

APPENDIX I

ACCOUNTANT’S REPORT

The following is the text of a report set out on pages [I-1] to [I-3], received from the Company’s reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document. It is prepared and addressed to the directors of the Company and to the Sole Sponsor pursuant to the requirements of Hong Kong Standard on Investment Circular Reporting Engagement 200 Accountants’ Reports on Historical Financial Information in Investment Circulars as issued by the Hong Kong Institute of Certified Public Accountants.

[Letterhead of PricewaterhouseCoopers]

[DRAFT]

ACCOUNTANT’S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF SILICON-MAGIC SEMICONDUCTOR TECHNOLOGY (HANGZHOU) CO., LTD. AND HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED

Introduction

We report on the historical financial information of Silicon-Magic Semiconductor Technology (Hangzhou) Co., Ltd. (the “Company”) and its subsidiaries (together, the “Group”) set out on pages [I-4] to [I-80], which comprises the consolidated statements of financial position as at December 31, 2023, 2024 and 2025 and April 30, 2026, the Company statements of financial position as at December 31, 2023, 2024 and 2025 and April 30, 2026 and the consolidated statements of comprehensive loss, the consolidated statements of changes in equity/(deficit) and the consolidated statements of cash flows for each of the years ended December 31, 2023, 2024 and 2025 and for the four months ended April 30, 2026 (the “Track Record Period”) and material accounting policy information and other explanatory information (together, the “Historical Financial Information”). The Historical Financial Information set out on pages [I-4] to [I-80] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [REDACTED] (the “Document”) in connection with the initial [REDACTED] of H shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors’ responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountant’s responsibility

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

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountant’s 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 accountant considers internal control relevant to the entity’s preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set

APPENDIX I

ACCOUNTANT’S REPORT

out in Note 2 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 accountant’s report, a true and fair view of the financial position of the Company as at December 31, 2023, 2024 and 2025 and April 30, 2026 and the consolidated financial position of the Group as at December 31, 2023, 2024 and 2025 and April 30, 2026 and of its consolidated financial performance and its consolidated cash flows for the Track Record Period in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Group which comprises the consolidated statements of comprehensive loss, the consolidated statements of changes in equity/(deficit) and the consolidated statements of cash flows for the four months ended April 30, 2025 and other explanatory information (the “Stub Period Comparative Financial Information”). The directors of the Company are responsible for the preparation of the Stub Period Comparative Financial Information in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* as issued by the International Auditing and Assurance Standards Board (“IAASB”). A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountant’s report, is not prepared, in all material respects, in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

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

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page [I-4] have been made.

APPENDIX I

ACCOUNTANT’S REPORT

Dividends

We refer to Note 46 to the Historical Financial Information which states that no dividends have been paid by Silicon-Magic Semiconductor Technology (Hangzhou) Co., Ltd. in respect of the Track Record Period.

[PricewaterhouseCoopers]
Certified Public Accountants
Hong Kong
[Date]

APPENDIX I

ACCOUNTANT’S REPORT

I. HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountant’s report.

The financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by PricewaterhouseCoopers in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board (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.

APPENDIX I

ACCOUNTANT’S REPORT

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

	Note	Year ended December 31,			Four months ended April 30,	
		2023	2024	2025	2025	2026
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Revenue	6	1,640,125	1,574,471	1,952,855	571,146	836,508
Cost of sales	9	(1,091,934)	(1,111,734)	(1,422,560)	(394,254)	(616,988)
Gross profit		<u>548,191</u>	<u>462,737</u>	<u>530,295</u>	<u>176,892</u>	<u>219,520</u>
Selling and marketing expenses	9	(123,499)	(137,466)	(135,422)	(42,023)	(42,155)
General and administrative expenses	9	(143,746)	(166,922)	(189,675)	(47,620)	(56,214)
Research and development expenses	9	(335,607)	(405,664)	(417,110)	(133,387)	(134,878)
Net impairment reversal/(losses) on financial assets	3	201	(123)	(26)	(364)	(633)
Other income	7	10,748	28,639	38,548	8,559	8,187
Other gains/(losses) – net	8	33,415	51,356	8,440	(25,446)	35,396
Operating (losses)/gains		<u>(10,297)</u>	<u>(167,443)</u>	<u>(164,950)</u>	<u>(63,389)</u>	<u>29,223</u>
Finance income	11	66,137	40,078	18,820	7,007	6,271
Finance costs	11	(510,433)	(553,889)	(97,775)	(92,668)	(2,179)
Finance costs – net	11	<u>(444,296)</u>	<u>(513,811)</u>	<u>(78,955)</u>	<u>(85,661)</u>	<u>4,092</u>
Share of profit/(loss) from investments accounted for using the equity method	14	6,507	4,779	(3,051)	(3,632)	(2,883)
(Loss)/Profit before income tax		<u>(448,086)</u>	<u>(676,475)</u>	<u>(246,956)</u>	<u>(152,682)</u>	<u>30,432</u>
Income tax expense	12	(58,173)	(20,630)	(30,817)	(6,808)	(1,954)
(Loss)/Profit for the year/period		<u>(506,259)</u>	<u>(697,105)</u>	<u>(277,773)</u>	<u>(159,490)</u>	<u>28,478</u>
(Loss)/Profit is attributable to:						
Owners of the Company		(506,259)	(697,744)	(276,303)	(158,284)	28,478
Non-controlling interests		–	639	(1,470)	(1,206)	–
(Loss)/Profit per share attributable to the owners of the Company						
Basic and diluted (loss)/profit per share (in RMB per share)	12a	<u>(10.58)</u>	<u>(13.95)</u>	<u>(5.53)</u>	<u>(3.17)</u>	<u>0.57</u>
Other comprehensive income/(loss)						
<i>Item that may be not reclassified to profit or loss</i>						
– Remeasurement of defined benefit plan, net of tax	38	(24,153)	(12,319)	3,343	502	489
– Changes in the fair value of financial assets at fair value through other comprehensive income		60,581	(34,431)	(807)	5,013	(64,677)
<i>Items that may be reclassified to profit or loss</i>						
– Exchange differences on translation of foreign operations		704	(174,970)	(25,522)	40,215	(84,638)
– Share of other comprehensive (loss)/income of investments accounted for using the equity method		(138)	(36)	(166)	3	1
Total other comprehensive income/(loss) for the year/period, net of tax		<u>36,994</u>	<u>(221,756)</u>	<u>(23,152)</u>	<u>45,733</u>	<u>(148,825)</u>
Total comprehensive loss for the year/period		<u>(469,265)</u>	<u>(918,861)</u>	<u>(300,925)</u>	<u>(113,757)</u>	<u>(120,347)</u>
Total comprehensive loss for the year/period is attributable to:						
Owners of the Company		(469,265)	(919,500)	(299,455)	(112,551)	(120,347)
Non-controlling interests		–	639	(1,470)	(1,206)	–

APPENDIX I

ACCOUNTANT’S REPORT

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	As at December 31,			As at April 30,
		2023	2024	2025	2026
		RMB'000	RMB'000	RMB'000	RMB'000
Assets					
Non-current assets:					
Property, plant and equipment	16	40,924	133,855	297,432	316,377
Right-of-use assets	17	39,669	43,339	31,962	40,974
Intangible assets	18	225,195	140,971	78,099	111,959
Deferred income tax assets	35	40,334	35,280	30,662	37,490
Investments accounted for using the equity method	14	108,880	123,272	117,950	113,490
Financial assets at fair value through other comprehensive income	24	1,540,763	1,500,256	1,499,411	1,434,734
Financial assets at fair value through profit or loss	24	228,170	240,138	209,857	226,145
Restricted cash	25	50,419	46,464	44,008	44,206
Goodwill	15	330,693	296,141	291,492	276,265
Other non-current assets	19	38,636	14,613	22,155	38,583
Total non-current assets		<u>2,643,683</u>	<u>2,574,329</u>	<u>2,623,028</u>	<u>2,640,223</u>
Current assets:					
Inventories	23	330,591	344,060	427,055	443,275
Prepayments and other receivables	21	7,217	12,827	12,963	6,477
Trade and note receivables	22	140,520	156,433	188,186	247,490
Financial assets at fair value through profit or loss	24	–	891,022	600,414	931,299
Time deposits	25	514,042	315,578	913,785	814,152
Restricted cash	25	28,602	40,100	23,172	8,337
Cash and cash equivalents	25	2,501,479	1,538,672	1,207,952	791,147
Other current assets	26	31,692	46,162	38,484	40,611
Total current assets		<u>3,554,143</u>	<u>3,344,854</u>	<u>3,412,011</u>	<u>3,282,788</u>
Total assets		<u>6,197,826</u>	<u>5,919,183</u>	<u>6,035,039</u>	<u>5,923,011</u>
Net current assets/(liabilities)		<u>3,224,543</u>	<u>(5,206,145)</u>	<u>2,864,728</u>	<u>2,788,007</u>
(Deficit)/equity					
Paid-in capital/Share capital	27	27,080	27,080	50,000	50,000
Treasury stock	28	(6,453,000)	(6,453,000)	–	–
Reserves	28	6,731,073	6,573,434	5,097,873	4,972,066
Accumulated (losses)/profits	29	(2,122,413)	(2,820,157)	187,481	215,959
(Deficit)/equity attributable to owners of the Company		<u>(1,817,260)</u>	<u>(2,672,643)</u>	<u>5,335,354</u>	<u>5,238,025</u>
Non-controlling interests		–	2,639	–	–
Total (deficit)/equity		<u>(1,817,260)</u>	<u>(2,670,004)</u>	<u>5,335,354</u>	<u>5,238,025</u>

APPENDIX I

ACCOUNTANT’S REPORT

		As at December 31,			As at April 30,
	Note	2023	2024	2025	2026
		RMB'000	RMB'000	RMB'000	RMB'000
Liabilities					
Non-current liabilities					
Long-term payables	37	18,924	1,722	2,871	31,470
Borrowings	39	—	—	98,899	100,272
Long-term employee benefits . .	38	20,912	23,119	19,343	24,112
Provisions	36	2,437	2,445	1,752	4,191
Lease liabilities	17	21,663	10,364	5,138	6,561
Redemption liabilities	30	7,615,436	—	—	—
Deferred income tax liabilities .	35	6,114	38	—	—
Other non-current liabilities . . .	40	—	500	24,399	23,599
Total non-current liabilities . .		7,685,486	38,188	152,402	190,205
Current liabilities					
Derivative financial liabilities .	20	—	39,847	—	5,308
Trade payables	32	135,285	165,890	289,187	238,334
Contract liabilities	34	6,346	8,551	15,395	26,966
Accrued expenses and other payables	33	168,850	156,266	226,065	202,773
Redemption liabilities-current portion	30	—	8,161,732	—	—
Provisions	36	91	362	4,433	2,458
Lease liabilities	17	19,028	18,351	12,203	18,942
Total current liabilities		329,600	8,550,999	547,283	494,781
Total liabilities		8,015,086	8,589,187	699,685	684,986
Total liabilities and (deficit)/equity					
		6,197,826	5,919,183	6,035,039	5,923,011

APPENDIX I

ACCOUNTANT’S REPORT

COMPANY STATEMENTS OF FINANCIAL POSITION

	Note	As at December 31,			As at April 30,
		2023	2024	2025	2026
		RMB'000	RMB'000	RMB'000	RMB'000
Assets					
Non-current assets					
Property, plant and equipment	16	10,412	18,805	32,894	30,801
Right-of-use assets	17	6,926	7,424	7,276	9,545
Intangible assets	18	10,099	7,027	4,593	14,874
Investments in subsidiaries	13	1,452,045	1,655,562	1,673,853	1,680,812
Investments accounted for using the equity method	14	77,728	87,638	87,233	85,472
Financial assets at fair value through other comprehensive income	24	1,540,763	1,500,256	1,499,411	1,434,734
Financial assets at fair value through profit or loss	24	228,170	240,138	209,857	226,145
Restricted cash	25	50,419	46,464	44,008	44,206
Other non-current assets		2,346	611	2,304	3,014
Total non-current assets		<u>3,378,908</u>	<u>3,563,925</u>	<u>3,561,429</u>	<u>3,529,603</u>
Current assets					
Inventories	23	41,923	80,449	171,167	190,912
Prepayments and other receivables	21	9,242	19,549	3,215	8,126
Trade and note receivables	22	42,087	57,616	106,368	105,289
Financial assets at fair value through profit or loss	24	–	832,862	600,414	931,299
Time deposits	25	–	147,685	654,847	369,899
Restricted cash	25	28,602	40,100	23,172	8,337
Cash and cash equivalents	25	2,102,340	807,888	388,833	270,886
Other current assets	26	14,695	1,628	26,793	27,451
Total current assets		<u>2,238,889</u>	<u>1,987,777</u>	<u>1,974,809</u>	<u>1,912,199</u>
Total assets		<u>5,617,797</u>	<u>5,551,702</u>	<u>5,536,238</u>	<u>5,441,802</u>
Net current assets/(liabilities)		<u>2,175,497</u>	<u>(6,302,033)</u>	<u>1,698,076</u>	<u>1,660,003</u>
(Deficit)/equity					
(Deficit)/equity attributable to owners of the Company					
Paid-in capital/Share capital	27	27,080	27,080	50,000	50,000
Treasury stock	28	(6,453,000)	(6,453,000)	–	–
Reserves	28	6,847,479	6,866,793	5,394,751	5,347,352
Accumulated losses	29	(2,494,709)	(3,183,363)	(205,840)	(236,491)
Total (deficit)/equity		<u>(2,073,150)</u>	<u>(2,742,490)</u>	<u>5,238,911</u>	<u>5,160,861</u>

APPENDIX I

ACCOUNTANT’S REPORT

		As at December 31,			As at April 30,
	Note	2023	2024	2025	2026
		RMB'000	RMB'000	RMB'000	RMB'000
Liabilities					
Non-current liabilities					
Deferred income tax liabilities	35	6,114	38	—	—
Long-term payables	37	2,128	—	105	7,652
Lease liabilities	17	3,877	4,344	3,597	4,721
Redemption liabilities	30	7,615,436	—	—	—
Other non-current liabilities	40	—	—	16,892	16,372
Total non-current liabilities		<u>7,627,555</u>	<u>4,382</u>	<u>20,594</u>	<u>28,745</u>
Current liabilities					
Trade payables	32	40,236	91,996	174,412	139,566
Contract liabilities	34	3,321	5,718	14,028	25,671
Accrued expenses and other payables	33	16,548	27,456	83,999	81,460
Provisions		—	—	493	795
Lease liabilities	17	3,287	2,908	3,801	4,704
Redemption liabilities-current portion	30	—	8,161,732	—	—
Total current liabilities		<u>63,392</u>	<u>8,289,810</u>	<u>276,733</u>	<u>252,196</u>
Total liabilities		<u>7,690,947</u>	<u>8,294,192</u>	<u>297,327</u>	<u>280,941</u>
Total liabilities and (deficit)/equity		<u>5,617,797</u>	<u>5,551,702</u>	<u>5,536,238</u>	<u>5,441,802</u>

APPENDIX I

ACCOUNTANT’S REPORT

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY/(DEFICIT)

		Attributable to owners of the Company					Non-controlling interests	Total deficit	
Note	Paid-in capital	Treasury stock	Reserves	Accumulated losses	Sub-total				
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000				
Balance at December 31, 2022		24,898	(6,253,000)	6,351,509	(1,616,154)	(1,492,747)	–	(1,492,747)	
Comprehensive loss									
Loss for the year		–	–	–	(506,259)	(506,259)	–	(506,259)	
Other comprehensive income		–	–	36,994	–	36,994	–	36,994	
Total comprehensive loss for the year		–	–	36,994	(506,259)	(469,265)	–	(469,265)	
Transactions with owners in their capacity as owners:									
Contribution from shareholders		27	2,182	–	294,680	–	296,862	–	296,862
Recognition of redemption rights granted to investors		30	–	(200,000)	–	–	(200,000)	–	(200,000)
Share-based compensation		31	–	–	47,890	–	47,890	–	47,890
Total transactions with owners in their capacity as owners			2,182	(200,000)	342,570	–	144,752	–	144,752
Balance at December 31, 2023			27,080	(6,453,000)	6,731,073	(2,122,413)	(1,817,260)	–	(1,817,260)
Balance at January 1, 2024			27,080	(6,453,000)	6,731,073	(2,122,413)	(1,817,260)	–	(1,817,260)
Comprehensive loss									
Loss for the year			–	–	–	(697,744)	(697,744)	639	(697,105)
Other comprehensive loss			–	–	(221,756)	–	(221,756)	–	(221,756)
Total comprehensive loss for the year			–	–	(221,756)	(697,744)	(919,500)	639	(918,861)
Transactions with owners in their capacity as owners:									
Contribution from non-controlling shareholders			–	–	–	–	–	2,000	2,000
Share-based compensation		31	–	–	64,117	–	64,117	–	64,117
Total transactions with owners in their capacity as owners			–	–	64,117	–	64,117	2,000	66,117
Balance at December 31, 2024			27,080	(6,453,000)	6,573,434	(2,820,157)	(2,672,643)	2,639	(2,670,004)

