of 50 years and plant and properties generally have lease terms between 2 and 6 years. Lump sum payment was made upfront to acquire the leasehold land from the owner and no ongoing payment will be made under the terms of the land lease.

(a) Right-of-use assets

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

	Plant and properties	Leasehold land	Total
	RMB'000	RMB'000	RMB'000
As at 1 January 2023	6,232	17,732	23,964
Additions	93	9,396	9,489
Depreciation for the year	(3,150)	(476)	(3,626)
Lease termination	(194)	—	(194)
Lease modification	(32)	—	(32)
As at 31 December 2023 and 1 January 2024	2,949	26,652	29,601
Additions	1,834	507	2,341
Depreciation for the year	(1,839)	(562)	(2,401)
Lease termination	(677)	—	(677)
As at 31 December 2024 and 1 January 2025	2,267	26,597	28,864
Depreciation for the year	(1,104)	(565)	(1,669)
As at 31 December 2025	1,163	26,032	27,195

(b) Lease liabilities

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

	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Carrying amount at 1 January	5,680	3,174	3,678
New leases	93	1,833	—
Accretion of interest recognised during the year	177	67	62
Lease termination	(209)	(688)	—
Lease modification	(36)	—	—
Payments	(2,531)	(708)	(1,810)
Carrying amount at 31 December	3,174	3,678	1,930
Analysed into:			
Current portion	1,796	2,549	1,595
Non-current portion	1,378	1,129	335

16. OTHER INTANGIBLE ASSETS

The Group

	Software	Technical know-how	Capitalised development costs	Total
	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2023				
At 1 January 2023:				
Cost	4,419	10,336	—	14,755
Accumulated amortisation	(1,163)	(5,690)	—	(6,853)
Net carrying amount	3,256	4,646	—	7,902
Cost at 1 January 2023, net of accumulated amortisation	3,256	4,646	—	7,902
Additions	6,606	27	6,851	13,484
Amortisation during the year	(984)	(2,547)	—	(3,531)
At 31 December 2023, net of accumulated amortisation	8,878	2,126	6,851	17,855
At 31 December 2023				
Cost	11,025	10,363	6,851	28,239
Accumulated amortisation	(2,147)	(8,237)	—	(10,384)
Net carrying amount	8,878	2,126	6,851	17,855

	Software	Technical know-how	Capitalised development costs	Total
	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2024				
At 1 January 2024:				
Cost	11,025	10,363	6,851	28,239
Accumulated amortisation	(2,147)	(8,237)	—	(10,384)
Net carrying amount	8,878	2,126	6,851	17,855
Cost at 1 January 2024, net of accumulated amortisation	8,878	2,126	6,851	17,855
Additions	5,103	—	13,883	18,986
Transfer in/(out)	—	11,528	(11,528)	—
Amortisation during the year	(1,313)	(2,441)	—	(3,754)
Impairment	—	—	(3,921)	(3,921)
At 31 December 2024, net of accumulated amortisation and impairment	12,668	11,213	5,285	29,166
At 31 December 2024				
Cost	16,128	21,891	9,206	47,225
Accumulated amortisation and impairment	(3,460)	(10,678)	(3,921)	(18,059)
Net carrying amount	12,668	11,213	5,285	29,166

	Software	Technical know-how	Capitalised development costs	Total
	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2025				
At 1 January 2025:				
Cost	16,128	21,891	9,206	47,225
Accumulated amortisation and impairment	(3,460)	(10,678)	(3,921)	(18,059)
Net carrying amount	12,668	11,213	5,285	29,166
Cost at 1 January 2025, net of accumulated amortisation and impairment	12,668	11,213	5,285	29,166
Additions	1,341	—	3,667	5,008
Transfer in/(out)	—	4,556	(4,556)	—
Amortisation during the year	(1,776)	(3,241)	—	(5,017)
Exchange realignment	6	—	—	6
At 31 December 2025, net of accumulated amortisation and impairment	12,239	12,528	4,396	29,163
At 31 December 2025				
Cost	17,475	26,447	8,317	52,239
Accumulated amortisation and impairment	(5,236)	(13,919)	(3,921)	(23,076)
Net carrying amount	12,239	12,528	4,396	29,163

The Group determines whether there is any indication that an asset may be impaired at the end of each Relevant Periods. If there is an indication of impairment, the Group estimates its recoverable amount and performs an impairment test, The recoverable amount is the higher of the fair value of the cash generating unit, net of disposal costs, and the present value of the cash-generating unit's estimated future cash flows.

The Group recognised an impairment provision for intangible assets of approximately nil, RMB4 million and nil for the year ended 31 December 2023, 2024 and 2025, respectively.

The Company

	Software	Technical know-how	Capitalised development costs	Total
	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2023				
At 1 January 2023:				
Cost	4,419	10,336	—	14,755
Accumulated amortisation	(1,163)	(5,690)	—	(6,853)
Net carrying amount	3,256	4,646	—	7,902
Cost at 1 January 2023, net of accumulated amortisation	3,256	4,646	—	7,902
Additions	6,606	27	6,851	13,484
Amortisation during the year	(984)	(2,547)	—	(3,531)
At 31 December 2023, net of accumulated amortisation	8,878	2,126	6,851	17,855
At 31 December 2023				
Cost	11,025	10,363	6,851	28,239
Accumulated amortisation	(2,147)	(8,237)	—	(10,384)
Net carrying amount	8,878	2,126	6,851	17,855