APPENDIX I

ACCOUNTANT’S REPORT

Attributable to owners of the Company							
Note	Paid-in capital/ Share capital	Treasury stock	Reserves	Accumulated profits/ (losses)	Sub-total	Non- controlling interests	Total (deficit)/ equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at January 1, 2025	27,080	(6,453,000)	6,573,434	(2,820,157)	(2,672,643)	2,639	(2,670,004)
Comprehensive loss							
Loss for the year	–	–	–	(276,303)	(276,303)	(1,470)	(277,773)
Other comprehensive loss	–	–	(23,152)	–	(23,152)	–	(23,152)
Total comprehensive loss for the year . .	–	–	(23,152)	(276,303)	(299,455)	(1,470)	(300,925)
Transactions with owners in their capacity as owners:							
Termination of redemption liabilities . . .	–	6,453,000	1,798,833	–	8,251,833	–	8,251,833
Conversion into a joint stock company . .	22,920	–	(3,306,861)	3,283,941	–	–	–
Disposal of a subsidiary	–	–	–	–	–	(1,169)	(1,169)
Share-based compensation 31	–	–	55,619	–	55,619	–	55,619
Total transactions with owners in their capacity as owners	22,920	6,453,000	(1,452,409)	3,283,941	8,307,452	(1,169)	8,306,283
Balance at December 31, 2025	50,000	–	5,097,873	187,481	5,335,354	–	5,335,354

Attributable to owners of the Company							
Note	Paid-in capital/ Share capital	Treasury stock	Reserves	Accumulated profits/ (losses)	Sub-total	Non- controlling interests	Total (deficit)/ equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Balance at January 1, 2025	27,080	(6,453,000)	6,573,434	(2,820,157)	(2,672,643)	2,639	(2,670,004)
Comprehensive loss							
Loss for the period	–	–	–	(158,284)	(158,284)	(1,206)	(159,490)
Other comprehensive income	–	–	45,733	–	45,733	–	45,733
Total comprehensive loss for the period	–	–	45,733	(158,284)	(112,551)	(1,206)	(113,757)
Transactions with owners in their capacity as owners:							
Termination of redemption liabilities . . .	–	6,453,000	1,798,833	–	8,251,833	–	8,251,833
Share-based compensation 31	–	–	11,755	–	11,755	–	11,755
Total transactions with owners in their capacity as owners	–	6,453,000	1,810,588	–	8,263,588	–	8,263,588
Balance at April 30, 2025	27,080	–	8,429,755	(2,978,441)	5,478,394	1,433	5,479,827

APPENDIX I

ACCOUNTANT’S REPORT

Attributable to owners of the Company							
Note	Paid-in capital/ Share capital	Treasury stock	Reserves	Accumulated profits/ (losses)	Sub-total	Non- controlling interests	Total (deficit)/ equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at January 1, 2026	50,000	–	5,097,873	187,481	5,335,354	–	5,335,354
Comprehensive loss							
Profit for the period	–	–	–	28,478	28,478	–	28,478
Other comprehensive loss	–	–	(148,825)	–	(148,825)	–	(148,825)
Total comprehensive loss for the period	–	–	(148,825)	28,478	(120,347)	–	(120,347)
Transactions with owners in their capacity as owners:							
Share-based compensation 31	–	–	23,018	–	23,018	–	23,018
Total transactions with owners in their capacity as owners	–	–	23,018	–	23,018	–	23,018
Balance at April 30, 2026	50,000	–	4,972,066	215,959	5,238,025	–	5,238,025

APPENDIX I

ACCOUNTANT’S REPORT

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Note	Year ended December 31,			Four months ended April 30,	
		2023	2024	2025	2025	2026
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Cash flows from operating activities						
Cash generated from/(used in) operations	43(a)	363,069	(57,331)	24,703	(17,169)	(103,712)
Interest received		64,083	38,077	17,211	5,910	5,246
Income tax paid		(29,828)	(37,219)	(10,544)	3,108	(13,714)
Net changes in restricted cash		7,982	(7,672)	16,610	16,610	14,628
Net cash generated from/(used in) operating activities		405,306	(64,145)	47,980	8,459	(97,552)
Cash flows from investing activities						
Proceeds from sale of property, plant and equipment and other non-current assets		14	147	3,652	–	200
Disposal of a subsidiary, net of cash and cash equivalents held by subsidiary at disposal date		–	–	(1,974)	–	–
Proceeds from government grants related to assets		–	–	24,503	–	–
(Payment)/settlements for other investment		(1,231)	2,781	–	–	–
Net (payment)/proceeds of time deposits with maturity over three months and other financial investment	43(c)	(368,618)	185,634	(577,425)	(874,483)	87,200
Payments for purchase of property, plant and equipment, intangible assets and other non-current assets		(36,135)	(117,738)	(170,025)	(18,921)	(59,733)
Payment for deposit of land use right bidding		(15,180)	–	–	–	–
Net (payment)/proceeds from structured deposits and others	43(c)	–	(883,703)	299,521	152,225	(312,184)
Net cash used in investing activities		(421,150)	(812,879)	(421,748)	(741,179)	(284,517)
Cash flows from financing activities						
Proceeds from issuance of ordinary shares		200,000	–	–	–	–
Paid in from employee incentive plan platforms		96,862	–	–	–	–
Contributions from non-controlling shareholders		–	2,000	–	–	–
Payments of lease liabilities	17	(19,439)	(20,903)	(21,306)	(6,982)	(6,444)
Proceeds from borrowings	39	–	–	98,899	–	1,101
Payment of [REDACTED] expenses		[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Repayment of long-term payables for acquiring intangible assets		(21,518)	(16,026)	(19,865)	(4,048)	(445)
Net cash generated from/(used in) financing activities		255,905	(34,929)	54,544	(11,030)	(6,148)
Net increase/(decrease) in cash and cash equivalents		240,061	(911,953)	(319,224)	(743,750)	(388,217)
Cash and cash equivalents at beginning of the year/period	25	2,256,031	2,501,479	1,538,672	1,538,672	1,207,952
Exchange effect on cash and cash equivalents		5,387	(50,854)	(11,496)	9,364	(28,588)
Cash and cash equivalents at end of the year/period	25	2,501,479	1,538,672	1,207,952	804,286	791,147

APPENDIX I

ACCOUNTANT’S REPORT

1 GENERAL INFORMATION

Hangzhou Silicon Magic Semiconductor Technology Co., Ltd. (杭州芯邁半導體技術有限公司, the “Predecessor Company”) was incorporated in Hangzhou, Zhejiang Province, the People’s Republic of China (the “PRC”) on September 17, 2019 as a limited liability company. The Predecessor Company was established by Ningbo Xijuda Corporate Management Partnership (L.P.) (寧波喜聚達企業管理合夥企業(有限合夥)), Smartech Limited Partnership (智科有限合夥企業), Vasona Technology Hong Kong Limited (瓦森納科技香港有限公司), Ningbo Xijuxi Corporate Management Partnership (L.P.) (寧波喜聚喜企業管理合夥企業(有限合夥)), Smart Intelligence Limited Partnership (智捷有限合夥企業) (together referred to as the “Founding Shareholders”). In June 2025, the Predecessor Company was converted into a joint stock company with limited liability under the Company Law of the PRC and was renamed as Silicon-Magic Semiconductor Technology (Hangzhou) Co., Ltd. (芯邁半導體技術(杭州)股份有限公司, the “Company”). The registered office of the Company is 1-608, 6 Lianhui Street, Xixing Subdistrict, Binjiang District, Hangzhou, Zhejiang Province, PRC.

The Company together with its subsidiaries (collectively referred to as the “Group”) are primarily engaged in the design, manufacture and sales of power management integrated circuit (“PMIC”) and power device products.

2 BASIS OF PREPARATION

(i) Compliance with IFRS Accounting Standards

The Historical Financial Information of the Group has been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

The preparation of Historical Financial Information in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in Note 4.

The details of the accounting policies used in the preparation of the Historical Financial Information as set out in the notes below.

The material accounting policies applied in the preparation of the Historical Financial Information have been consistently applied to all the years/periods presented.

(ii) Historical cost convention

The Historical Financial Information has been prepared on a historical cost basis, except for certain financial assets and liabilities measured at fair value.

(iii) New and amended standards adopted by the group

In preparation of the Historical Financial Information, all of the new standards, amendments to standards and interpretations that are effective during the Track Record Period have been adopted by the Group and consistently applied throughout the Track Record Period.

(iv) New and amended standards and interpretations not yet effective and not been early adopted by the Group

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for the financial years/periods during the Track Record Period and have not been early adopted by the Group. These new standards and interpretations are:

Standards	Key requirements	Effective for annual periods beginning on or after
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency	1 January 2027
Amendments to illustrative Examples on IFRS 7, IFRS 8, IAS 1, IAS 8, IAS 36 and IAS 37	Disclosures about Uncertainties in the financial statements	1 January 2027
IFRS 20	Regulatory Assets and Regulatory Liabilities	1 January 2029
Amendments to IFRS 10 and IAS 28. . .	Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture	To be determined

The Group has already commenced an assessment of the impact of these new and amended standards and has concluded on a preliminary basis that adoption of these new and amended standards is not expected to have significant impacts on the financial performance and positions of the Group when they become effective, except for IFRS 18.

APPENDIX I

ACCOUNTANT’S REPORT

IFRS 18 will replace IAS 1 Presentation of Financial Statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. The adoption of IFRS 18 would not significantly affect the financial position and performance of the Group. Even though IFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance and providing management-defined performance measures within the financial statements.

Management is currently assessing the detailed implications of applying the new standard on the Group’s consolidated financial statements. From the high-level preliminary assessment performed, the following potential impacts have been identified:

Impact on disclosures:

The Group does not expect there to be a significant change in the information that is currently disclosed in the notes because the requirement to disclose material information remains unchanged; however, the way in which the information is grouped might change as a result of the aggregation/disaggregation principles. In addition, there will be significant new disclosures required for:

Presentation of the statements of comprehensive loss: the major impact would be that the fair value gains/(losses) and interest income of financial assets, currently presented in the line item “other gains/(losses) — net” and “other income” within operating (losses)/gains, would be presented below operating (losses)/gains in the statements of comprehensive loss;

Cash flow classification: the interest received currently presented within operating activities would be classified as investing activities in the statements of cash flows;

Disclosure requirements: management is currently assessing the detailed implications of management-defined performance measures. If management identify certain management-defined performance measures, the Group will disclose the related information applying the new standard on the Group’s consolidated financial statements.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group’s activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk, and price risk), credit risk and liquidity risk. The Group’s overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group’s financial performance.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk primarily arises from recognized assets and liabilities denominated in a currency that is not the respective group entities’ functional currency. Functional currency of the Company and its subsidiaries incorporated in Chinese mainland is Renminbi (“RMB”). Functional currency of the Company’s subsidiary in South Korea is Korean Won (“KRW”). The Group manages its foreign exchange risk by performing regular reviews of the Group’s net foreign exchange exposures and entering into certain foreign exchange forward contracts with banks to minimize these exposures.

The foreign currency assets and liabilities of the Group entities are certain cash and cash equivalents, time deposits, trade and note receivables and trade payables denominated in foreign currencies of respective group entities that are exposed to foreign currency risk. The foreign exchange risk the Group is facing mainly comes from movements in the USD/RMB and USD/KRW.

If USD had strengthened by 5% against RMB with all other variables held constant, loss before income tax for the year/period would have been approximately RMB811 thousand, RMB699 thousand, RMB408 thousand, RMB3,109 thousand narrowed for the years ended December 31, 2023, 2024 and 2025 and for the four months ended April 30, 2025, and profit before income tax for the period would have been approximately RMB1,377 thousand decreased for the four months ended April 30, 2026.

If USD had strengthened by 5% against KRW with all other variables held constant, loss before income tax for the year/period would have been approximately KRW5,029 million, KRW4,199 million, KRW4,901 million and KRW4,096 million narrowed for the years ended December 31, 2023, 2024 and 2025 and for the four months ended April 30, 2025, which equal to RMB27 million, RMB22 million, RMB24 million and RMB21 million, and profit before income tax for the period would have been approximately KRW4,995 million increased for the four months ended April 30, 2026, which equal to RMB23 million.

(ii) Interest rate risk

Except for cash and cash equivalents, restricted cash, time deposits, redemption liabilities and borrowings, the Group has no other significant interest-bearing assets or liabilities. As at April 30, 2026, the borrowings of the group were carried at floating rates of one-year Loan Prime Rate (LPR) minus 49 basis points. The fair value interest rate risk arising from financial assets and liabilities carried at fixed rates is not significant for the Group.

The Group regularly monitors its interest rate risk to ensure there is no undue exposure to significant interest rate movements.

APPENDIX I

ACCOUNTANT’S REPORT

(iii) *Price risk*

The Group’s exposure to equity securities price risk arises from investments held by the Group and classified in the statements of financial position either as at fair value through other comprehensive income (“FVOCI”) or at fair value through profit or loss (“FVPL”). The Group is not exposed to commodity price risk. To manage its price risk arising from the investments, the Group diversifies its portfolio. The investments are managed by management one by one, either for strategic purposes, or for the purpose of achieving investment yield and balancing the Group’s liquidity level simultaneously. The sensitivity analysis is performed by management, see Note 3.3 for details.

(b) *Credit risk*

(i) *Risk management*

The Group is exposed to credit risk primarily in relation to its cash and cash equivalents, restricted cash, time deposits, trade and note receivables, and other receivables (included in “prepayments and other receivables”). The carrying amount of each class of the above financial assets represents the Group’s maximum exposure to credit risk in relation to the corresponding class of financial assets.

To manage this risk arising from cash and cash equivalents, restricted cash and time deposits, the Group mainly transacts with state-owned or reputable financial institutions. There has been no recent history of default in relation to these financial institutions.

To manage risk arising from trade and note receivables, the Group has policies in place to ensure that sales with credit terms are made to counterparties with an appropriate credit history and the management performs ongoing credit evaluations of its counterparties. The credit period granted to the customers is usually no more than 90 days and the credit quality of these customers is assessed by taking into account their financial position, past experience and other factors. The Group is in the progress of enhancing the collection of existing receivables, and it plans to enforce a more stringent customer admission policy, considering factors such as the historic overdue amount and duration of previous contracts.

For other receivables (included in “prepayments and other receivables”), management makes periodic collective assessments as well as individual assessments on the recoverability of other receivables based on historical settlement records and past experiences. In view of the history of cooperation with debtors and the collection history of receivables due from them, management believes that the credit risk inherent in the Group’s outstanding other receivables balances due from them is low.

(ii) *Impairment of financial assets*

The Group performs impairment assessments under the expected credit loss (“ECL”) model on financial assets at amortized cost (mainly including cash and cash equivalents, restricted cash, time deposits, trade and note receivables, other receivables included in “prepayments and other receivables”). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Cash and cash equivalents, restricted cash and time deposits

While cash and cash equivalents, restricted cash and time deposits are also subject to the impairment requirements of IFRS 9, the impairment loss is immaterial, as they are mainly placed with state-owned or reputable banks, and there has been no recent history of default in relation to these banks. These instruments are considered to have low credit risk because they have a low risk of default, and the counterparty has a strong capacity to meet its contractual cash flow obligations in the near term.

Trade and note receivables

The Group applies the IFRS 9 simplified approach to measure expected credit losses under which the lifetime expected credit losses for all trade and note receivables are estimated. To measure the expected credit losses, trade and note receivables have been grouped based on shared credit risk characteristics, credit rating and aging based on revenue recognition. The expected loss rates are based on the historical payment profiles, historical credit loss rates by industry and data published by external credit rating institution, adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the Gross Domestic Product (國內生產總值) in which it sells its products and services to be the most relevant factors, and accordingly adjusts the loss rates based on expected changes in certain combination of factors for each group with similar credit risk characteristics.

Details of loss allowance of trade and note receivables as at December 31, 2023, 2024 and 2025 and April 30, 2026 are included in Note 22. The note receivables are mainly constituted of bank acceptance notes and the management did not expect that there would be any significant losses from non-performance by these banks since they are state-owned or reputable financial institutions. The expected credit loss of note receivables is immaterial.

APPENDIX I

ACCOUNTANT’S REPORT

The movements on the allowance for impairment of trade and note receivables are as follows:

	Year ended December 31,			Four months ended April 30,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
At beginning of the year/period	1,800	1,580	1,637	1,637	1,654
Allowance for impairment of trade and note receivables	1,571	1,678	1,676	2,214	2,477
Reversal of impairment of trade and note receivables	(1,772)	(1,555)	(1,650)	(1,850)	(1,844)
Exchange difference	(19)	(66)	(9)	21	(38)
At end of the year/period (Note 22)	<u>1,580</u>	<u>1,637</u>	<u>1,654</u>	<u>2,022</u>	<u>2,249</u>

(iii) *Net impairment losses on financial assets recognized in profit or loss*

During the years/periods presented, the following net impairment losses were recognized in profit or loss in relation to impaired financial assets:

	Year ended December 31,			Four months ended April 30,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Impairment (losses)/reversal on trade and note receivables . . .	<u>201</u>	<u>(123)</u>	<u>(26)</u>	<u>(364)</u>	<u>(633)</u>

(c) *Liquidity risk*

The Group aims to maintain sufficient cash and cash equivalents. Due to the dynamic nature of the underlying businesses, the policy of the Group is to regularly monitor the Group’s liquidity risk and to maintain adequate cash and cash equivalents or adjust financing arrangements to meet the Group’s liquidity requirements.

The table below analyzes the Group’s financial liabilities excluding derivative financial liabilities measured at fair value through profit and loss into relevant maturity groupings based on the remaining periods at the end of each reporting period to the contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant. The contractual maturity dates of the derivative financial liabilities measured at fair value through profit and loss are within 12 months as at December 31, 2024 and April 30, 2026, respectively.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total	Carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At December 31, 2023					
Trade payables	135,285	–	–	135,285	135,285
Accrued expenses and other payables (excluding salary payables, tax payables and current portion of long-term payables)	74,570	–	–	74,570	74,570
Long-term payables (including current portion)	16,874	18,779	1,557	37,210	35,798
Redemption liabilities (including current portion)	–	8,584,843	–	8,584,843	7,615,436
Lease liabilities (including current portion)	19,991	17,218	6,408	43,617	40,691
	<u>246,720</u>	<u>8,620,840</u>	<u>7,965</u>	<u>8,875,525</u>	<u>7,901,780</u>

APPENDIX I

ACCOUNTANT’S REPORT

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total	Carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At December 31, 2024					
Trade payables	165,890	—	—	165,890	165,890
Accrued expenses and other payables (excluding salary payables, tax payables and current portion of long-term payables)	75,950	—	—	75,950	75,950
Long-term payables (including current portion)	19,149	351	1,395	20,895	20,412
Redemption liabilities (including current portion)	8,584,843	—	—	8,584,843	8,161,732
Lease liabilities (including current portion)	19,092	8,510	2,996	30,598	28,715
	<u>8,864,924</u>	<u>8,861</u>	<u>4,391</u>	<u>8,878,176</u>	<u>8,452,699</u>

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total	Carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At December 31, 2025					
Trade payables	289,187	—	—	289,187	289,187
Accrued expenses and other payables (excluding salary payables, tax payables and current portion of long-term payables)	138,530	—	—	138,530	138,530
Long-term payables (including current portion)	1,070	2,211	845	4,126	3,903
Borrowings	2,495	6,202	99,000	107,697	98,899
Lease liabilities (including current portion)	12,354	4,661	1,006	18,021	17,341
	<u>443,636</u>	<u>13,074</u>	<u>100,851</u>	<u>557,561</u>	<u>547,860</u>

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total	Carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At April 30, 2026					
Trade payables	238,334	—	—	238,334	238,334
Accrued expenses and other payables (excluding salary payables, tax payables and current portion of long-term payables)	140,967	—	—	140,967	140,967
Long-term payables (including current portion)	715	13,629	19,794	34,138	32,166
Borrowings	2,663	8,431	97,140	108,234	100,272
Lease liabilities (including current portion)	19,662	5,266	1,759	26,687	25,503
	<u>402,341</u>	<u>27,326</u>	<u>118,693</u>	<u>548,360</u>	<u>537,242</u>

The liquidity risk of redemption liabilities is the principal amount of the redemption liabilities plus the respective predetermined interest. The redemption liabilities have been derecognized and credited into equity due to the termination of redemption rights as of April 30, 2026, please refer to Note 30.

3.2 Capital risk management

The Group’s objectives when managing capital are to:

- Safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- Maintain an optimal capital structure to reduce the cost of capital.

APPENDIX I

ACCOUNTANT’S REPORT

The Group monitors capital by regularly reviewing the capital structure. As a part of this review, the Group considers the cost of capital and the risks associated with the issued share capital. The Group may adjust the number of dividends paid to shareholders, return capital to shareholders, issue new shares or repurchase the Company’s shares. In the opinion of the directors of the Company, the Group’s capital risk is not significant.

3.3 Fair value estimation

(a) Financial assets and liabilities

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognized and measured at fair value in the consolidated financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

Recurring fair value measurements	Level 1	Level 2	Level 3	Total
As at December 31, 2023	RMB’000	RMB’000	RMB’000	RMB’000
Financial assets				
Financial assets at fair value through profit or loss				
– Unlisted equity investments . . .	–	–	228,170	228,170
Financial assets at fair value through other comprehensive income				
– Unlisted equity investments . . .	–	–	1,540,763	1,540,763
Recurring fair value measurements	Level 1	Level 2	Level 3	Total
As at December 31, 2024	RMB’000	RMB’000	RMB’000	RMB’000
Financial assets				
Financial assets at fair value through profit or loss				
– Unlisted equity investments . . .	–	–	240,138	240,138
– Structured deposits	–	891,022	–	891,022
	–	891,022	240,138	1,131,160
Financial assets at fair value through other comprehensive income				
– Unlisted equity investments . . .	–	–	1,500,256	1,500,256
Financial liabilities				
Financial liabilities at fair value through profit or loss				
– Derivative financial liabilities . .	–	39,847	–	39,847
Recurring fair value measurements	Level 1	Level 2	Level 3	Total
As at December 31, 2025	RMB’000	RMB’000	RMB’000	RMB’000
Financial assets				
Financial assets at fair value through profit or loss				
– Unlisted equity investments . . .	–	–	209,857	209,857
– Structured deposits	–	600,414	–	600,414
	–	600,414	209,857	810,271
Financial assets at fair value through other comprehensive income				
– Unlisted equity investments . . .	–	–	1,499,411	1,499,411
Note receivables measured at fair value through other comprehensive income	–	–	58,976	58,976

APPENDIX I

ACCOUNTANT’S REPORT

Recurring fair value measurements	Level 1	Level 2	Level 3	Total
As at April 30, 2026	RMB’000	RMB’000	RMB’000	RMB’000
Financial assets				
Financial assets at fair value through profit or loss				
– Unlisted equity investments . . .	–	–	226,145	226,145
– Structured deposits	–	931,299	–	931,299
	–	931,299	226,145	1,157,444
	=	=	=	=
Financial assets at fair value through other comprehensive income				
– Unlisted equity investments . . .	–	–	1,434,734	1,434,734
	=	=	=	=
Note receivables measured at fair value through other comprehensive income	–	–	35,570	35,570
	=	=	=	=
Financial liabilities				
Financial liabilities at fair value through profit or loss				
– Derivative financial liabilities . .	–	5,308	–	5,308
	=	=	=	=

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities and financial liabilities at fair value through profit or loss.

In order to manage the Group’s foreign currency exposure in relation to USD against KRW, the Group entered into certain foreign exchange forward contracts with banks in 2024 and in the four months ended April 30, 2026. Settlement period of the contracts in 2024 was from October 2024 to October 2025 and in the four months ended April 30, 2026 was in June 2026. The notional amount of foreign exchange forward contracts was USD 120 million in 2024 and USD 40.3 million in the four months ended April 30, 2026. These contracts are initially recognized at fair value at the date when entered into and are subsequently remeasured to their fair value at the end of each Track Record Period.

(ii) *Valuation techniques used to determine fair values*

The valuation of the level 3 instruments mainly included financial assets at fair value through profit or loss in unlisted equity investments and financial assets at fair value through other comprehensive income in unlisted equity investments (Note 24). As these instruments are not traded in an active market, their fair values have been determined by using various applicable valuation techniques, including market approach etc.

The finance department of the Group involves independent valuers to perform the valuations of unlisted equity investments. This independent valuer reports directly to the chief financial officer (CFO). Discussions of valuation processes and results are held between the CFO and the independent valuers on a periodical basis, in line with the Group’s reporting periods.

(iii) *Fair value measurements using significant unobservable inputs (level 3)*

There are no transfers of financial assets or liabilities between levels 2 and 3 during the Track Record Period.

The following table presents the changes in level 3 instruments of financial assets for the years ended December 31, 2023, 2024 and 2025 and for the four months ended April 30, 2025 and 2026.

	Financial assets at FVPL — Unlisted equity investments	Financial assets at FVOCI — Unlisted equity investments
	RMB’000	RMB’000
Opening balance at December 31, 2022	234,228	1,474,069
Gains recognized in other gains/(losses) — net (<i>Note 8</i>)	13,777	–
Gains recognized in other comprehensive income	–	66,694
Reversal of excess losses due to dilution gains	1,341	–
Preferred share conversion into common share (<i>Note 14</i>)	(14,893)	–
Exchange difference	(410)	–

APPENDIX I

ACCOUNTANT’S REPORT

	Financial assets at FVPL — Unlisted equity investments	Financial assets at FVOCI — Unlisted equity investments
	RMB'000	RMB'000
Others	(5,873)	—
Closing balance at December 31, 2023.	228,170	1,540,763
Including unrealised gains for the year ended December 31, 2023	13,777	66,694
Gains recognized in other gains/(losses) — net (<i>Note 8</i>)	11,968	—
Losses recognized in other comprehensive income	—	(40,507)
Closing balance at December 31, 2024.	240,138	1,500,256
Including unrealised gains or (losses) for the year ended December 31, 2024	11,968	(40,507)

	Financial assets at FVPL — Unlisted equity investments	Financial assets at FVOCI — Unlisted equity investments	Financial assets at FVOCI — Note receivables
	RMB'000	RMB'000	RMB'000
Opening balance at December 31, 2024	240,138	1,500,256	—
Additions	—	—	154,244
Disposals/settlements	—	—	(95,268)
Losses recognized in other comprehensive income	—	(845)	—
Losses recognized in other gains/(losses) — net (<i>Note 8</i>)	(30,281)	—	—
Closing balance at December 31, 2025.	209,857	1,499,411	58,976
Including unrealised losses for the year ended December 31, 2025	(30,281)	(845)	—

	Financial assets at FVPL — Unlisted equity investments	Financial assets at FVOCI — Unlisted equity investments
	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Opening balance at December 31, 2024	240,138	1,500,256
Losses recognized in other comprehensive income	—	(845)
Losses recognized in other gains/(losses) — net (<i>Note 8</i>)	(35,811)	—
Closing balance at April 30, 2025	204,327	1,499,411
Including unrealised losses for the year ended April 30, 2025	(35,811)	(845)

	Financial assets at FVPL — Unlisted equity investments	Financial assets at FVOCI — Unlisted equity investments	Financial assets at FVOCI — Note receivables
	RMB'000	RMB'000	RMB'000
Opening balance at December 31, 2025	209,857	1,499,411	58,976
Additions	—	—	91,477
Disposals/settlements	—	—	(114,883)
Losses recognized in other comprehensive income	—	(64,677)	—
Gains recognized in other gains/(losses) — net (<i>Note 8</i>)	16,288	—	—
Closing balance at April 30, 2026	226,145	1,434,734	35,570
Including unrealised gains or (losses) for the year ended April 30, 2026	16,288	(64,677)	—

APPENDIX I

ACCOUNTANT’S REPORT

Description	Fair value			Significant unobservable inputs				Range of inputs			Relationship of unobservable inputs to fair value	Sensitivity of fair value to the input	
	As at December 31,		As at April 30,	As at December 31,		As at April 30,	As at December 31,		As at April 30,				
	2023	2024	2025	2026	2023	2024	2025	2026	2023	2024	2025		2026
Financial assets at FVPL – unlisted equity investments													
– Company 1	162,942	164,616	136,217	165,694	Price of latest round of financing	P/B ratio	P/B ratio	Price of latest round of financing	RMB1.92/ share	2.93	3.12	RMB1.92/ share	1% increase (decrease) in P/B ratio would result in increase (decrease) in fair value by 2024: RMB1,644,000 (RMB1,644,000) 2025: RMB1,364,000 (RMB1,364,000) 5% increase (decrease) in Price of latest round of financing would result in increase (decrease) in fair value by 2023: RMB1,108,000 (RMB1,111,000) 5% increase (decrease) in Price of latest round of financing would result in increase (decrease) in fair value by April 30, 2026: RMB902,000 (RMB904,000)
– Company 2	65,228	75,522	73,640	60,451	P/S ratio	P/S ratio	P/S ratio	Price of latest round of financing	16.77	9.70	13.14	RMB27.64/ share	1% increase (decrease) in P/S ratio would result in increase (decrease) in fair value by 2023: RMB398,000 (RMB398,000) 2024: RMB432,000 (RMB432,000) 2025: RMB360,000 (RMB360,000) 5% increase (decrease) in Price of latest round of financing would result in increase (decrease) in fair value by April 30, 2026: RMB552,000 (RMB577,000)
Financial assets at FVOCI – unlisted equity investments.													
	228,170	240,138	209,857	226,145									
	1,540,763	1,500,256	1,499,411	1,434,734	P/B ratio	P/S ratio	P/S ratio	P/S ratio	1.66	2.86	5.44	5.19 and 4.82	1% increase (decrease) in P/B ratio would result in increase (decrease) in fair value by 2023: RMB17,445,000 (RMB17,445,000) 1% increase (decrease) in P/S ratio would result in increase (decrease) in fair value by 2024: RMB17,522,000 (RMB17,522,000) 2025: RMB17,728,000 (RMB17,728,000) April 30, 2026: RMB16,859,000 (RMB16,859,000)

APPENDIX I

ACCOUNTANT’S REPORT

If the fair value of the unlisted equity investments measured at FVOCI held by the Group be 10% higher/lower, other comprehensive income, net of tax for the years ended December 31, 2023 and for the four months ended April 30, 2025 would be RMB154 million higher/lower, and RMB151 million higher/lower, respectively, and other comprehensive loss, net of tax for the year ended December 31, 2024 and 2025 and for the four months ended April 30, 2026 would be RMB150 million lower/higher, RMB150 million lower/higher, and RMB143 million lower/higher, respectively.

If the fair value of the unlisted equity investments measured at FVPL held by the Group be 10% higher/lower, the losses before tax for the years ended December 31, 2023, 2024 and 2025 and for the four months ended April 30, 2025 would be RMB23 million lower/higher, RMB24 million lower/higher, RMB21 million lower/higher and RMB20 million lower/higher, respectively, and the profit before tax for the four months ended April 30, 2026 would be RMB23 million higher/lower.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below:

(a) Estimation of goodwill impairment

The Group tests whether goodwill has suffered any impairment on an annual basis or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amount of the asset group or group of asset groups that contain the apportioned goodwill is determined by the higher value between the present value of the future cash flows and the net value that is calculated by the fair value less the disposal costs. Accounting estimate is required for the calculation of the recoverable amount. The impairment testing is performed by assessing the recoverable amount of the asset group or group of asset groups containing the relevant goodwill, based on the present value of cash flows forecasts. Key assumptions adopted in the impairment testing of goodwill included revenue annual growth rate, gross margin, perpetual annual growth rate, pre-tax discount rate, etc. which involved critical accounting estimates and judgement.

Details of the key assumptions used in the impairment test of goodwill and the impact of possible changes in key assumptions are disclosed in Note 15.

If the actual revenue annual growth rate, perpetual annual growth rate and gross margin are higher or the actual pre-tax discount rate is lower than management’s estimates, the impairment loss of goodwill previously provided for is not allowed to be reversed by the Group.

(b) Current and deferred income tax

The Group is subject to corporate income taxes in Chinese mainland and South Korea. Judgement is required in determining the amount of the provision for taxation and the timing of payment of the related taxations. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business.