	Software	Technical know-how	Capitalised development costs	Total
	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2024				
At 1 January 2024:				
Cost	11,025	10,363	6,851	28,239
Accumulated amortisation	(2,147)	(8,237)	—	(10,384)
Net carrying amount	8,878	2,126	6,851	17,855
Cost at 1 January 2024, net of accumulated amortisation	8,878	2,126	6,851	17,855
Additions	5,015	—	13,883	18,898
Transfer in/(out)	—	11,528	(11,528)	—
Amortisation during the year	(1,309)	(2,441)	—	(3,750)
Impairment	—	—	(3,921)	(3,921)
At 31 December 2024, net of accumulated amortisation and impairment	12,584	11,213	5,285	29,082
At 31 December 2024				
Cost	16,040	21,891	9,206	47,137
Accumulated amortisation and impairment	(3,456)	(10,678)	(3,921)	(18,055)
Net carrying amount	12,584	11,213	5,285	29,082

	Software	Technical know-how	Capitalised development costs	Total
	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2025				
At 1 January 2025:				
Cost	16,040	21,891	9,206	47,137
Accumulated amortisation and impairment	(3,456)	(10,678)	(3,921)	(18,055)
Net carrying amount	12,584	11,213	5,285	29,082
Cost at 1 January 2025, net of accumulated amortisation and impairment	12,584	11,213	5,285	29,082
Additions	1,307	—	3,668	4,975
Transfer in/(out)	—	4,556	(4,556)	—
Amortisation during the year	(1,765)	(3,241)	—	(5,006)
At 31 December 2025, net of accumulated amortisation and impairment	12,126	12,528	4,397	29,051
At 31 December 2025				
Cost	17,347	26,447	8,318	52,112
Accumulated amortisation and impairment	(5,221)	(13,919)	(3,921)	(23,061)
Net carrying amount	12,126	12,528	4,397	29,051

17. INVESTMENT IN A JOINT VENTURE

The Group and the Company

	31 December 2023	31 December 2024	31 December 2025
	RMB'000	RMB'000	RMB'000
Share of net assets	—	—	2,217

Name	Place of registration and business	Percentage of			Principal activity
		Ownership interest	Voting power	Profit sharing	
Hubei KeChuang Opto-Venture LP ("Hubei Kechuang") 湖北科投光互聯創業投資基金合夥企業(有限合夥)	Chinese mainland	50	50	50	Investment and asset management

18. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	31 December 2023	31 December 2024	31 December 2025
	RMB'000	RMB'000	RMB'000
Current:			
Deductible VAT, refundable VAT and prepaid income tax	22,946	36,592	62,648
Prepayments	2,389	10,756	21,551
Others	3,293	6,831	8,891
	28,628	54,179	93,090
Impairment allowance	(524)	(879)	(2,381)
Total - current	28,104	53,300	90,709
Non-current:			
Prepayments for acquisition of property, plant and equipment	83,154	57,236	192,067
Total	111,258	110,536	282,776

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

	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At beginning of year	287	524	879
Impairment losses made, net (note 6)	237	390	1,489
Amount written off as uncollectible	—	(37)	—
Exchange realignment	—	2	13
At end of year	524	879	2,381

An impairment analysis is performed at each reporting date by considering the expected credit losses which are estimated by applying a loss rate approach. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate.

The Company

	31 December 2023	31 December 2024	31 December 2025
	RMB'000	RMB'000	RMB'000
Current:			
Due from subsidiaries	119,642	121,075	21,490
Deductible VAT, refundable VAT and prepaid income tax	22,947	36,568	62,624
Prepayments	2,290	10,103	18,987
Others	2,911	6,422	3,912
	147,790	174,168	107,013
Impairment allowance	(505)	(839)	(2,028)
Total - current	147,285	173,329	104,985
Non-current:			
Prepayments for acquisition of property, plant and equipment	83,154	55,997	90,804
Total	230,439	229,326	195,789

19. DEFERRED TAX

The Group

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

Deferred tax assets

	Impairment provision	Lease liabilities	Deferred income	Tax losses	Unrealised gains or losses on internal transactions	Share-based payments expense	Derivative financial instruments	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	7,594	852	71	—	—	—	—	—	8,517
Deferred tax credited/(charged) to the statement of profit or loss during the year	1,438	(376)	1,037	1,311	—	—	—	737	4,147
At 31 December 2023 and 1 January 2024	9,032	476	1,108	1,311	—	—	—	737	12,664
Deferred tax credited /(charged) to the statement of profit or loss during the year	2,911	178	853	(1,303)	4,873	—	—	234	7,746
Exchange realignment	(22)	4	—	—	—	—	—	—	(18)
At 31 December 2024 and 1 January 2025	11,921	658	1,961	8	4,873	—	—	971	20,392
Deferred tax credited/(charged) to the statement of profit or loss during the year	11,233	8,490	861	(8)	35,510	4,143	959	147	61,335
Exchange realignment	623	309	—	—	—	—	—	—	932
At 31 December 2025	23,777	9,457	2,822	—	40,383	4,143	959	1,118	82,659

Deferred tax liabilities

	Right-of-use assets	Changes in fair value through profit or loss	Accelerated depreciation allowance	Foreign exchange gain or loss	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	935	133	116	—	—	1,184
Deferred tax (credited)/ charged to the statement of profit or loss during the year	(492)	282	(25)	—	—	(235)
At 31 December 2023 and 1 January 2024	443	415	91	—	—	949
Deferred tax charged to the statement of profit or loss during the year	(1)	4	9,283	632	42	9,960
Exchange realignment	4	—	107	26	—	137
At 31 December 2024 and 1 January 2025	446	419	9,481	658	42	11,046
Deferred tax (credited)/ charged to the statement of profit or loss during the year	8,300	(95)	18,541	2,922	—	29,668
Exchange realignment	299	—	111	102	—	512
At 31 December 2025	9,045	324	28,133	3,682	42	41,226