Deferred tax assets relating to certain temporary differences and tax losses are recognized when management considers it to be probable that future taxable profits will be available against which the temporary differences or tax losses can be utilized.

Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(c) Fair value measurement of financial assets and liabilities at level 3 fair value hierarchy

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. For details of the valuation techniques, inputs and key assumptions used in the determination of the fair value of financial assets and liabilities at level 3 fair value hierarchy see Note 3.3.

(d) Share-based payment expenses

The Group granted options and restricted share units (“RSU”) to employees. The fair value of the options is determined by using the binomial option pricing model at the grant date and is expected to be expensed over the respective vesting periods. Significant assumptions, including, underlying equity value, risk-free interest rate, expected volatility, dividend yield and discount rate are made by the directors with reference to valuation reports prepared by a third-party valuer (Note 31).

The fair value of RSUs at the grant date was determined by reference to the fair value of the underlying ordinary shares on the dates of grant. The discounted cash flow method was used to determine the total equity value of the Company and the fair value of the ordinary shares. Key assumptions, such as discount rates are disclosed in Note 31.

APPENDIX I

ACCOUNTANT’S REPORT

(e) Impairment of non-financial assets other than goodwill

Non-financial assets, mainly including property, plant and equipment, right-of-use assets and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts have been determined based on value-in-use calculations or fair value less costs to disposal. These calculations require the use of judgments and estimates.

Management judgment is required in the area of asset impairment particularly in assessing: (i) whether an event has occurred that may indicate that the related asset values may not be recoverable; (ii) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs to sell and net present value of future cash flows which are estimated based upon the continued use of the asset in the business; (iii) the selection of the most appropriate valuation technique; and (iv) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management in assessing impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test and as a result affect the Group’s financial condition and results of operations. If there is a significant adverse change in the projected performance and resulting future cash flow projections, it may be necessary to take an impairment charge to the consolidated statements of comprehensive income or loss.

The Group operate business in PMIC and Power device segments, which were identified as two separate cash generating units (“CGUs”) for the non-financial assets impairment testing purpose. The recoverable amount of the CGUs for the years ended December 31, 2023, 2024 and 2025 had been determined based on value in use calculations, using cash flow projections based on management’s financial forecasts. Key assumptions applied in preparing the cash flow projections included revenue annual growth rate, gross margin, perpetual annual growth rate and pre-tax discount rate. Based on the result of the assessment, the recoverable amounts exceeded the carrying amounts of the CGUs with sufficient headroom. Hence, no significant impairment of non-financial assets was recognized during the years ended December 31, 2023, 2024 and 2025 and the four months ended April 30, 2026.

5 SEGMENT INFORMATION

(a) Description of segments and principal activities

The Group are principally engaged in the design, manufacture and sales of integrated circuit products and power device products. The Group derives revenue primarily from the transfer of goods at a point in time in the PMIC products and power device products. The Group’s the chief operating decision maker (“CODM”), who has been identified as the chief executive officer, reviews consolidated results when making decisions about allocating resources and assessing performance of the Group as a whole in terms of product lines.

(b) Segment information

The Group has the following reportable segments for the Track Record Period:

- PMIC product
- Power device product

The CODM assesses the performance of the operating segments mainly based on segment revenue and gross profit of each operating segment. The research and development expenses, administrative expenses and selling and marketing expenses are common costs incurred for these operating segments as a whole and therefore, they are not included in the measure of the segments’ performance which is used by the CODM as a basis for the purpose of resource allocation and assessment of segment performance. Net impairment (losses)/reversal on financial assets, other income, other gains/(losses) — net, finance income, finance costs, share of (loss)/profit from investments accounted for using the equity method and income tax expense are not allocated to individual operating segment, either.

There were no material inter-segment sales during the years ended December 31, 2023, 2024 and 2025 and the four months ended April 30, 2025 and 2026. The revenues from external customers reported to the CODM are measured in a manner consistent with that applied in the consolidated statements of comprehensive loss.

Other information, together with the segment information, provided to the CODM, is measured in a manner consistent with that applied in these consolidated statements of financial position. There was no segment assets or segment liabilities information provided to the CODM.

The segment information provided to the CODM for the reportable segments for the Track Record Period is as follows:

	Year ended December 31, 2023			
	PMIC products	Power device products	Others	Total
	RMB’000	RMB’000	RMB’000	RMB’000
Segment revenue	1,597,422	38,768	3,935	1,640,125
Cost of sales.	1,020,438	67,614	3,882	1,091,934
Gross profit	576,984	(28,846)	53	548,191

APPENDIX I

ACCOUNTANT’S REPORT

Year ended December 31, 2024				
	PMIC products	Power device products	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue	1,428,228	146,037	206	1,574,471
Cost of sales.	958,869	152,826	39	1,111,734
Gross profit	<u>469,359</u>	<u>(6,789)</u>	<u>167</u>	<u>462,737</u>
Year ended December 31, 2025				
	PMIC products	Power device products	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue	1,459,071	493,564	220	1,952,855
Cost of sales.	976,288	446,259	13	1,422,560
Gross profit	<u>482,783</u>	<u>47,305</u>	<u>207</u>	<u>530,295</u>
Four months ended April 30, 2025				
	PMIC products	Power device products	Others	Total
	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Segment revenue	496,144	74,970	32	571,146
Cost of sales.	324,493	69,748	13	394,254
Gross profit	<u>171,651</u>	<u>5,222</u>	<u>19</u>	<u>176,892</u>
Four months ended April 30, 2026				
	PMIC products	Power device products	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Segment revenue	534,531	301,977	–	836,508
Cost of sales.	345,188	271,800	–	616,988
Gross profit	<u>189,343</u>	<u>30,177</u>	<u>–</u>	<u>219,520</u>

(c) Geographical information

Geographical information for the years ended December 31, 2023, 2024 and 2025 and for the four months ended April 30, 2025 and 2026 are as follows:

The geographical information of external sales based on the geographical location of customers are as follows:

	Year ended December 31,			Four months ended April 30,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Revenue					
Greater China*	424,510	502,514	819,656	177,002	405,655
Overseas*	1,215,615	1,071,957	1,133,199	394,144	430,853
	<u>1,640,125</u>	<u>1,574,471</u>	<u>1,952,855</u>	<u>571,146</u>	<u>836,508</u>

* Greater China include Chinese mainland, Hong Kong and Taiwan. The overseas mainly include Asia area.

APPENDIX I

ACCOUNTANT’S REPORT

The geographical location of non-current assets other than financial instruments and deferred tax assets are as follows:

	As at December 31,			As at April 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets other than financial instruments and deferred tax assets				
Greater China*	137,425	218,567	402,255	428,482
Overseas*	646,572	533,624	436,835	469,166
	<u>783,997</u>	<u>752,191</u>	<u>839,090</u>	<u>897,648</u>

6 REVENUE

(a) Accounting policies of revenue recognition

Revenue is recognized when, or as, the control of goods or services is transferred to the customers. Depending on the terms of the contracts and the laws applicable, control of the goods and services may be transferred over time or at a point in time.

Control of the goods and services is transferred over time if the Group’s performance:

- provides all the benefits received and consumed simultaneously by the customers;
- creates or enhances an asset that the customers control as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods and services transfers over time, revenue is recognized over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognized at a point in time when the customer obtains control of the goods and services.

Revenue from sales of the Group’s power devices and integrated circuit products is recognized when the Group delivers the products to the location specified in the sales contract and the customer takes possession of the products.

The Group generally offers assurance-type warranties to customers, and such warranties are not considered a distinct performance obligation to customers. The Group accounts for the warranty in accordance with IAS 37 and the estimated warranty cost was not material for the Track Record Period. (Note 36).

The credit period granted to customers by the Group is determined based on their credit risk characteristics, which is consistent with industry practice, and there is no significant financing component.

Disaggregation of revenue from contracts with customers by revenue streams is as follows:

	Year ended December 31,			Four months ended April 30,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Sales of goods.	1,636,190	1,574,265	1,952,635	571,114	836,508
– PMIC products	1,597,422	1,428,228	1,459,071	496,144	534,531
– Power device products	38,768	146,037	493,564	74,970	301,977
Others	3,935	206	220	32	–
	<u>1,640,125</u>	<u>1,574,471</u>	<u>1,952,855</u>	<u>571,146</u>	<u>836,508</u>
	Year ended December 31,			Four months ended April 30,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Recognized at a point in time	<u>1,640,125</u>	<u>1,574,471</u>	<u>1,952,855</u>	<u>571,146</u>	<u>836,508</u>

* Greater China include Chinese mainland, Hong Kong and Taiwan. The overseas mainly include Asia area.

APPENDIX I

ACCOUNTANT’S REPORT

Revenues of approximately RMB1,078 million, RMB966 million, RMB966 million, RMB342 million and RMB359 million in the years ended December 31, 2023, 2024 and 2025 and for the four months ended April 30, 2025 and 2026 respectively are derived from a single external customer. These revenues are attributed to the PMIC segment. The major customer which contributed more than 10% of total revenue of the Group for the years ended December 31, 2023, 2024 and 2025 and for the four months ended April 30, 2025 and 2026 is listed as below:

	Year ended December 31,			Four months ended April 30,	
	2023	2024	2025	2025	2026
				(Unaudited)	
Percentage of revenue from the major customer to the total revenue of the Group Company A	65.7%	61.4%	49.5%	59.9%	42.9%

7 OTHER INCOME

	Year ended December 31,			Four months ended April 30,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Interest income	7,619	23,882	27,131	7,358	6,054
Government grants	3,065	4,601	11,192	976	1,855
Others	64	156	225	225	278
	<u>10,748</u>	<u>28,639</u>	<u>38,548</u>	<u>8,559</u>	<u>8,187</u>

8 OTHER GAINS/(LOSSES) — NET

	Year ended December 31,			Four months ended April 30,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Fair value changes of financial assets at FVPL					
– unlisted companies	13,777	11,968	(30,281)	(35,811)	16,288
– structured deposits	–	7,319	16,646	5,875	5,230
Net fair value (losses)/gains on derivative financial instruments	–	(44,602)	32,881	15,094	8,037
Dilution gains/(losses) of investments using equity method	17,498	13,389	(1,701)	–	–
Gains on disposal of a subsidiary (i)	–	–	2,679	–	–
Net foreign exchange gains/(losses)	3,763	63,874	(11,418)	(8,812)	6,459
Others	<u>(1,623)</u>	<u>(592)</u>	<u>(366)</u>	<u>(1,792)</u>	<u>(618)</u>
	<u>33,415</u>	<u>51,356</u>	<u>8,440</u>	<u>(25,446)</u>	<u>35,396</u>

- (i) In August 2025, the Group disposed its equity interest of 80.02% in an immaterial subsidiary to a non-controlling shareholder, with a cash consideration of RMB1.

APPENDIX I

ACCOUNTANT’S REPORT

9 EXPENSES BY NATURE

Expenses included in cost of sales, selling and marketing expenses, general and administrative expenses and research and development expenses are analyzed as follows:

	Year ended December 31,			Four months ended April 30,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Raw materials and outsourcing expenses . . .	1,122,843	1,155,273	1,466,907	408,941	637,698
Employee benefit expenses .	354,399	441,632	458,766	142,560	159,247
Depreciation and amortization	116,405	115,864	108,748	39,022	26,517
[REDACTED] Expenses . .	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Provision for impairment of inventories	5,461	22,451	18,126	3,470	1,021
IP license fee	15,166	10,678	—	—	—
Outsourced R&D expenses .	26,229	22,351	19,273	6,256	6,053
Professional service expenses	16,798	17,278	14,285	2,905	3,807
Changes in inventories of finished goods	(7,758)	(16,297)	(11,029)	(3,041)	(6,124)
Marketing, conference and traveling expenses	13,167	13,084	12,767	3,663	4,520
Freight expenses	5,931	4,591	5,315	1,600	2,285
Utilities, property management and administrative expenses . .	9,811	9,711	10,624	3,269	2,764
Other expenses	16,334	25,170	25,903	8,639	7,642
	<u>1,694,786</u>	<u>1,821,786</u>	<u>2,164,767</u>	<u>617,284</u>	<u>850,235</u>

10 EMPLOYEE BENEFIT EXPENSES

	Year ended December 31,			Four months ended April 30,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Wages, salaries and bonuses .	254,124	301,536	322,375	104,715	111,346
Share-based payments expenses	47,890	64,117	55,619	11,755	23,018
Pension expenses-defined contribution plan	15,359	25,214	18,540	6,656	5,622
Housing funds and other social securities insurance expenses	24,793	31,922	41,979	12,476	12,686
Pension expenses-defined benefit plan (Note 38) . .	9,726	15,914	18,364	5,905	6,002
Pension expenses- long-term service reward	2,507	2,929	1,889	1,053	573
	<u>354,399</u>	<u>441,632</u>	<u>458,766</u>	<u>142,560</u>	<u>159,247</u>

(a) Defined contribution plans

Employees of the Group participate in employee social insurance plans. The plans are organized and administered by the government authorities. Except for the contributions made to these social insurance plans, the Group has no other commitments owing to the employees. No forfeited contributions were utilised during the years ended December 31, 2023, 2024 and 2025 and the four months ended April 30, 2026 to offset the Group’s contribution to the above mentioned social insurance plans. According to the relevant regulations, the contributions that should be borne by the companies within the Group as required by the above social insurance plans are principally determined based on percentages of the basic salaries of employees, subject to certain ceilings imposed. These contributions are expensed as incurred.

As at 31 December 2023, 2024 and 2025 and April 30, 2026, the contributions payable in respect of the abovementioned social insurance plan amounted to RMB2,468,000, RMB2,126,000, RMB2,241,000 and RMB2,315,000 respectively.

APPENDIX I

ACCOUNTANT’S REPORT

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the years ended December 31, 2023, 2024 and 2025 and for the four months ended April 30, 2025 and 2026 included 1, 2, 1, 1 and 2 directors respectively, whose emoluments are disclosed in Note 44. The emoluments payable to the remaining 4, 3, 4, 4 and 3 individuals during the years ended December 31, 2023, 2024 and 2025 and the four months ended April 30, 2025 and 2026 respectively are as follows:

	Year ended December 31,			Four months ended April 30,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Wages and salaries	6,654	4,961	6,269	2,064	1,452
Discretionary bonuses	3,601	637	1,476	7	2
Social securities and housing fund	818	895	1,336	486	351
Share-based compensation	6,523	6,960	8,822	2,309	3,195
	<u>17,596</u>	<u>13,453</u>	<u>17,903</u>	<u>4,866</u>	<u>5,000</u>

The emoluments of the above individuals fell within the following bands:

	Year ended December 31,			Four months ended April 30,	
	2023	2024	2025	2025	2026
				(Unaudited)	
Emoluments bands:					
HK\$1,000,001 to HK\$1,500,000	—	—	—	3	—
HK\$1,500,001 to HK\$2,000,000	—	—	—	1	3
HK\$2,000,001 to HK\$2,500,000	—	—	—	—	—
HK\$2,500,001 to HK\$3,000,000	1	—	—	—	—
HK\$3,000,001 to HK\$3,500,000	—	—	—	—	—
HK\$3,500,001 to HK\$4,000,000	1	—	—	—	—
HK\$4,000,001 to HK\$4,500,000	1	1	2	—	—
HK\$4,500,001 to HK\$5,000,000	—	1	—	—	—
HK\$5,000,001 to HK\$5,500,000	—	—	1	—	—
HK\$5,500,001 to HK\$6,000,000	—	—	1	—	—
HK\$6,000,001 to HK\$6,500,000	—	1	—	—	—
HK\$6,500,001 to HK\$7,000,000	—	—	—	—	—
HK\$7,000,001 to HK\$7,500,000	—	—	—	—	—
HK\$7,500,001 to HK\$8,000,000	—	—	—	—	—
HK\$8,000,001 to HK\$8,500,000	1	—	—	—	—
	<u>4</u>	<u>3</u>	<u>4</u>	<u>4</u>	<u>3</u>

During the Track Record Period, no director or the five highest paid individuals received any emolument from the Group as an inducement to join, upon joining the Group, leave the Group or as compensation for loss of office.

11 FINANCE COSTS — NET

	Year ended December 31,			Four months ended April 30,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Finance income					
Interest income	66,137	40,078	18,820	7,007	6,271
Finance costs					
Interest expenses on redemption liabilities	(502,974)	(546,296)	(90,101)	(90,101)	—
Interest expenses on lease liabilities	(2,242)	(1,865)	(1,109)	(430)	(214)

APPENDIX I

ACCOUNTANT’S REPORT

	Year ended December 31,			Four months ended April 30,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Interest expenses on long-term payables and long-term employee benefits . .	(5,217)	(5,728)	(6,565)	(2,137)	(1,965)
Interest expenses on bank loans	—	—	(512)	—	(887)
	(510,433)	(553,889)	(98,287)	(92,668)	(3,066)
Amounts capitalized in qualifying assets of construction in progress . .	—	—	512	—	887
Finance costs – net	(444,296)	(513,811)	(78,955)	(85,661)	4,092

12 INCOME TAX EXPENSES

(a) PRC Corporate Income Tax (“CIT”)

The income tax provision of the Group in respect of its operations in Chinese mainland was calculated at tax rate of 25% on the assessable profits for the periods presented, based on the existing legislation, interpretation and practices in respect thereof.

The Company is qualified as “High and New Technology Enterprises” (“HNTEs”) under the relevant PRC laws and regulations. Accordingly, the Company was entitled to a preferential income tax rate of 15% since 2023. The Company will reapply for HNTEs status every three years.

(b) Korea Corporate Income Tax

Subsidiary incorporated in South Korea is subject to Korea profits tax of which the tax rate is listed below for the Track Record Period.

	Year ended December 31,			Four months ended April 30,	
	2023	2024	2025	2025	2026
Assessable profits					
KRW200 million or less . . .	9.90%	9.90%	9.90%	9.90%	11.00%
More than KRW200 million and less than KRW20 billion	20.90%	20.90%	20.90%	20.90%	22.00%
More than KRW20 billion and less than KRW300 billion	23.10%	23.10%	23.10%	23.10%	24.20%
Over KRW300 billion	26.40%	26.40%	26.40%	26.40%	27.50%

Research and development (R&D) tax incentives

Under Korean Special Tax Treatment Control Law, companies presently elect to claim a tax credit in relation to qualifying R&D expenditure which could be utilized to deduct tax payables. Mitus could claim R&D expenditure at either (i) 8% of the current qualifying R&D expenses or (ii) 40% of the incremental portion of the R&D expenses in the current year over the expenses in the previous year when the R&D expenses for the prior year exceed the average R&D expenses for the previous four years. The unused credit can be carried forward for next ten years.

The income tax expenses of the Group for the years ended December 31, 2023, 2024 and 2025 and for the four months ended April 30, 2025 and 2026 are as follows:

	Year ended December 31,			Four months ended April 30,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Current tax	31,548	16,464	27,492	8,509	10,723
Deferred income tax expenses (Note 35).	26,625	4,166	3,325	(1,701)	(8,769)
Income tax expenses	58,173	20,630	30,817	6,808	1,954

APPENDIX I

ACCOUNTANT’S REPORT

(c) Tax reconciliation

The tax on the Group’s (loss)/profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to losses of the consolidated entities as follows:

	Year ended December 31,			Four months ended April 30,	
	2023	2024	2025	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000 (Unaudited)	RMB’000
(Loss)/Profit before income tax expenses	(448,086)	(676,475)	(246,956)	(152,682)	30,432
Tax calculated at statutory income tax rate of 25%	(112,022)	(169,119)	(61,739)	(38,171)	7,608
<i>Tax effects of:</i>					
– Effect of different tax rates in other jurisdictions (iv)	(2,577)	3,282	4,111	(5,502)	(10,432)
– Effect of preferential income tax rates	55,531	68,865	30,642	17,856	3,065
– Expenses not deductible for tax purposes (i)	10,872	13,745	26,237	4,142	5,441
– Recognition of previously unrecognized tax losses and temporary differences .	(875)	(22)	(140)	–	(25)
– Research and development related super-deduction and tax credit recognized as deferred income tax assets (ii) (iv)	1,867	(17,678)	(17,669)	(2,935)	(17,565)
– Tax losses and temporary differences for which no deferred income tax assets was recognized (iii)	105,377	121,557	49,375	31,418	13,862
	<u>58,173</u>	<u>20,630</u>	<u>30,817</u>	<u>6,808</u>	<u>1,954</u>

(i) Expenses not deductible for tax purposes mainly comprise share-based payment expenses relating to the share-based awards granted by the Company to the employees. These share-based payment expenses were non-deductible for tax purposes for the years ended December 31, 2023, 2024 and 2025 and for the four months ended April 30, 2025 and 2026 according to the applicable tax regulations. Expenses not deductible for tax purposes for the year ended December 31, 2025 also include the interest of the redemption liabilities which were not tax-deductible since the redemption liabilities have been irrevocably terminated.

(ii) According to the relevant laws and regulations promulgated by the State Taxation Administration of the PRC, enterprises engaging in research and development activities are entitled to claim 175% of their research and development expenses for the first three quarters of 2022, and 200% of it for the remaining period, so incurred as tax deductible expenses when determining their assessable profits for that year (“Super-deduction”). The Group has made its best estimation for the Super-deduction to be claimed for the Group’s entities in ascertaining their assessable profits for the years ended December 31, 2023, 2024 and 2025 and for the four months ended April 30, 2025 and 2026.

Under Korean Special Tax Treatment Control Law, companies presently elect to claim a tax credit in relation to qualifying R&D expenditure which could be utilized to deduct tax payables. The Group has made its best estimation and recognized deferred tax assets for the tax credit related to qualifying R&D expenditure.

(iii) As at December 31, 2023, 2024, and 2025 and April 30, 2026, the Group had temporary differences which were not recognized as deferred income tax assets of approximately RMB1,129 million, RMB1,682 million, RMB30 million and RMB32 million respectively that can be carried forward against future taxable income. The reduction of the temporary difference which was not recognized as deferred income tax asset in 2025 is attributable to the termination of redemption liabilities, which results in the previously unrecognized temporary difference of RMB1,669 million as of December 31, 2024 no longer being tax-deductible.

As at December 31, 2023, 2024 and 2025 and April 30, 2026, the Group had unused tax losses which were not recognized as deferred income tax assets of approximately RMB183 million, RMB426 million, RMB738 million and RMB806 million respectively that can be carried forward against future taxable income. The unused tax losses of the Group were mainly from the companies incorporated in the PRC, where the accumulated tax losses will normally expire within 5 years. Pursuant to the relevant regulations on the extension of expiry of unused tax losses of HNTes issued in August 2018, the accumulated tax losses of the Company will expire within 10 years.

(iv) As the estimated taxable profits generated by Mitus in the year of 2026 were higher than previously expected, the Group recognized deferred tax assets for temporary differences and the tax credit related to qualifying R&D expenditure, based on the future taxable profits expected to be sufficient to recover the deferred tax assets.

APPENDIX I

ACCOUNTANT’S REPORT

As at December 31, 2023, 2024 and 2025 and April 30, 2025 and 2026, the expiry dates of the unused tax losses for which no deferred tax asset is recognised are set out as follows:

	Year ended December 31,			Four months ended April 30,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Year ending December 31, 2027 . .	1,693	1,693	–	1,693	–
Year ending December 31, 2028 . .	29,290	29,290	10,932	29,290	10,932
Year ending December 31, 2029 . .	–	26,889	26,889	26,889	26,889
Year ending December 31, 2030 . .	–	–	22,411	21,107	10,582
Year ending December 31, 2031 . .	–	–	31,148	31,148	35,000
Year ending December 31, 2032 . .	49,339	35,356	33,151	32,846	33,151
Year ending December 31, 2033 . .	97,986	97,986	97,986	97,986	97,986
Year ending December 31, 2034 . .	–	227,247	227,247	227,247	232,447
Year ending December 31, 2035 . .	–	–	278,837	168,241	282,837
Year ending December 31, 2036 . .	–	–	–	–	66,650
No expiry due date	4,941	7,298	9,734	8,460	9,846
	<u>183,249</u>	<u>425,759</u>	<u>738,335</u>	<u>644,907</u>	<u>806,320</u>

(d) Withholding income tax (“WHT”)

According to the PRC enterprise income tax Law, distribution of profits earned by PRC companies since January 1, 2008 to foreign investors is subject to withholding tax of 5% or 10%, depending on the country of incorporation of the foreign investor, upon the distribution of profits to overseas-incorporated immediate holding companies.

The Company does not have any plan to require any of its subsidiaries, including its overseas subsidiaries to distribute their retained earnings and intends to retain them to operate and expand the business in the locations of business operation. Accordingly, no deferred income tax liability on WHT was recognized as at the end of each reporting period.

12a (LOSS)/PROFIT PER SHARE

(i) Basic

Basic (loss)/profit per share is calculated by dividing the net (loss)/profit attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

	Year ended December 31			Four months ended April 30,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
(Loss)/Profit attributable to owners of the Company (RMB'000)	(506,259)	(697,744)	(276,303)	(158,284)	28,478
Weighted average number of ordinary shares outstanding (thousands) (a)	<u>47,839</u>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>
Basic (loss)/profit per share (RMB)	<u>(10.58)</u>	<u>(13.95)</u>	<u>(5.53)</u>	<u>(3.17)</u>	<u>0.57</u>

- (a) The weighted average number of ordinary shares has been retrospectively adjusted for the effect of the conversion of the Predecessor Company into a joint stock company as if the conversion had occurred at the beginning of the earliest year reported. Those shares with redemption right are also treated as ordinary shares for the purpose of calculating basic (loss)/profit per share.

(ii) Diluted

Diluted (loss)/profit per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary share.

The Company has no dilutive instrument for the years ended December 31, 2023, 2024 and 2025 and for the four months ended April 30, 2025 and 2026. Accordingly, dilutive (loss)/profit per share is the same as basic (loss)/profit per share of the respective periods.

APPENDIX I

ACCOUNTANT’S REPORT

Pursuant to the shareholders’ resolutions of the Company dated June 26, 2025, the Company will implement a [REDACTED] arrangement immediately prior to the [REDACTED]. The (loss)/profit per share presented above has not been taken into account the proposed [REDACTED] because it has not become effective as at the date of this report.

13 SUBSIDIARIES

(a) Subsidiaries of the Group

The Group’s principal subsidiaries at December 31, 2023, 2024 and 2025 and April 30, 2026 are set out below. Unless otherwise stated, the proportion of ownership interests held equals to the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name	Place of operation and date of incorporation/ establishment	Principal activities	Paid in capital as at April 30, 2025	Ownership interest held By the Group as at								
				December 31,						April 30,		Date of report
				2023		2024		2025		2026		
				Direct	Indirect	Direct	Indirect	Direct	Indirect	Direct	Indirect	
Silicon Mitus Inc. (“Mitus”) (i)	South Korea February 5, 2007	Product development and manufacturing	KRW2,671,499,000	–	100.0%	–	100.0%	–	100.0%	–	100.0%	100.0%
Hangzhou Xintong Semiconductor Technology Co., Ltd. (杭州芯通半導體技術有限公司)	Hangzhou, PRC July 20, 2023	Product development and technical support	RMB200,000,000	–	–	100.0%	–	100.0%	–	100.0%	–	100.0%

- (i) The Company, through a wholly owned subsidiary, acquired the 99.996% equity interest of Mitus through a series of transactions which were completed on October 30, 2020 with a total consideration of USD355 million, equivalent to approximately RMB2,386 million. The Company further acquired the remaining 0.004% shareholding in 2022.

(b) Investment in subsidiaries — the Company

	As at December 31,			As at April 30,
	2023	2024	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000
Cost of investments.	2,545,892	2,756,409	2,770,700	2,777,659
Less: Impairment	(1,093,847)	(1,100,847)	(1,096,847)	(1,096,847)
	<u>1,452,045</u>	<u>1,655,562</u>	<u>1,673,853</u>	<u>1,680,812</u>

	Year ended December 31,			As at April 30,
	2023	2024	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000
Cost of investments				
At beginning of the year/period.	2,463,997	2,545,892	2,756,409	2,770,700
Additional investments in subsidiaries	81,895	210,517	18,291	6,959
Disposal of a subsidiary (Note 8).	–	–	(4,000)	–
At end of the year/period	<u>2,545,892</u>	<u>2,756,409</u>	<u>2,770,700</u>	<u>2,777,659</u>

	Year ended December 31,			As at April 30,
	2023	2024	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000
Impairment				
At beginning of the year/period.	1,093,847	1,093,847	1,100,847	1,096,847
Impairment	–	7,000	–	–
Disposal of a subsidiary (Note 8).	–	–	(4,000)	–
At end of the year/period	<u>1,093,847</u>	<u>1,100,847</u>	<u>1,096,847</u>	<u>1,096,847</u>

APPENDIX I

ACCOUNTANT’S REPORT

The Company records in its statements of financial position the “Investments in subsidiaries” including i) the paid-in capital to its directly held subsidiaries as listed above at RMB51 million, RMB170 million, RMB nil and RMB nil for the years ended December 31, 2023, 2024 and 2025 and for the four months ended April 30, 2026, respectively, and ii) share-based compensation expenses for historical share incentives granted to certain employees of the subsidiaries using the Company’s equity instruments, amounted to RMB31 million, RMB41 million, RMB18 million and RMB7 million for the years ended December 31, 2023, 2024 and 2025 and the four months ended April 30, 2026, respectively.

14 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The Group

	Year ended December 31,			As at April 30,
	2023	2024	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000
At beginning of the year/period	65,000	108,880	123,272	117,950
Conversion from preferred shares	14,893	—	—	—
Share of profit/(loss)	12,380	4,779	(3,051)	(2,883)
Share of other comprehensive (loss)/income of investments accounted for using the equity method	(138)	(36)	(166)	1
Dilution gains/(losses)	16,157	13,389	(1,701)	—
Exchange difference	588	(3,740)	(404)	(1,578)
At end of the year/period	<u>108,880</u>	<u>123,272</u>	<u>117,950</u>	<u>113,490</u>

The Group has interests in a number of individually immaterial associates that are accounted for using the equity method. The aggregate carrying amount and the Group’s share of the results of individually immaterial associates are as follows:

	As at/Year ended December 31,			As at/Four months ended April 30,
	2023	2024	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000
Aggregate carrying amount of individually immaterial associates	<u>108,880</u>	<u>123,272</u>	<u>117,950</u>	<u>113,490</u>
Aggregate amounts of the Group’s share of gains/(losses) from operations	12,380	4,779	(3,051)	(2,883)
Other comprehensive (loss)/income	(138)	(36)	(166)	1
Total comprehensive income/(loss)	<u>12,242</u>	<u>4,743</u>	<u>(3,217)</u>	<u>(2,882)</u>

The Company

	Year ended December 31,			As at April 30,
	2023	2024	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000
At beginning of the year/period	65,000	77,728	87,638	87,233
Share of profit/(loss)	12,728	9,910	1,296	(1,761)
Dilution losses	—	—	(1,701)	—
At end of the year/period	<u>77,728</u>	<u>87,638</u>	<u>87,233</u>	<u>85,472</u>

Set out below are the details of the associates, accounted for using the equity method, of the Group as at December 31, 2023, 2024 and 2025 and April 30, 2026.

Name of entity	Place of operation	% of ownership interest As at December 31,			% of ownership interest As at April 31,
		2023	2024	2025	2026
Hangzhou Zhitong Enterprise Management LP (“Zhitong”) (i)	Zhejiang, PRC	65.0%	61.9%	58.8%	58.8%
Iron Device Co, Ltd (“Iron device”) (ii)	Seoul, South Korea	23.7%	17.9%	17.9%	17.9%

APPENDIX I

ACCOUNTANT’S REPORT

- (i) Zhitong is an investment company, and principally engaged in equity investment in unlisted companies in the same industry. In December 2022, the Company, together with other partners, jointly established Zhitong and the Company serves as a limited partner with 1/3 of the total voting rights. The Company has significant influence on Zhitong and recognizes Zhitong as an associate. The share of profit/(loss) of Zhitong arises from changes in fair value of the invested companies as Zhitong measured the investments at fair value through profit and loss.
- (ii) Iron Device is an associate of Mitus which is engaged in development and manufacturing of audio and power related IC devices. Mitus invested in both common shares and preferred shares. The preferred shares count for 15.22% of its voting rights according to the Article of Iron Device. The Group has significant influence on Iron Device and recognized the common share held as investment in associate, and the preferred shares held as financial assets at fair value through profit and losses (Note 24).