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

	31 December 2023	31 December 2024	31 December 2025
	RMB'000	RMB'000	RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	11,715	12,259	41,433
Net deferred tax liabilities recognised in the consolidated statement of financial position	—	2,913	—

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

	As at 31 December 2023	As at 31 December 2024	As at 31 December 2025
	RMB'000	RMB'000	RMB'000
Tax losses	441	—	—
Deductible temporary differences	3,044	26	1,331
Total	3,485	26	1,331

Deferred tax assets have not been recognised in respect of these losses and deductible temporary differences as they have arisen in the subsidiaries that have been loss-making for some time, and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

The Company

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

Deferred tax assets

	Impairment provision	Lease liabilities	Deferred income	Tax losses	Share-based payments expense	Derivative financial instruments	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	7,441	852	71	—	—	—	—	8,364
Deferred tax credited/ (charged) to the statement of profit or loss during the year	1,591	(376)	1,037	1,311	—	—	737	4,300
At 31 December 2023 and 1 January 2024	9,032	476	1,108	1,311	—	—	737	12,664
Deferred tax credited / (charged) to the statement of profit or loss during the year	2,372	76	853	(1,303)	—	—	234	2,232
At 31 December 2024 and 1 January 2025	11,404	552	1,961	8	—	—	971	14,896
Deferred tax credited/ (charged) to the statement of profit or loss during the year	3,076	(262)	861	(8)	4,143	959	147	8,916
At 31 December 2024	14,480	290	2,822	—	4,143	959	1,118	23,812

Deferred tax liabilities

	Right-of-use assets	Changes in fair value through profit or loss	Accelerated depreciation allowance	Others	Total
	RMB'000	RMB'000	RMB'000		RMB'000
At 1 January 2023	935	133	116	—	1,184
Deferred tax credited to the statement of profit or loss during the year	(492)	282	(25)	—	(235)
At 31 December 2023 and 1 January 2024	443	415	91	—	949
Deferred tax (credited)/charged to the statement of profit or loss during the year	(103)	4	6,618	42	6,561
At 31 December 2024 and 1 January 2025	340	419	6,709	42	7,510
Deferred tax (credited)/charged to the statement of profit or loss during the year	(165)	(95)	15,188	—	14,928
At 31 December 2025	175	324	21,897	42	22,438

20. INVENTORIES

The Group

	31 December 2023	31 December 2024	31 December 2025
	RMB'000	RMB'000	RMB'000
Raw materials	104,555	142,785	171,355
Work in progress	194,450	304,694	663,947
Finished goods	114,411	163,076	254,743
	413,416	610,555	1,090,045
Impairments	(47,557)	(70,840)	(128,368)
Total	365,859	539,715	961,677

The Company

	31 December 2023	31 December 2024	31 December 2025
	RMB'000	RMB'000	RMB'000
Raw materials	103,391	141,539	161,234
Work in progress	196,070	257,477	459,185
Finished goods	82,516	112,272	94,709
	381,977	511,288	715,128
Impairments	(45,138)	(69,707)	(90,414)
Total	336,839	441,581	624,714

21. TRADE AND BILLS RECEIVABLES

The Group

	31 December 2023	31 December 2024	31 December 2025
	RMB'000	RMB'000	RMB'000
Trade receivables	140,926	106,597	235,794
Bills receivable	5,650	2,721	513
Total	146,576	109,318	236,307
Less: Impairment provision	(8,699)	(355)	(1,215)
Net carrying amount	137,877	108,963	235,092

The Group's trading terms with its customers are mainly on credit. The credit period is generally one to three months, extending up to five months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An aging analysis of the trade and bills receivables as at 31 December 2023, 2024 and 2025, based on the time of revenue recognition and net of loss allowance, is as follows:

	31 December 2023	31 December 2024	31 December 2025
	RMB'000	RMB'000	RMB'000
Within 1 year	137,610	108,954	235,086
1 to 2 years	238	8	5
2 to 3 years	29	1	1
Total	137,877	108,963	235,092

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

	Note	2023	2024	2025
		RMB'000	RMB'000	RMB'000
At beginning of year		9,493	8,699	355
Impairment losses made/(reversed), net	6	(794)	(6,759)	850
Amount written off as uncollectible		—	(1,586)	—
Exchange realignment		—	1	10
At end of year		8,699	355	1,215

The Group calculates expected credit losses through expected credit loss rate. In determining the expected credit loss rate, the Group uses data such as internal historical credit loss experience, etc. and adjusts historical data based on current conditions and forward-looking information. When considering forward-looking information, the indicators used by the Group include the risk of economic downturn, external market environment, technological environment and changes in customer situations. The Group regularly monitors and reviews assumptions related to the calculation of expected credit losses.