In 2023, Mitus exercised its conversion right of preferred shares of Iron Device and converted all of its preferred shares into common shares, Iron Device also completed new financing in 2023, in aggregate leading to share interest of Mitus decreased. Iron Device was listed on South Korean Stock Exchange in 2024 and the 2,500,000 common shares held by Mitus is subject to a two-year lock-up period. After the conversion, the investment of Iron Device is accounted for using equity method. The new financing from listing led to the decrease of share interest of Mitus further. Mitus has a representative seat on Iron Device’s board of directors and has the power to participate in Iron Device’s financial and operating policy decisions, the investment in Iron Device’s common shares is accounted for using equity method in the Tracking Record Period. The quoted fair value of the investments in Iron Device was RMB46 million, RMB40 million and RMB42 million as of December 31, 2024 and 2025 and April 30, 2026, respectively, which were higher than the carrying amount.

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognized at cost.

When assessing whether the Group has the significant influence over the investees, the Group considers all the facts and circumstances including the right to appoint the representation on the board of directors, participation in policy-making processes, material transactions between the Group and its investee; interchange of managerial personnel; provision of essential technical information, as well as the existence and effect of substantive potential voting rights. In assessing whether potential voting rights are substantive, the Group also examines all facts and circumstances, including the terms and conditions of exercise of the potential voting rights and any other contractual arrangements whether considered individually or in combination.

15 GOODWILL

	Year ended December 31,			As at April 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of the year/period				
Cost	1,387,461	1,385,165	1,240,439	1,220,965
Accumulated impairment.	(1,056,220)	(1,054,472)	(944,298)	(929,473)
Net book amount	<u>331,241</u>	<u>330,693</u>	<u>296,141</u>	<u>291,492</u>
Exchange difference of net book value.	(548)	(34,552)	(4,649)	(15,227)
At end of the year/period				
Cost	1,385,165	1,240,439	1,220,965	1,157,186
Accumulated impairment.	(1,054,472)	(944,298)	(929,473)	(880,921)
Net book amount	<u>330,693</u>	<u>296,141</u>	<u>291,492</u>	<u>276,265</u>

(a) Impairment tests for goodwill

The carrying amount of goodwill allocated to the Group of Cash-Generating Units (“CGU” or “CGUs”) are as follows:

	As at December 31,			As at April 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Mitus	1,385,165	1,240,439	1,220,965	1,157,186
Less: Impairment	(1,054,472)	(944,298)	(929,473)	(880,921)
	<u>330,693</u>	<u>296,141</u>	<u>291,492</u>	<u>276,265</u>

APPENDIX I

ACCOUNTANT’S REPORT

Detail impairment tests on the goodwill of the Group have been conducted by the management as at December 31, 2023, 2024 and 2025, according to IAS 36 “Impairment of assets”. For the purposes of impairment review, the recoverable amounts of CGU are determined based on value in use (“VIU”) calculations by using the discounted cash flow method. The management has conducted a retrospective review and the actual situation for the four months ended April 30, 2026 has demonstrated a positive result compared to the projection period during the impairment test on December 31, 2025. As of April 30, 2026, no significant adverse changes have been noted, thus no further detailed impairment test was conducted accordingly.

In 2021, the impairment for goodwill was recognized for KRW191,239 million (RMB1,025 million) as a result of the impairment test. The key assumptions used by management for VIU calculation for the impairment test of Mitus as at December 31, 2021 included: the revenue annual growth rates of -12%~3%; the gross margins of 32%~37%; the perpetual annual growth rates of 1.5%; and the pre-tax discount rates of 13.93%.

The key assumptions used by management for VIU calculation for the impairment test of Mitus as at December 31, 2023, 2024 and 2025, included: the revenue annual growth rates of -7%~6%, -3%~5% and -7%~12%; the gross margins of 33%~34%, 33%~34% and 31%~33%; the perpetual annual growth rates of 2%, 2%, and 2%; and the pre-tax discount rates of 12.90%, 12.83% and 13.04%, respectively.

Management has determined the values assigned to each of the above key assumptions as follows:

Assumption	Approach used to determine values
Revenue annual growth rate	Revenue annual growth rate is estimated over the five-year forecast period; based on past performance and management’s expectations of market development. The management of the Group used a five-year period as the projection period for the cash flow forecast, which was in line with the period length used in the corresponding strategic planning and long-term budgeting purpose for many years. Based on the industry knowledge and understanding of the market and business cycle, the management considered that before the projections move into a long term stable period, such five-year period projection was reasonable and supportable.
Gross margin	Based on past performance and management’s expectations for the future.
Perpetual annual growth rate	This is the weighted average growth rate used to extrapolate cash flows beyond the forecast period. The rates are determined after making reference to long term inflation rate of South Korea. The perpetual annual growth rates remained stable which was due to the fact that the long term inflation rates of South Korea were relatively stable during the Track Record Period.
Pre-tax discount rate	Estimated by using the weighted average cost of capital (“WACC”) method. The WACC was calculated by referring to public market data including risk free rate, market return, beta of comparable public companies etc. and the specific risk of the business.

Based on management’s assessment on the recoverable amounts, the headroom of Mitus Group as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Mitus	116,308	101,640	187,705

The headroom as of December 31, 2025 has no significant adverse changes noted in subsequent periods.

(b) Impact of possible changes in key assumptions

For the sensitivity analysis of Mitus Group conducted during the impairment review, had there been reasonably possible changes with reduction of the gross margin of each year during the forecast period by 0.50%, or an increase in pre-tax discount rate by 0.50%, or a reduction of perpetual annual growth rate by 0.50%, it would cause the reduction of the recoverable amount of Mitus Group as follows, if one of the key assumptions was to change while other variables held constant: As at December 31, 2023, the recoverable amount would decrease by RMB75 million, RMB43 million, and RMB28 million. As at December 31, 2024, the recoverable amount would decrease by RMB70 million, RMB41 million, and RMB27 million. As at December 31, 2025, the recoverable amount would decrease by RMB76 million, RMB36 million, and RMB22 million.

Had there been changes with reduction of the gross margin of each year during the forecast period by 1.23%, or an increase in pre-tax discount rate by 3.26%, after incorporating any consequential effects of the change on the other variables used to measure recoverable amount, the aggregate of the recoverable amount would be equal to the carrying amount.

As disclosed above, the management has considered and assessed reasonably possible changes for the key assumptions and has not identified any instances that would cause the carrying amounts of the CGUs to exceed their recoverable amounts as at December 31, 2023, 2024 and 2025, respectively. No significant adverse changes have been noted since the end of the reporting period.

APPENDIX I

ACCOUNTANT’S REPORT

16 PROPERTY, PLANT AND EQUIPMENT

The Group

	Machinery and equipment	Electronic equipment	Leasehold improvement	Office furniture	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost						
At December 31, 2022 . . .	60,335	11,627	10,031	2,113	–	84,106
Purchase	10,582	3,437	3,866	1,749	–	19,634
Disposals	(24)	(955)	(1,357)	–	–	(2,336)
Exchange difference	29	(9)	(18)	10	–	12
At December 31, 2023 . . .	70,922	14,100	12,522	3,872	–	101,416
Accumulated depreciation						
At December 31, 2022 . . .	(30,568)	(6,006)	(7,176)	(817)	–	(44,567)
Addition	(12,987)	(2,318)	(1,446)	(545)	–	(17,296)
Disposals	24	955	483	–	–	1,462
Exchange difference	(92)	5	1	(5)	–	(91)
At December 31, 2023 . . .	(43,623)	(7,364)	(8,138)	(1,367)	–	(60,492)
Net book value						
At December 31, 2022 . . .	29,767	5,621	2,855	1,296	–	39,539
At December 31, 2023 . . .	27,299	6,736	4,384	2,505	–	40,924
Cost						
At December 31, 2023 . . .	70,922	14,100	12,522	3,872	–	101,416
Purchase	30,964	6,069	547	1,221	75,531	114,332
Transfer from construction in progress	16,971	–	–	–	(16,971)	–
Disposals	–	(781)	–	(191)	–	(972)
Exchange difference	(7,703)	(1,309)	(715)	(215)	–	(9,942)
At December 31, 2024 . . .	111,154	18,079	12,354	4,687	58,560	204,834
Accumulated depreciation						
At December 31, 2023 . . .	(43,623)	(7,364)	(8,138)	(1,367)	–	(60,492)
Addition	(11,709)	(2,686)	(1,479)	(622)	–	(16,496)
Disposals	–	781	–	80	–	861
Exchange difference	4,834	642	665	107	–	6,248
At December 31, 2024 . . .	(50,498)	(8,627)	(8,952)	(1,802)	–	(69,879)
Provision for impairment loss						
At December 31, 2023 . . .	–	–	–	–	–	–
Addition	(188)	–	–	(912)	–	(1,100)
At December 31, 2024 . . .	(188)	–	–	(912)	–	(1,100)
Net book value						
At December 31, 2023 . . .	27,299	6,736	4,384	2,505	–	40,924
At December 31, 2024 . . .	60,468	9,452	3,402	1,973	58,560	133,855
Cost						
At December 31, 2024 . . .	111,154	18,079	12,354	4,687	58,560	204,834
Purchase	23,598	1,570	231	178	161,016	186,593
Transfer from construction in progress	23,326	–	851	–	(24,177)	–
Disposals	–	(574)	–	(912)	–	(1,486)
Exchange difference	(1,323)	(238)	(97)	(31)	–	(1,689)
At December 31, 2025 . . .	156,755	18,837	13,339	3,922	195,399	388,252
Accumulated depreciation						
At December 31, 2024 . . .	(50,498)	(8,627)	(8,952)	(1,802)	–	(69,879)
Addition	(17,499)	(3,185)	(1,349)	(628)	–	(22,661)
Disposals	–	386	–	1	–	387
Exchange difference	1,058	161	97	17	–	1,333
At December 31, 2025 . . .	(66,939)	(11,265)	(10,204)	(2,412)	–	(90,820)

APPENDIX I

ACCOUNTANT’S REPORT

	Machinery and equipment	Electronic equipment	Leasehold improvement	Office furniture	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Provision for impairment loss						
At December 31, 2024 . . .	(188)	–	–	(912)	–	(1,100)
Disposal	188	–	–	912	–	1,100
At December 31, 2025 . . .	–	–	–	–	–	–
Net book value						
At December 31, 2024 . . .	60,468	9,452	3,402	1,973	58,560	133,855
At December 31, 2025 . . .	89,816	7,572	3,135	1,510	195,399	297,432
Cost						
At December 31, 2025 . .	156,755	18,837	13,339	3,922	195,399	388,252
Purchase	13,967	3,483	–	8	12,928	30,386
Transfer from construction in progress	131	–	1,041	–	(1,172)	–
Disposals	(951)	(41)	–	–	–	(992)
Exchange difference . . .	(4,343)	(808)	(318)	(98)	–	(5,567)
At April 30, 2026	165,559	21,471	14,062	3,832	207,155	412,079
Accumulated depreciation						
At December 31, 2025 . .	(66,939)	(11,265)	(10,204)	(2,412)	–	(90,820)
Addition	(6,864)	(1,075)	(521)	(206)	–	(8,666)
Disposals	951	41	–	–	–	992
Exchange difference . . .	1,976	437	309	70	–	2,792
At April 30, 2026	(70,876)	(11,862)	(10,416)	(2,548)	–	(95,702)
Net book value						
At December 31, 2025 . .	89,816	7,572	3,135	1,510	195,399	297,432
At April 30, 2026	94,683	9,609	3,646	1,284	207,155	316,377

Depreciation expenses have been charged to profit or loss and are presented in the consolidated statements of comprehensive loss as follows:

	Year ended December 31,			Four months ended April 30,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Cost of sales	4,166	2,311	3,500	867	1,917
Selling and marketing expenses . .	230	252	270	93	74
General and administrative expenses	2,886	3,506	3,680	1,167	1,194
Research and development expenses	10,014	10,427	15,211	4,860	5,481
	17,296	16,496	22,661	6,987	8,666

The Company

	Machinery and equipment	Electronic equipment	Leasehold improvement	Office furniture	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost					
At December 31, 2022	3,281	1,339	1,916	700	7,236
Purchase	3,606	1,370	3,053	485	8,514
At December 31, 2023	6,887	2,709	4,969	1,185	15,750
Accumulated depreciation					
At December 31, 2022	(647)	(637)	(1,036)	(171)	(2,491)
Addition	(1,531)	(532)	(643)	(141)	(2,847)
At December 31, 2023	(2,178)	(1,169)	(1,679)	(312)	(5,338)

APPENDIX I

ACCOUNTANT’S REPORT

	Machinery and equipment	Electronic equipment	Leasehold improvement	Office furniture	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Net book value					
At December 31, 2022	2,634	702	880	529	4,745
At December 31, 2023	4,709	1,540	3,290	873	10,412
Cost					
At December 31, 2023	6,887	2,709	4,969	1,185	15,750
Purchase	10,866	1,295	368	64	12,593
At December 31, 2024	17,753	4,004	5,337	1,249	28,343
Accumulated depreciation					
At December 31, 2023	(2,178)	(1,169)	(1,679)	(312)	(5,338)
Addition	(2,310)	(701)	(961)	(228)	(4,200)
At December 31, 2024	(4,488)	(1,870)	(2,640)	(540)	(9,538)
Net book value					
At December 31, 2023	4,709	1,540	3,290	873	10,412
At December 31, 2024	13,265	2,134	2,697	709	18,805
Cost					
At December 31, 2024	17,753	4,004	5,337	1,249	28,343
Purchase	18,974	197	851	135	20,157
At December 31, 2025	36,727	4,201	6,188	1,384	48,500
Accumulated depreciation					
At December 31, 2024	(4,488)	(1,870)	(2,640)	(540)	(9,538)
Addition	(4,051)	(946)	(826)	(245)	(6,068)
At December 31, 2025	(8,539)	(2,816)	(3,466)	(785)	(15,606)
Net book value					
At December 31, 2024	13,265	2,134	2,697	709	18,805
At December 31, 2025	28,188	1,385	2,722	599	32,894
Cost					
At December 31, 2025	36,727	4,201	6,188	1,384	48,500
Purchase	351	31	–	5	387
At April 30, 2026	37,078	4,232	6,188	1,389	48,887
Accumulated depreciation					
At December 31, 2025	(8,539)	(2,816)	(3,466)	(785)	(15,606)
Addition	(1,768)	(298)	(329)	(85)	(2,480)
At April 30, 2026	(10,307)	(3,114)	(3,795)	(870)	(18,086)
Net book value					
At December 31, 2025	28,188	1,385	2,722	599	32,894
At April 30, 2026	26,771	1,118	2,393	519	30,801

(a) Depreciation methods and useful lives

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses (if any). Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

- Machinery and equipment 3-10 years
- Electronic equipment 3-5 years
- Office furniture 3-5 years
- Leasehold improvement the shorter of the beneficial period and the remaining lease term

The assets’ residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

APPENDIX I

ACCOUNTANT’S REPORT

17 LEASES

This note provides information for leases where the Group is a lessee.

The Group

(a) Amounts recognized in the consolidated statements of financial position

	As at December 31,			As at April 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Right-of-use assets				
Buildings	39,077	26,780	16,075	25,018
Vehicles	592	1,158	799	972
Land-use Rights	—	15,401	15,088	14,984
	<u>39,669</u>	<u>43,339</u>	<u>31,962</u>	<u>40,974</u>
Lease liabilities				
Current	19,028	18,351	12,203	18,942
Non-current	21,663	10,364	5,138	6,561
	<u>40,691</u>	<u>28,715</u>	<u>17,341</u>	<u>25,503</u>

Additions to buildings leases during the years ended December 31, 2023, 2024 and 2025 and the four months ended April 30, 2025 and 2026 were RMB18,982,000, RMB8,374,000, RMB8,693,000, RMB3,283,000 and RMB15,467,000, respectively. Additions to vehicles leases during the years ended December 31, 2023, 2024 and 2025 and the four months ended April 30, 2025 and 2026 were RMB49,000, RMB1,276,000, RMB218,000, RMB57,000 and RMB403,000, respectively. Additions to land-use rights during the years ended December 31, 2023, 2024 and 2025 and the four months ended April 30, 2025 and 2026 were RMB nil, RMB15,635,000, RMB nil, RMB nil and RMB nil, respectively.

(b) Amounts recognized in the consolidated statements of comprehensive loss

	Year ended December 31,			Four months ended April 30,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Depreciation charge of right-of-use assets					
Buildings	16,447	18,595	19,414	6,411	5,931
Vehicles	488	608	564	183	182
Land-use rights	—	235	313	104	104
	<u>16,935</u>	<u>19,438</u>	<u>20,291</u>	<u>6,698</u>	<u>6,217</u>
Interest expense (Note 11)	2,242	1,865	1,109	430	214
Expense relating to short-term and low-value leases not included in lease liabilities	419	437	739	220	118

The total cash outflows for long-term leases please refer to the payments for lease liabilities in the consolidated statements of cash flows, and short-term leases during the years ended December 31, 2023, 2024 and 2025 and for the four months ended April 30, 2025 and 2026 were approximately RMB419,000, RMB437,000, RMB739,000, RMB220,000 and RMB118,000, respectively.