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

As at 31 December 2023

	Expected credit loss rate	Gross carrying amount	Expected credit losses
		RMB'000	RMB'000
Provision on a collective basis:			
Within 1 year	5.0%	144,852	7,242
1 to 2 years	10.2%	265	27
2 to 3 years	29.3%	41	12
Over 3 years	100.0%	272	272
Subtotal		145,430	7,553
Provision on an individual basis	100.0%	1,146	1,146
Total		146,576	8,699

As at 31 December 2024

	Expected credit loss rate	Gross carrying amount	Expected credit losses
		RMB'000	RMB'000
Provision on a collective basis:			
Within 1 year	0.2%	109,203	249
1 to 2 years	71.4%	28	20
2 to 3 years	96.0%	25	24
Over 3 years	100.0%	62	62
Total		109,318	355

As at 31 December 2025

	Expected credit loss rate	Gross carrying amount	Expected credit losses
		RMB'000	RMB'000
Provision on a collective basis			
Within 1 year	0.5%	236,151	1,065
1 to 2 years	89.6%	48	43
2 to 3 years	95.7%	23	22
Over 3 years	100.0%	85	85
Total		236,307	1,215

The Company

	31 December 2023	31 December 2024	31 December 2025
	RMB'000	RMB'000	RMB'000
Trade receivables:			
Third parties	139,986	97,600	85,125
Subsidiaries	15,861	105,804	760,730
Subtotal	155,847	203,404	845,855
Bills receivable	5,650	2,721	513
Total	161,497	206,125	846,368
Less: Impairment losses	(8,632)	(331)	(553)
Net carrying amount	152,865	205,794	845,815

An aging analysis of the trade and bills receivables as at 31 December 2023, 2024 and 2025, based on the time of revenue recognition and net of loss allowance, is as follows:

	31 December 2023	31 December 2024	31 December 2025
	RMB'000	RMB'000	RMB'000
Within 1 year	152,627	205,785	841,150
1 to 2 years	238	8	4,664
2 to 3 years	—	1	1
Total	152,865	205,794	845,815

22. BILLS RECEIVABLE AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The Group and the Company

	31 December 2023	31 December 2024	31 December 2025
	RMB'000	RMB'000	RMB'000
Bills receivable at fair value through other comprehensive income	16,525	5,841	5,684

23. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group and the Company

	31 December 2023	31 December 2024	31 December 2025
	RMB'000	RMB'000	RMB'000
Wealth management products	292,769	387,708	282,159

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

24. DERIVATIVE FINANCIAL INSTRUMENTS

The Group and the Company

Assets

	31 December 2023	31 December 2024	31 December 2025
	RMB'000	RMB'000	RMB'000
Forward exchange contracts	—	83	—

Liabilities

	31 December 2023	31 December 2024	31 December 2025
	RMB'000	RMB'000	RMB'000
Forward exchange contracts	—	—	950
Cross currency swap contracts	—	—	5,442
Total	—	—	6,392

The forward exchange contracts and cross currency swap contracts are not designated for hedging and are measured at fair value through profit or loss.

25. CASH AND CASH EQUIVALENTS, TIME DEPOSITS AND PLEDGED DEPOSITS

The Group

	31 December 2023	31 December 2024	31 December 2025
	RMB'000	RMB'000	RMB'000
Current:			
Cash and cash equivalents	187,035	223,619	179,629
Time deposits	—	—	32,475
Pledged deposits	—	3,000	—
	187,035	226,619	212,104
Non-current:			
Time deposits	51,103	52,689	—
Total cash and bank balances	238,138	279,308	212,104
Denominated in:			
—RMB	175,835	154,926	84,510
—MYR	1,496	2,603	2,594
—USD	60,807	121,779	125,000
Total cash and bank balances	238,138	279,308	212,104

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

At 31 December 2023, 2024 and 2025, time deposits were mature within three years when acquired by the Group and earned interest at the respective time deposit rates.

At 31 December 2024, pledged deposits were pledged to a bank as margin deposits required for the purchase of financial derivative instruments.

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

The Company

	31 December 2023	31 December 2024	31 December 2025
	RMB'000	RMB'000	RMB'000
Current:			
Cash and cash equivalents	146,966	186,014	101,737
Time deposits	—	—	32,475
Pledged deposits	—	3,000	—
	146,966	189,014	134,212
Non-current:			
Time deposits	51,103	52,689	—
Total cash and bank balances	198,069	241,703	134,212

	31 December 2023	31 December 2024	31 December 2025
	RMB'000	RMB'000	RMB'000
	146,966	189,014	134,212
Denominated in:			
—RMB	175,835	154,926	84,510
—USD	22,234	86,777	49,702
Total cash and bank balances	198,069	241,703	134,212

26. TRADE AND BILLS PAYABLES

The Group

An aging analysis of the trade and bills payables as at the end of each of the Relevant Periods, based on recognition date, is as follows:

	31 December 2023	31 December 2024	31 December 2025
	RMB'000	RMB'000	RMB'000
Within 1 year	125,143	216,237	330,821
Over 1 year	6	17	953
Total	125,149	216,254	331,774

The Company

An aging analysis of the trade and bills payables as at the end of each of the Relevant Periods, based on the recognition date, is as follows:

	31 December 2023	31 December 2024	31 December 2025
	RMB'000	RMB'000	RMB'000
Within 1 year	125,129	238,883	354,903
Over 1 year	6	17	953
Total	125,135	238,900	355,856

The trade payables of the Group and the Company are non-interest-bearing and are normally settled on 90-day terms after acceptance of invoices.

Included in trade and bills payables of the Company is amount due to subsidiaries of nil, RMB22,686,000 and RMB28,122,000 as at 31 December 2023, 2024 and 2025, respectively.

27. OTHER PAYABLES AND ACCRUALS

The Group

	31 December 2023	31 December 2024	31 December 2025
	RMB'000	RMB'000	RMB'000
Other payables for acquisition of property, plant and equipment	10,362	89,952	31,052
Payroll and welfare payable	18,514	33,992	43,586
Other tax payables	498	1,313	1,774
Other payables	3,114	4,130	8,337
Total	32,488	129,387	84,749

The Company

	31 December 2023	31 December 2024	31 December 2025
	RMB'000	RMB'000	RMB'000
Other payables for acquisition of property, plant and equipment	9,405	86,462	25,802
Payroll and welfare payable	18,173	32,642	39,393
Other tax payables	498	1,313	1,774
Other payables	2,751	2,767	4,949
Total	30,827	123,184	71,918

Other payables of the Group and the Company are non-interest-bearing, unsecured and have no fixed terms of settlement.

Included in other payables and accruals of the Company is amount due to subsidiaries of RMB434,000, nil and nil as at 31 December 2023, 2024 and 2025, respectively.

28. INTEREST-BEARING BANK BORROWINGS

The Group and the Company

As at 31 December 2023

	Effective interest rate	Maturity Year	RMB'000
	%		
Current			
Bank loans-unsecured	2.60-2.80	2024	149,063

As at 31 December 2024

	Effective interest rate	Maturity Year	RMB'000
	%		
Current			
Bank loans-unsecured	2.25-2.60	2025	330,216

As at 31 December 2025

	Effective interest rate	Maturity Year	RMB'000
	%		
Current			
Bank loans-unsecured	2.14-4.10	2026	837,449
Current portion of long term bank loans-unsecured	2.30	2026	1,503
Subtotal			838,952
Non-current			
Non-current portion of long term bank loans-unsecured	2.30	2027	3,500
Total			842,452

	Effective interest rate	Maturity Year	RMB'000
	%		
Analysed in to:			
Bank loans repayable:			
Within one year or on demand			838,952
In the second to fifth years, inclusive			3,500
Total			842,452

Except for the loans of RMB128,209,000 denominated in United States dollars ("USD") as at 31 December 2025, all bank borrowings are denominated in RMB.

29. CONTRACT LIABILITIES

The Group

	31 December 2023	31 December 2024	31 December 2025
	RMB'000	RMB'000	RMB'000
Contract liabilities arising from:			
Sales of industrial products	154	109	156
Technology development services	—	—	14,954
Total	154	109	15,110

As at 1 January 2023, the contract liabilities of the Group is RMB237,000, which is arising from sale of industrial products.

The increase in contract liabilities in 2025 was mainly due to the development service agreement for 1.6T optical transceiver products entered into in March 2025.

The Company

	31 December 2023	31 December 2024	31 December 2025
	RMB'000	RMB'000	RMB'000
Contract liabilities arising from:			
Sales of industrial products	154	109	156

30. DEFERRED INCOME

The Group and the Company

	31 December 2023	31 December 2024	31 December 2025
	RMB'000	RMB'000	RMB'000
Government grant	7,386	13,074	18,812

31. SHARE CAPITAL

The Group and the Company

	31 December 2023	31 December 2024	31 December 2025
	RMB'000	RMB'000	RMB'000
Issued and fully paid ordinary shares of RMB1 each	129,744	129,744	129,744

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

	Number of shares	Share capital
		RMB'000
At 1 January 2023	72,080,000	72,080
Bonus issue (note)	57,664,000	57,664
At 31 December 2023, 31 December 2024 and 31 December 2025	129,744,000	129,744

Note：
On 16 May 2023, pursuant to the shareholders' resolution, the Company issued 8 bonus shares of RMB1 each for every 10 shares to all shareholders. As a result, a total of 57,664,000 new shares were issued and capital reserve of RMB57,664,000 was transferred to share capital.

32. RESERVES

The Group

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

(i) Capital reserve

The capital reserve represents the share premium.

(ii) Surplus reserve

In accordance with the Company Law of the PRC, companies registered in the PRC are required to allocate 10% of the statutory after-tax profits to the surplus reserve until the cumulative total of the reserve reaches 50% of the company's registered capital. Subject to approval from the relevant PRC authorities, the surplus reserve may be used to offset any accumulated losses or increase the registered capital of the companies. The surplus reserve are not available for dividend distribution to equity holders of the PRC companies.

The Company

The amounts of the Company's reserves and the movements therein are presented as below:

	Capital reserve	Share-based payment reserve	Assets revaluation reserve	Surplus reserve	Retained profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	1,112,358	—	—	22,068	198,612	1,333,038
Profit for the year	—	—	—	—	31,993	31,993
Total comprehensive income for the year	—	—	—	—	31,993	31,993
Issue of bonus shares	(57,664)	—	—	—	—	(57,664)
Dividend declared	—	—	—	—	(14,416)	(14,416)
Transfer from retained profits	—	—	—	3,199	(3,199)	—
As at 31 December 2023 and 1 January 2024	1,054,694	—	—	25,267	212,990	1,292,951
Profit for the year	—	—	—	—	85,211	85,211
Gain on property evaluation, net of tax	—	—	238	—	—	238
Total comprehensive income for the year	—	—	238	—	85,211	85,449

	Capital reserve	Share-based payment reserve	Assets revaluation reserve	Surplus reserve	Retained profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Dividend declared	—	—	—	—	(6,487)	(6,487)
Transfer from retained profits	—	—	—	8,521	(8,521)	—
As at 31 December 2024 and 1 January 2025	1,054,694	—	238	33,788	283,193	1,371,913
Profit for the year	—	—	—	—	147,113	147,113
Total comprehensive income for the year	—	—	—	—	147,113	147,113
Dividend declared	—	—	—	—	(25,949)	(25,949)
Share-based payments	—	28,726	—	—	—	28,726
Transfer from retained profits	—	—	—	14,711	(14,711)	—
As at 31 December 2025	1,054,694	28,726	238	48,499	389,646	1,521,803

33. SHARE-BASED PAYMENTS

On 31 December 2024, the shareholders of the Company approved the 2024 share options incentive plan (the "2024 Plan") to provide equity-based incentives to eligible participants. The Company granted a total of 1,335,000 share options to 91 incentive participants, with exercise price of RMB39.37 per share. Pursuant to the 2024 Plan, the share options granted to participants will be vested in three tranches after the date of the grant, with each tranche vesting at 12-month intervals, and the maximum percentage to be unlocked for each tranche will be 30%, 30% and 40%, respectively, according to the Company's performance appraisal and individual performance appraisal, etc.