(c) The Group’s leasing activities and how these are accounted for

The Group leases offices, vehicles as lessee. Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option, and

APPENDIX I

ACCOUNTANT’S REPORT

- lease payments to be made under reasonably certain extension options are also included in the measurement of lease liabilities.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases of the Group, the lessee’s incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received, and
- any initial direct costs.

Right-of-use assets are generally depreciated over the shorter of the asset’s useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset’s useful life.

Payments associated with short-term leases and all leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

The Group’s lease payments are deductible upon payment for tax purposes. In accounting for the deferred tax relating to the lease, the Group separately accounts for the deferred taxation on the taxable temporary difference and the deductible temporary difference, which upon initial recognition are equal and offset to zero. Deferred tax is recognized on subsequent changes to the taxable and temporary differences.

(d) Land-use right

Land-use right is recognized at cost. Amortization is calculated using the straight-line method based on the beneficial period for fifty years.

The Company

Amounts recognized in the company statements of financial position

	As at December 31,			As at April 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Right-of-use assets				
Buildings	6,926	7,424	7,276	9,545
Lease liabilities				
Current	3,287	2,908	3,801	4,704
Non-current	3,877	4,344	3,597	4,721
	7,164	7,252	7,398	9,425

Additions to buildings leases during the years ended December 31, 2023, 2024 and 2025 and the four months ended April 30, 2025 and 2026 were RMB6,019,000, RMB3,723,000, RMB3,160,000, RMB2,740,000 and RMB4,115,000, respectively.

18 INTANGIBLE ASSETS

The Group

	Computer software	Customer relationship	Patents and non-patent technologies	Trademark rights	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost						
At December 31, 2022 . . .	55,655	140,749	131,167	104,435	5,168	437,174
Purchase	63,493	–	1,700	–	4,118	69,311
Disposal	(37,952)	–	–	–	–	(37,952)
Exchange difference	252	(233)	(217)	(173)	74	(297)
At December 31, 2023 . . .	81,448	140,516	132,650	104,262	9,360	468,236

APPENDIX I

ACCOUNTANT’S REPORT

	Computer software	Customer relationship	Patents and non-patent technologies	Trademark rights	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Accumulated amortization						
At December 31, 2022 . . .	(40,772)	(63,337)	(69,846)	(23,504)	–	(197,459)
Addition	(22,415)	(27,573)	(21,954)	(10,232)	–	(82,174)
Disposal	37,952	–	–	–	–	37,952
Exchange difference	357	(426)	(305)	(158)	–	(532)
At December 31, 2023 . . .	(24,878)	(91,336)	(92,105)	(33,894)	–	(242,213)
Provision for impairment loss						
At December 31, 2022 . . .	–	–	–	–	(828)	(828)
Addition	–	–	–	–	–	–
Disposal	–	–	–	–	–	–
Exchange difference	–	–	–	–	–	–
At December 31, 2023 . . .	–	–	–	–	(828)	(828)
Net book value						
At December 31, 2022 . . .	14,883	77,412	61,321	80,931	4,340	238,887
At December 31, 2023 . . .	56,570	49,180	40,545	70,368	8,532	225,195
Cost						
At December 31, 2023 . . .	81,448	140,516	132,650	104,262	9,360	468,236
Purchase	5,264	–	–	–	11,317	16,581
Disposal	(2,283)	–	–	–	–	(2,283)
Exchange difference	(7,597)	(14,681)	(13,682)	(10,894)	(1,649)	(48,503)
At December 31, 2024 . . .	76,832	125,835	118,968	93,368	19,028	434,031
Accumulated amortization						
At December 31, 2023 . . .	(24,878)	(91,336)	(92,105)	(33,894)	–	(242,213)
Addition	(22,098)	(26,783)	(21,358)	(9,926)	–	(80,165)
Disposal	2,283	–	–	–	–	2,283
Exchange difference	3,448	11,159	10,864	4,128	–	29,599
At December 31, 2024 . . .	(41,245)	(106,960)	(102,599)	(39,692)	–	(290,496)
Provision for impairment loss						
At December 31, 2023 . . .	–	–	–	–	(828)	(828)
Addition	(707)	–	–	–	(1,186)	(1,893)
Disposal	–	–	–	–	–	–
Exchange difference	–	–	–	–	157	157
At December 31, 2024 . . .	(707)	–	–	–	(1,857)	(2,564)
Net book value						
At December 31, 2023 . . .	56,570	49,180	40,545	70,368	8,532	225,195
At December 31, 2024 . . .	34,880	18,875	16,369	53,676	17,171	140,971
Cost						
At December 31, 2024 . . .	76,832	125,835	118,968	93,368	19,028	434,031
Purchase	5,963	–	–	–	–	5,963
Disposal	–	–	–	–	(3,831)	(3,831)
Disposal of a subsidiary . .	(707)	–	–	–	–	(707)
Exchange difference	(1,196)	(1,975)	(1,841)	(1,466)	(167)	(6,645)
At December 31, 2025 . . .	80,892	123,860	117,127	91,902	15,030	428,811
Accumulated amortization						
At December 31, 2024 . . .	(41,245)	(106,960)	(102,599)	(39,692)	–	(290,496)
Addition	(21,943)	(19,238)	(15,409)	(9,519)	–	(66,109)
Exchange difference	1,207	2,338	2,129	949	–	6,623
At December 31, 2025 . . .	(61,981)	(123,860)	(115,879)	(48,262)	–	(349,982)

APPENDIX I

ACCOUNTANT’S REPORT

	Computer software	Customer relationship	Patents and non-patent technologies	Trademark rights	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Provision for impairment loss						
At December 31, 2024 . . .	(707)	–	–	–	(1,857)	(2,564)
Reversal	–	–	–	–	1,137	1,137
Disposal of a subsidiary . .	707	–	–	–	–	707
Exchange difference	–	–	–	–	(10)	(10)
At December 31, 2025 . . .	–	–	–	–	(730)	(730)
Net book value						
At December 31, 2024 . . .	34,880	18,875	16,369	53,676	17,171	140,971
At December 31, 2025 . . .	18,911	–	1,248	43,640	14,300	78,099
Cost						
At December 31, 2025 . . .	80,892	123,860	117,127	91,902	15,030	428,811
Purchase	45,238	–	1,000	–	3,852	50,090
Disposal	–	–	–	–	–	–
Exchange difference	(4,406)	(6,470)	(6,029)	(4,801)	(875)	(22,581)
At April 30, 2026	121,724	117,390	112,098	87,101	18,007	456,320
Accumulated amortization						
At December 31, 2025 . . .	(61,981)	(123,860)	(115,879)	(48,262)	–	(349,982)
Addition	(8,692)	–	(73)	(2,973)	–	(11,738)
Exchange difference	2,962	6,470	6,029	2,590	–	18,051
At April 30, 2026	(67,711)	(117,390)	(109,923)	(48,645)	–	(343,669)
Provision for impairment loss						
At December 31, 2025 . . .	–	–	–	–	(730)	(730)
Reversal	–	–	–	–	–	–
Exchange difference	–	–	–	–	38	38
At April 30, 2026	–	–	–	–	(692)	(692)
Net book value						
At December 31, 2025 . . .	18,911	–	1,248	43,640	14,300	78,099
At April 30, 2026	54,013	–	2,175	38,456	17,315	111,959

The amortization of intangible assets recognized in the consolidated statements of comprehensive loss are analysed as follows:

	Year ended December 31,			Four months ended April 30,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Selling and marketing expenses	38,022	36,937	29,011	11,661	3,053
General and administrative expenses	1,571	2,260	2,507	824	813
Research and development expenses	42,581	40,968	34,591	12,956	7,872
	82,174	80,165	66,109	25,441	11,738

APPENDIX I

ACCOUNTANT’S REPORT

The Company

	Computer Software	Patents	Total
	RMB'000	RMB'000	RMB'000
Cost			
At December 31, 2022	447	–	447
Increases in the current year			
Purchase	9,117	1,700	10,817
At December 31, 2023	9,564	1,700	11,264
Accumulated amortization			
At December 31, 2022	(79)	–	(79)
Increases in the current year			
Addition	(973)	(113)	(1,086)
At December 31, 2023	(1,052)	(113)	(1,165)
Net book value			
At December 31, 2022	368	–	368
At December 31, 2023	8,512	1,587	10,099
Cost			
At December 31, 2023	9,564	1,700	11,264
Increases in the current year			
Purchase	486	–	486
At December 31, 2024	10,050	1,700	11,750
Accumulated amortization			
At December 31, 2023	(1,052)	(113)	(1,165)
Increase in the current year			
Addition	(3,388)	(170)	(3,558)
At December 31, 2024	(4,440)	(283)	(4,723)
Net book value			
At December 31, 2023	8,512	1,587	10,099
At December 31, 2024	5,610	1,417	7,027
Cost			
At December 31, 2024	10,050	1,700	11,750
Increases in the current year			
Purchase	1,192	–	1,192
At December 31, 2025	11,242	1,700	12,942
Accumulated amortization			
At December 31, 2024	(4,440)	(283)	(4,723)
Increase in the current period/year			
Addition	(3,456)	(170)	(3,626)
At December 31, 2025	(7,896)	(453)	(8,349)
Net book value			
At December 31, 2024	5,610	1,417	7,027
At December 31, 2025	3,346	1,247	4,593
Cost			
At December 31, 2025	11,242	1,700	12,942
Increases in the current period			
Purchase	11,544	1,000	12,544
At April 30, 2026	22,786	2,700	25,486
Accumulated amortization			
At December 31, 2025	(7,896)	(453)	(8,349)
Increase in the current period			
Addition	(2,190)	(73)	(2,263)
At April 30, 2026	(10,086)	(526)	(10,612)

APPENDIX I

ACCOUNTANT’S REPORT

	Computer Software	Patents	Total
	RMB'000	RMB'000	RMB'000
Net book value			
At December 31, 2025	3,346	1,247	4,593
At April 30, 2026	12,700	2,174	14,874

Patents and non-patent technologies

The cost of patent and non-patent technologies obtained in the business combinations involving enterprises not under common control is measured at fair value. Patents and non-patent technologies are amortized on a straight-line basis based on the statutory period of validity, the period as stipulated by contracts or the beneficial period over their estimated useful life up to five years.

Trademark rights

The cost of trademark rights obtained in the business combinations involving enterprises not under common control is measured at fair value. Trademark rights are amortized on a straight-line basis based on the beneficial period for ten years.

Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire the specific software.

Computer software licenses are amortized on a straight-line basis based on the beneficial period for 3 to 5 years.

Research and development

Research expenditure is recognized as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new and improved products) are recognized as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use;
- Management intends to complete the software product and use or sell it;
- There is an ability to use or sell the software product;
- It can be demonstrated how the software product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- The expenditure attributable to the software product during its development can be reliably measured.

No research expenditure is recognized as intangible assets in the years ended December 31, 2023, 2024 and 2025 and the four months ended April 30, 2025 and 2026.

Customer relationship

Customer relationships acquired in a business combination are recognized at fair value at the acquisition date. Customer relationships have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method to allocate its cost over the expected life of the customer relationships for five years. The expected useful life is determined with reference to the past experience of the customer churn rate and the projected period of future economic benefits from customer relationships.

Others of intangible assets mainly consist of golf club memberships with indefinite useful life, which are purchased for business and employee benefit. The Group test the intangible assets with an indefinite useful life for impairment by comparing their recoverable amounts with their carrying amount annually and whenever there is an indication that the intangible asset may be impaired. The recoverable amounts of the golf club memberships are the higher of the assets' fair value less costs of disposal and its value in use.

APPENDIX I

ACCOUNTANT’S REPORT

19 OTHER NON-CURRENT ASSETS

	As at December 31,			As at April 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Valued-added tax (“VAT”) to be deducted or refunded	–	–	15,434	20,824
Rental deposits	26,738	10,102	2,489	12,956
Prepayments for property, plant and equipment	11,898	4,511	4,232	4,803
	<u>38,636</u>	<u>14,613</u>	<u>22,155</u>	<u>38,583</u>

20 FINANCIAL INSTRUMENTS BY CATEGORY

		As at December 31,			As at April 30,
	Notes	2023	2024	2025	2026
		RMB'000	RMB'000	RMB'000	RMB'000
Financial assets					
Financial assets at amortized cost:					
– Trade and note receivables	22	140,520	156,433	129,210	211,920
– Other receivables (included in prepayments and other receivables)	21	1,918	2,634	9,475	4,560
– Cash and cash equivalents	25	2,501,479	1,538,672	1,207,952	791,147
– Other non-current assets	19	26,738	10,102	2,489	12,956
– Restricted cash	25	79,021	86,564	67,180	52,543
– Time deposits	25	514,042	315,578	913,785	814,152
Financial assets at fair value through profit or loss:					
– Unlisted equity investment	24	228,170	240,138	209,857	226,145
– Structured deposits	3.3	–	891,022	600,414	931,299
Financial assets at fair value through other comprehensive income:					
– Note receivables	22	–	–	58,976	35,570
– Unlisted equity investment	24	1,540,763	1,500,256	1,499,411	1,434,734
		<u>5,032,651</u>	<u>4,741,399</u>	<u>4,698,749</u>	<u>4,515,026</u>
Financial liabilities					
Financial liabilities at amortized cost:					
– Trade payables	32	135,285	165,890	289,187	238,334
– Lease liabilities	17	40,691	28,715	17,341	25,503
– Accrued expenses and other payables (excluding tax payables and salary payables)	33	91,444	94,640	139,562	141,663
– Long-term payables	37	18,924	1,722	2,871	31,470
– Redemption liabilities	30	7,615,436	8,161,732	–	–
– Borrowings	39	–	–	98,899	100,272
Financial liabilities at fair value through profit or loss					
– Derivative financial liabilities . . .	3.3	–	39,847	–	5,308
		<u>7,901,780</u>	<u>8,492,546</u>	<u>547,860</u>	<u>542,550</u>

The Group’s exposure to various risks associated with the financial instruments is discussed in Note 3. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

APPENDIX I

ACCOUNTANT’S REPORT

21 PREPAYMENTS AND OTHER RECEIVABLES

The Group

	As at December 31,			As at April 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Other receivables				
– Rental, bidding and other deposits . . .	36	1,503	9,044	4,324
– Receivables from employees and others	1,882	1,131	431	236
Gross other receivables	1,918	2,634	9,475	4,560
Less: loss allowance	–	–	–	–
	1,918	2,634	9,475	4,560
Prepayment to suppliers	5,299	10,193	3,488	1,917
Total	7,217	12,827	12,963	6,477

The Company

	As at December 31,			As at April 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Other receivables				
– Receivables from subsidiaries.	3,928	14,419	766	6,251
– Rental, bidding and other deposits . . .	3	3	5	5
– Receivables from employees and others	1,509	761	408	228
Gross other receivables	5,440	15,183	1,179	6,484
Less: loss allowance	–	–	–	–
	5,440	15,183	1,179	6,484
Prepayment to suppliers	3,802	4,366	2,036	1,642
Total	9,242	19,549	3,215	8,126

22 TRADE AND NOTE RECEIVABLES

The Group

	As at December 31,			As at April 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	136,807	147,571	124,517	209,105
Note receivables	5,293	10,499	65,323	40,634
Less: loss allowance	(1,580)	(1,637)	(1,654)	(2,249)
Subtotal	140,520	156,433	188,186	247,490
– measured at amortized cost (<i>Note 20</i>)	140,520	156,433	129,210	211,920
– measured at FVOCI (<i>Note 20</i>)	–	–	58,976	35,570
Total trade and note receivables	140,520	156,433	188,186	247,490
Expected credit losses rate	1.1%	1.0%	0.9%	0.9%

The Group’s trade receivables denominated in foreign currencies are mainly USD.

The carrying amounts of the Group’s note receivables measured at fair value through other comprehensive income endorsed by the Group was RMB62 million and RMB29 million, respectively, during the year ended December 31, 2025 and the four months ended April 30, 2026.