On 25 August 2025, the Company adjusted the exercise price of the 2024 Plan from RMB39.37 per share to RMB39.17 per share as a result of the final dividend for the year ended 31 December 2024 in accordance with the terms of 2024 Plan.

On 25 August 2025, the Company granted 210,000 share options to 11 eligible participants out of reserved portion under the 2024 Plan, with exercise price of RMB39.17 per share. Pursuant to the 2024 Plan regulations, the share options granted to participants will be vested in three tranches after the date of the grant, with each tranche vesting at 12-month intervals, and the maximum percentage to be locked for each period will be 30%, 30% and 40%, respectively, according to the Company's performance appraisal and individual performance appraisal, etc.

On 10 November 2025, the Company granted 20,000 share options to 1 eligible participant out of reserved portion under the 2024 Plan, with exercise price of RMB39.17 per share. Pursuant to the 2024 Plan regulations, the share options granted to participants will be vested in two tranches after one month from the date of the grant, with each tranche vesting at 12-month intervals, and the maximum percentage of unlocking for each period will be 50% and 50%, respectively, according to the Company's performance appraisal and individual performance appraisal, etc.

The fair value of share options granted was estimated as at the date of grant, using Black-Scholes Option Pricing Model, taking into account the terms and conditions upon which the share options were granted.

The Group recognised the expense of nil, nil, RMB28,726,000 for the years ended 31 December 2023, 2024 and 2025, respectively, in relation to the share-based payment.

The following number of share options with exercise price of RMB39.17 per share option were outstanding under the 2024 Plan during the Relevant Periods:

	2023	2024	2025
	Number of share option	Number of share option	Number of share option
	'000	'000	'000
At the beginning of the year	—	—	1,335
Granted during the year	—	1,335	230
Forfeited during the year	—	—	(190)
Total	—	1,335	1,375

The following table lists the inputs to the model used:

Date of grant	31 December 2024
Dividend yield (%)	0.07%
Expected volatility (%)	29.55%, 23.11%, 22.83%
Risk-free interest rate (%)	1.50%~2.75%
Weighted average share price (RMB per share)	38.38

Date of grant	25 August 2025
Dividend yield (%)	0.18%
Expected volatility (%)	28.67%, 25.10%, 22.38%
Risk-free interest rate (%)	1.50%~2.75%
Weighted average share price (RMB per share)	76.84

Date of grant	10 November 2025
Dividend yield (%)	0.18%
Expected volatility (%)	21.84%, 25.40%
Risk-free interest rate (%)	1.50%~2.10%
Weighted average share price (RMB per share)	73.14

34. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the years ended 31 December 2023, 2024 and 2025, the Group had non-cash additions to right-of-use assets of RMB650,000, RMB1,976,000 and RMB41,955,000, respectively, and addition to lease liabilities of RMB650,000, RMB1,973,000 and RMB41,955,000, respectively, in respect of lease arrangements for properties.

During the years ended 31 December 2023, 2024 and 2025, the Group endorsed bills receivable of RMB6,010,000, RMB8,199,000 and RMB21,066,000, respectively, to settle the payables for purchase of materials.

(b) Changes in liabilities arising from financing activities

	Interest-bearing bank borrowings	Lease liabilities
	RMB'000	RMB'000
At 1 January 2023	89,072	5,845
Changes from financing cash flows	56,936	(2,784)
New leases	—	650
Lease termination	—	(209)
Lease modification	—	(36)
Exchange realignment	—	47
Interest expense	3,055	200
As at 31 December 2023 and 1 January 2024	149,063	3,713
Changes from financing cash flows	175,178	(1,043)
New leases	—	1,973
Lease modification	—	(688)
Exchange realignment	—	76
Interest expense	5,975	96
As at 31 December 2024 and 1 January 2025	330,216	4,127
Changes from financing cash flows	502,589	(6,570)
New leases	—	41,995
Exchange realignment	(3,404)	(782)
Interest expense	13,051	1,359
As at 31 December 2025	842,452	40,129

35. PLEDGE OF ASSETS

Details of the Group's assets pledged for margin deposits of financial derivatives instruments are included in note 25 to the Historical Financial Information.

36. COMMITMENTS

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

	31 December 2023	31 December 2024	31 December 2025
	RMB'000	RMB'000	RMB'000
Contracted, but not provided for:			
Purchase of property, plant and equipment	212,291	104,806	126,748

37. RELATED PARTY TRANSACTIONS AND BALANCES

(a) Names and relationships with related parties

Names of related parties	Relationships with the Group
Mr. Zhang jian	Shareholder and director
Mr. Yang Xianwen	Shareholder and director
Mr. Lin Xuefeng	Shareholder and director

(b) Outstanding balances with related parties

i. Due from a related party (included in prepayments, other receivables and other assets)

	31 December 2023	31 December 2024	31 December 2025
	RMB'000	RMB'000	RMB'000
Mr. Zhang jian	—	—	70

ii. Due to related parties (included in other payables and accrual)

	31 December 2023	31 December 2024	31 December 2025
	RMB'000	RMB'000	RMB'000
Mr. Yang Xianwen	—	—	80
Mr. Lin Xuefeng	—	—	500
Total	—	—	580

(c) Compensation of key management personnel of the Group

	Year ended 31 December 2023	Year ended 31 December 2024	Year ended 31 December 2025
	RMB'000	RMB'000	RMB'000
Salaries, allowances, bonuses and benefits in kind (including contributions to pension plans)	6,401	11,564	12,822
Share-based compensation expenses	—	—	5,522
Total compensation for key management personnel	6,401	11,564	18,344

38. FINANCIAL INSTRUMENTS BY CATEGORY

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

As at 31 December 2023

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills receivables	—	—	137,877	137,877
Bills receivable at fair value through other comprehensive income	—	16,525	—	16,525
Financial assets included in prepayments, other receivables and other assets	—	—	17,936	17,936
Financial assets at fair value through profit or loss	292,769	—	—	292,769
Time deposits	—	—	51,103	51,103
Cash and cash equivalents	—	—	187,035	187,035
Total	292,769	16,525	393,951	703,245

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Trade and bills payables	125,149
Financial liabilities included in other payables and accruals	13,471
Interest-bearing bank borrowings	149,063
Total	287,683

As at 31 December 2024

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills receivables	—	—	108,963	108,963
Bills receivable at fair value through other comprehensive income	—	5,841	—	5,841
Financial assets included in prepayments, other receivables and other assets	—	—	24,638	24,638
Financial assets at fair value through profit or loss	387,708	—	—	387,708
Derivative financial instruments	83	—	—	83
Time deposits	—	—	52,689	52,689
Pledged deposits	—	—	3,000	3,000
Cash and cash equivalents	—	—	223,619	223,619
Total	387,791	5,841	412,909	806,541

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Trade and bills payables	216,254
Financial liabilities included in other payables and accruals	94,082
Interest-bearing bank borrowings	330,216
Total	640,552

As at 31 December 2025

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills receivables	—	—	235,092	235,092
Bills receivable at fair value through other comprehensive income	—	5,684	—	5,684
Financial assets included in prepayments, other receivables and other assets	—	—	51,815	51,815

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at fair value through profit or loss	282,159	—	—	282,159
Time deposits	—	—	32,475	32,475
Cash and cash equivalents	—	—	179,629	179,629
Total	282,159	5,684	499,011	786,854

Financial liabilities

	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Total
	RMB'000	RMB'000	RMB'000
Trade and bills payables	—	331,774	331,774
Financial liabilities included in other payables and accruals	—	39,389	39,389
Interest-bearing bank borrowings	—	842,452	842,452
Derivative financial instruments	6,392	—	6,392
Total	6,392	1,213,615	1,220,007

39. TRANSFERS OF FINANCIAL ASSETS

Transferred financial assets that were derecognised in their entirety

During the Relevant Periods, the Group endorsed certain bills receivable accepted by banks in Chinese mainland (the "Derecognised Bills") to certain of its suppliers in order to settle the trade payables due to such suppliers with carrying amounts in aggregate of RMB6,010,000, RMB8,199,000 and RMB21,066,000 as at 31 December 2023, 2024 and 2025, respectively. The Derecognised Bills had a maturity ranging from 1 to 6 months at the end of each Relevant Period. In accordance with the Law of Negotiable Instruments of Chinese mainland, the holders of the Derecognised Bills may exercise the right of recourse against any, several or all of the persons/entities who are liable for the Derecognised Bills, including the Group, regardless of the order of precedence (the "Continuing Involvement"). In the opinion of the Company's directors, the Group has transferred substantially all the risks and rewards relating to the Derecognised Bills. Accordingly, the Group has Derecognised the full carrying amounts of the Derecognised Bills and the associated trade payables. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is their carrying amounts. In the opinion of the Company's directors, the fair values of the Group's Continuing Involvement in the Derecognised Bills are not significant.

40. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

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

The Group invests in wealth management products issued by banks and securities companies in Chinese mainland. The fair values of the wealth management products which were all issued by reputable banks and securities companies have been estimated by using discounted cash flow valuation models based on the market interest rates of instruments with similar terms and risks.

The fair values of the non-current portion of interest-bearing bank borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk as at the end of each of the Relevant Periods were assessed to be insignificant. The fair values of the non-current portion of interest-bearing bank borrowings approximate to their carrying amounts.

Derivative financial instruments, including forward currency contracts, are measured using valuation techniques similar to forward pricing and swap models, using present value calculations. The models incorporate various market observable inputs including the credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves.

The fair values of bills receivable at fair value through other comprehensive income have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

The changes in fair values as a result of the Group for bills receivable at fair value through other comprehensive income as at 31 December 2025 were assessed to be insignificant.

Fair value hierarchy

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

Assets measured at fair value:

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Bills receivable at fair value through other comprehensive income	—	16,525	—	16,525
Financial assets at fair value through profit or loss	—	292,769	—	292,769
Total	—	309,294	—	309,294

As at 31 December 2024

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Bills receivable at fair value through other comprehensive income	—	5,841	—	5,841
Financial assets at fair value through profit or loss	—	387,708	—	387,708
Derivative financial instruments	—	83	—	83
Total	—	393,632	—	393,632

As at 31 December 2025

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Bills receivable at fair value through other comprehensive income	—	5,684	—	5,684
Financial assets at fair value through profit or loss	—	282,159	—	282,159
Total	—	287,843	—	287,843

Liabilities measured at fair value:

As at 31 December 2025

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Derivative financial instruments	—	6,392	—	6,392

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

The Group also enters into derivative transactions, including forward currency contracts. The purpose is to manage currency risks arising from the Group's operations and its sources of finance.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below. The Group's accounting policies in relation to derivatives are set out in note 2.3 to the Historical Financial Information.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's short-term interest-bearing bank borrowings with a floating interest rate. The Group's policy is to manage its interest cost using a mix of fixed and variable rate debts.

If the interest rate of bank borrowings had increased/decreased by 50 basis points and all other variables were held constant, the Group's profit before tax (through the impact on floating rate borrowings) would have decreased/increased by approximately RMB745,000, RMB1,651,000 and RMB4,212,000 for the years ended 31 December 2023, 2024 and 2025, respectively.

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies. The Group adopts the method of purchasing forward foreign exchange contracts to maintain the principle of exchange rate neutrality.

The following table shows the sensitivity analysis of exchange rate risk, reflecting the impact of reasonable and possible changes in foreign currency exchange rate on profit before tax under the assumption that other variables remain unchanged:

	Increase/(decrease) in foreign currency/RMB rate	Increase/(decrease) in profit before tax
	rate%	RMB'000
Year ended 31 December 2023		
If RMB weakens against USD	5	6,224
If RMB strengthens against USD	(5)	(6,224)
Year ended 31 December 2024		
If RMB weakens against USD	5	6,233
If RMB strengthens against USD	(5)	(6,233)
Year ended 31 December 2025		
If RMB weakens against USD	5	5,041
If RMB strengthens against USD	(5)	(5,041)

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

Maximum exposure and year-end staging as at 31 December 2023, 2024 and 2025

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

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills receivables*	—	—	—	146,576	146,576
Bills receivable at fair value through other comprehensive income	—	—	—	16,525	16,525
Financial assets included in prepayments, other receivables and other assets					
—Normal**	18,460	—	—	—	18,460
Cash and cash equivalents					
—Not yet past due	187,035	—	—	—	187,035
Time deposits	51,103	—	—	—	51,103
Total	256,598	—	—	163,101	419,699

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills receivables*	—	—	—	109,318	109,318
Bills receivable at fair value through other comprehensive income	—	—	—	5,841	5,841
Financial assets included in prepayments, other receivables and other assets					
—Normal**	25,517	—	—	—	25,517
Cash and cash equivalents					
—Not yet past due	223,619	—	—	—	223,619
Time deposits	52,689	—	—	—	52,689
Pledged deposits	3,000	—	—	—	3,000
Total	304,825	—	—	115,159	419,984

As at 31 December 2025

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills receivables*	—	—	—	236,307	236,307
Bills receivable at fair value through other comprehensive income	—	—	—	5,684	5,684
Financial assets included in prepayments, other receivables and other assets					
—Normal**	54,196	—	—	—	54,196
Cash and cash equivalents					
—Not yet past due	179,629	—	—	—	179,629
Time deposits	32,475	—	—	—	32,475
Total	266,300	—	—	241,991	508,291

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

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

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 21 to the Historical Financial Information. At the end of each of the Relevant Periods, the Group had certain concentrations of credit risk as 18.1%, 16.1% and 32.8% of the Group's trade receivables were due from the Group's largest customer, respectively, and 54.5%, 53.0%, 61.2% of the Group's trade receivables were due from the Group's five largest customers, respectively.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's objective is to maintain a balance for continuity of funding to finance its working capital needs as well as capital expenditure.

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

	31 December 2023		
	Within one year	1 to 5 years	Total
	RMB'000	RMB'000	RMB'000
Trade and bills payables	125,149	—	125,149
Financial liabilities included in other payables and accruals	13,471	—	13,471
Interest-bearing bank borrowings	153,098	—	153,098
Lease liabilities	2,064	1,933	3,997
Total	293,782	1,933	295,715

	31 December 2024		
	Within one year	1 to 5 years	Total
	RMB'000	RMB'000	RMB'000
Trade and bills payables	216,254	—	216,254
Financial liabilities included in other payables and accruals	94,082	—	94,082
Interest-bearing bank borrowings	338,264	—	338,264
Lease liabilities	2,825	1,429	4,254
Total	651,425	1,429	652,854

	31 December 2025		
	Within one year	1 to 5 years	Total
	RMB'000	RMB'000	RMB'000
Trade and bills payables	331,774	—	331,774
Financial liabilities included in other payables and accruals	39,389	—	39,389
Interest-bearing bank borrowings	856,789	3,729	860,518
Lease liabilities	10,209	34,428	44,637
Total	1,238,161	38,157	1,276,318

Capital management

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

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2023, 2024 and 2025.

The Group monitors capital using gearing ratio, which is total liabilities divided by total assets. The gearing ratio as at the end of each of the reporting periods were as follows:

	31 December 2023	31 December 2024	31 December 2025
Total assets (RMB'000)	1,739,586	2,211,512	2,984,110
Total liabilities (RMB'000)	317,983	700,524	1,364,758
Gearing ratio	18%	32%	46%

42. EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of the Relevant Periods and in May 2026, the board of directors of the Company proposed a final dividend for the year ended 31 December 2025 and the details of the 2025 final dividend proposed are described in note 11 to the Historical Financial Information.

43. SUBSEQUENT FINANCIAL STATEMENTS

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