APPENDIX I

ACCOUNTANT’S REPORT

The Group decides trading terms with customers on a case-by-case basis. The credit terms given to trade customers are determined on an individual basis with the normal contractual credit period mainly within 90 days. The aging analysis of the trade and note receivables based on date of revenue recognition is as follows:

	As at December 31,			As at April 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	142,100	158,070	189,840	249,739
Less: loss allowance	(1,580)	(1,637)	(1,654)	(2,249)
Total	<u>140,520</u>	<u>156,433</u>	<u>188,186</u>	<u>247,490</u>

Due to the short-term nature of the current receivables, their carrying amounts are considered to be approximately the same as their fair values.

The Group does not hold any collateral as security over these debtors as at December 31, 2023, 2024 and 2025 and April 30, 2026.

As at December 31, 2023, 2024 and 2025 and April 30, 2026, the Group did not identify any individually impaired trade and note receivables for the assessment of loss allowance.

The movement on the allowance for impairment of trade and note receivables please refer to Note 3.1.

The Company

	As at December 31,			As at April 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	43,145	50,270	48,636	71,332
Note receivables	–	8,552	58,976	35,570
Less: loss allowance	(1,058)	(1,206)	(1,244)	(1,613)
Subtotal	<u>42,087</u>	<u>57,616</u>	<u>106,368</u>	<u>105,289</u>
– measured at amortized cost (Note 20)	42,087	57,616	47,392	69,719
– measured at FVOCI (Note 20)	–	–	58,976	35,570
Total trade and note receivables	<u>42,087</u>	<u>57,616</u>	<u>106,368</u>	<u>105,289</u>
Expected credit losses rate	2.5%	2.1%	1.2%	1.5%

The Company’s trade receivables denominated in foreign currencies are mainly USD.

The carrying amounts of the Company’s note receivables measured at fair value through other comprehensive income endorsed by the Company was RMB62 million and RMB29 million, respectively, during the year ended December 31, 2025 and the four months ended April 30, 2026.

The Company decides trading terms with customers on a case-by-case basis. The credit terms given to trade customers are determined on an individual basis with the normal contractual credit period mainly within 90 days. The aging analysis of the trade and note receivables based on date of revenue recognition is as follows:

	As at December 31,			As at April 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	43,145	58,822	107,612	106,902
Less: loss allowance	(1,058)	(1,206)	(1,244)	(1,613)
	<u>42,087</u>	<u>57,616</u>	<u>106,368</u>	<u>105,289</u>

Due to the short-term nature of the current receivables, their carrying amounts are considered to be approximately the same as their fair values.

The Company does not hold any collateral as security over these debtors as at December 31, 2023, 2024 and 2025 and April 30, 2026.

APPENDIX I

ACCOUNTANT’S REPORT

23 INVENTORIES

The Group

	As at December 31,			As at April 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Work in process	216,689	217,026	281,126	300,679
Raw materials	112,096	114,305	121,915	87,670
Finished goods	53,442	69,739	80,768	86,892
Contract fulfilment cost	—	14	45	47
	<u>382,227</u>	<u>401,084</u>	<u>483,854</u>	<u>475,288</u>
Less: allowance for impairment of inventories	(51,636)	(57,024)	(56,799)	(32,013)
	<u>330,591</u>	<u>344,060</u>	<u>427,055</u>	<u>443,275</u>

(a) Amounts recognized in profit or loss

Inventories recognized as cost of sales during the years ended December 31, 2023, 2024 and 2025 and the four months ended April 30, 2025 and 2026 was RMB1,063 million, RMB1,086 million, RMB1,399 million, RMB387 million and RMB610 million, respectively.

Inventories are stated at the lower of cost and net realizable value. Cost comprises direct materials, direct labor and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost of direct material is determined on weighted average basis. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

The Company

	As at December 31,			As at April 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Work in process	45,360	45,619	125,847	152,456
Raw materials	7,169	28,672	28,777	14,525
Finished goods	9,761	33,084	35,827	39,892
Contract fulfilment cost	—	31	62	64
	<u>62,290</u>	<u>107,406</u>	<u>190,513</u>	<u>206,937</u>
Less: allowance for impairment of inventories	(20,367)	(26,957)	(19,346)	(16,025)
	<u>41,923</u>	<u>80,449</u>	<u>171,167</u>	<u>190,912</u>

24 FINANCIAL ASSETS AT FAIR VALUE

(a) Financial assets at FVPL

The Group

	As at December 31,			As at April 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets				
Unlisted equity investment (i)	<u>228,170</u>	<u>240,138</u>	<u>209,857</u>	<u>226,145</u>
Current assets				
Structured deposits	<u>—</u>	<u>891,022</u>	<u>600,414</u>	<u>931,299</u>

Financial assets at FVPL were presented within investing activities in the consolidated statement of cash flows. The net fair value gains of FVPL for the years ended December 31, 2023 and 2024 and the four months ended April 30, 2026 were RMB14 million, RMB19 million and RMB22 million, respectively, and the net fair value losses of FVPL for the year ended December 31, 2025 and the four months ended April 30, 2025 were RMB14 million and RMB30 million, respectively (Note 8).

- (i) The Group holds redeemable convertible preferred share or ordinary shares with preference rights of the following entities. The investments in these entities are measured at fair value through profit or loss.

APPENDIX I

ACCOUNTANT’S REPORT

Company name	Place of incorporation and operation and date of incorporation	Attributable equity interests to the Group			
		As at December 31,			As at April 30,
		2023	2024	2025	2026
Zhejiang Hixin Integrated Circuit Co., Ltd (“浙江禾芯集成電路有限公司”)	The PRC, January 8, 2021	10.47%	10.29%	10.29%	9.92%
Huaxin (Jiaxing) Intelligent Manufacturing Co., Ltd (“華芯(嘉興)智能裝備有限公司”)	The PRC, June 17, 2021	4.81%	4.81%	4.81%	4.57%

Carrying amount of the above investments as at December 31, 2023, 2024 and 2025 and April 30, 2026 are set forth below:

Company name	Carrying amount			
	As at December 31,			As at April 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Zhejiang Hixin Integrated Circuit Co., Ltd (“浙江禾芯集成電路有限公司”)	162,942	164,616	136,217	165,694
Huaxin (Jiaxing) Intelligent Manufacturing Co., Ltd (“華芯(嘉興)智能裝備有限公司”)	65,228	75,522	73,640	60,451
	228,170	240,138	209,857	226,145

The Company

	As at December 31,			As at April 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets				
Unlisted equity investment (i)	228,170	240,138	209,857	226,145
Current assets				
Structured deposits	—	832,862	600,414	931,299

Financial assets at FVPL were presented within investing activities in the consolidated statement of cash flows.

- (i) The Company holds redeemable convertible preferred share or ordinary shares with preference rights of the following entities. The investments in these entities are measured at fair value through profit or loss.

Company name	Place of incorporation and operation and date of incorporation	Attributable equity interests to the Group			
		As at December 31,			As at April 30,
		2023	2024	2025	2026
Zhejiang Hixin Integrated Circuit Co., Ltd (“浙江禾芯集成電路有限公司”)	The PRC, January 8, 2021	10.47%	10.29%	10.29%	9.92%
Huaxin (Jiaxing) Intelligent Manufacturing Co., Ltd (“華芯(嘉興)智能裝備有限公司”)	The PRC, June 17, 2021	4.81%	4.81%	4.81%	4.57%

APPENDIX I

ACCOUNTANT’S REPORT

Carrying amount of the above investments as at December 31, 2023, 2024 and 2025 and April 30, 2026 are set forth below:

Company name	Carrying amount			
	As at December 31,			As at April 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Zhejiang Hexin Integrated Circuit Co., Ltd (“浙江禾芯集成电路有限公司”) .	162,942	164,616	136,217	165,694
Huaxin (Jiaxing) Intelligent Manufacturing Co., Ltd (“華芯(嘉興)智能裝備有限公司”)	65,228	75,522	73,640	60,451
	<u>228,170</u>	<u>240,138</u>	<u>209,857</u>	<u>226,145</u>

(b) **Financial assets at FVOCI**

The Group

	As at December 31,			As at April 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Current assets				
Note receivables	—	—	58,976	35,570
	<u>—</u>	<u>—</u>	<u>58,976</u>	<u>35,570</u>
Non-current assets				
Unlisted equity investment (i).	1,540,763	1,500,256	1,499,411	1,434,734
	<u>1,540,763</u>	<u>1,500,256</u>	<u>1,499,411</u>	<u>1,434,734</u>

- (i) The Group holds 16.76% equity interest in Fullsemi Semiconductor, a wafer fabrication foundry. In accordance with the articles of association of Hangzhou Fullsemi and the relevant agreements signed by its all shareholders, the Company has no right to appoint director to Hangzhou Fullsemi, and no director of Hangzhou Fullsemi is on behalf of the Company. In addition, there are no substantive potential voting rights which can be currently exercisable solely on the Group’s discretion throughout the Track Record Period. The Group’s purchases from Fullsemi Semiconductor amounted to approximately RMB24 million, RMB135 million, RMB434 million and RMB231 million for the years ended December 31, 2023, 2024 and 2025 and the four months ended April 30, 2026, respectively. Such transactions were entered into based on the market price mechanism, and the Group does not believe that the past and anticipated transaction volume in future between the Group and Fullsemi Semiconductor indicates that Fullsemi Semiconductor’s operation and business substantially relies on the Group.

Therefore, the Group determines that it has no significant influence over Fullsemi Semiconductor and has irrevocably designated the investment as FVOCI.

The Company

	As at December 31,			As at April 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Current assets				
Note receivables	—	—	58,976	35,570
	<u>—</u>	<u>—</u>	<u>58,976</u>	<u>35,570</u>
Non-current assets				
Unlisted equity investment	1,540,763	1,500,256	1,499,411	1,434,734
	<u>1,540,763</u>	<u>1,500,256</u>	<u>1,499,411</u>	<u>1,434,734</u>

Risk exposure and fair value measurements

Information about the Group’s exposure to financial risk is provided in Note 3.1 and information about the methods and assumptions used in determining fair value is set out in Note 3.3.

Accounting policies

(i) *Classification*

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income (‘OCI’) or through profit or loss), and
- those to be measured at amortized cost.

The classification depends on the entity’s business model for managing the financial assets and the contractual terms of the cash flows.

APPENDIX I

ACCOUNTANT’S REPORT

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(ii) *Recognition and derecognition*

Regular way purchases and sales of financial assets are recognized on the trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(iii) *Measurement*

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Derivative instruments

Derivatives are initially recognised at fair value on the date when a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period, and the changes are recognised in profit and loss and presented within “other gains/(losses) — net” in the statement of comprehensive income.

Debt instruments

Subsequent measurement of debt instruments depends on the Group’s business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Group classifies its debt instruments:

- **Amortized cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in “other gains/(losses) — net” together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of comprehensive income.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets’ cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in “other gains/(losses) — net”. Interest income from these financial assets is included in “finance income” using the effective interest rate method. Foreign exchange gains and losses are presented in “other gains/(losses) — net” and impairment losses are presented as separate line item in the consolidated income statements.
- **FVPL:** Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in profit or loss and presented net within “other gains/(losses) — net” in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group’s management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as other income when the Group’s right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognized in profit or loss and presented within “other gains/(losses) — net” in the statement of comprehensive income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

APPENDIX I

ACCOUNTANT’S REPORT

25 CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents

The Group

	As at December 31,			As at April 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Cash at banks	3,094,542	1,940,814	2,188,917	1,657,842
Less: Restricted cash (b).	(79,021)	(86,564)	(67,180)	(52,543)
Time deposits with maturity over 3 months (c)	(514,042)	(315,578)	(913,785)	(814,152)
Cash and cash equivalents	<u>2,501,479</u>	<u>1,538,672</u>	<u>1,207,952</u>	<u>791,147</u>

Cash and cash equivalents of the Group are denominated in the following currencies:

	As at December 31,			As at April 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
RMB	2,116,194	825,237	426,332	280,833
USD	213,680	390,522	418,362	148,867
KRW	171,191	322,590	362,646	360,925
Others	414	323	612	522
Total	<u>2,501,479</u>	<u>1,538,672</u>	<u>1,207,952</u>	<u>791,147</u>

The Company

	As at December 31,			As at April 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Cash at banks	2,181,361	1,042,137	1,110,860	693,328
Less: Restricted cash (b).	(79,021)	(86,564)	(67,180)	(52,543)
Time deposits with maturity over 3 months (c)	–	(147,685)	(654,847)	(369,899)
Cash and cash equivalents	<u>2,102,340</u>	<u>807,888</u>	<u>388,833</u>	<u>270,886</u>

Cash and cash equivalents of the Company are denominated in the following currencies:

	As at December 31,			As at April 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
RMB	2,070,545	767,617	361,255	249,765
USD	31,795	40,271	27,578	21,121
Total	<u>2,102,340</u>	<u>807,888</u>	<u>388,833</u>	<u>270,886</u>

(b) Restricted cash

The Group

	As at December 31,			As at April 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current	50,419	46,464	44,008	44,206
Current	28,602	40,100	23,172	8,337
	<u>79,021</u>	<u>86,564</u>	<u>67,180</u>	<u>52,543</u>

Restricted cash is security deposit for performance guarantee issued for the Company.

APPENDIX I

ACCOUNTANT’S REPORT

The Company

	As at December 31,			As at April 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current	50,419	46,464	44,008	44,206
Current	28,602	40,100	23,172	8,337
	<u>79,021</u>	<u>86,564</u>	<u>67,180</u>	<u>52,543</u>

(c) Time deposits with maturity over 3 months

The Group

	As at December 31,			As at April 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Principal	512,919	314,400	905,922	807,748
Interest income	1,123	1,178	7,863	6,404
	<u>514,042</u>	<u>315,578</u>	<u>913,785</u>	<u>814,152</u>

The Company

	As at December 31,			As at April 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Principal	—	147,153	648,746	367,746
Interest income	—	532	6,101	2,153
	—	<u>147,685</u>	<u>654,847</u>	<u>369,899</u>
	—	—	—	—

26 OTHER CURRENT ASSETS

The Group

	As at December 31,			As at April 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Value-added tax (“VAT”) to be deducted or refunded	28,420	41,619	33,650	35,105
Income tax refund receivables	—	4,543	—	—
Others	3,272	—	4,834	5,506
	<u>31,692</u>	<u>46,162</u>	<u>38,484</u>	<u>40,611</u>

The Company

	As at December 31,			As at April 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
VAT input to be deducted	14,695	1,628	21,959	21,945
Others	—	—	4,834	5,506
	<u>14,695</u>	<u>1,628</u>	<u>26,793</u>	<u>27,451</u>

APPENDIX I

ACCOUNTANT’S REPORT

27 PAID-IN CAPITAL/SHARE CAPITAL

	Paid-in capital/ Share capital
	RMB'000
At December 31, 2022	24,898
Contributions from shareholders	2,182
At December 31, 2023	27,080
Contributions from shareholders	—
At December 31, 2024	27,080
Conversion into a joint stock company	22,920
At December 31, 2025	50,000
(Unaudited)	
Contributions from shareholders	—
At April 30, 2025	27,080
Contributions from shareholders	—
At April 30, 2026	50,000

28 TREASURY STOCK AND RESERVES

The Group

	Reserve				
	Treasury stock	Share premium	Share-based payments reserves	Other reserves	Total reserves
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At December 31, 2022	(6,253,000)	6,261,819	220,716	(131,026)	6,351,509
Contribution from shareholders					
(i)	—	294,680	—	—	294,680
Share-based payment compensation (Note 31).	—	—	47,890	—	47,890
Recognition of redemption liabilities for the preferred rights granted to investors (Note 30)	(200,000)	—	—	—	—
Recognition of financial assets at fair value through other comprehensive income (Note 24).	—	—	—	60,581	60,581
Changes arising from remeasurement of defined benefit plan, net of tax	—	—	—	(24,153)	(24,153)
Currency translation differences of foreign operations	—	—	—	704	704
Share of other comprehensive loss of investments accounted for using the equity method	—	—	—	(138)	(138)
At December 31, 2023	(6,453,000)	6,556,499	268,606	(94,032)	6,731,073
At January 1, 2024	(6,453,000)	6,556,499	268,606	(94,032)	6,731,073
Share-based payment compensation (Note 31).	—	—	64,117	—	64,117
Recognition of financial assets at fair value through other comprehensive income (Note 24).	—	—	—	(34,431)	(34,431)
Changes arising from remeasurement of defined benefit plan, net of tax	—	—	—	(12,319)	(12,319)
Currency translation differences of foreign operations	—	—	—	(174,970)	(174,970)

APPENDIX I

ACCOUNTANT’S REPORT

	Reserve				
	Treasury stock	Share premium	Share-based payments reserves	Other reserves	Total reserves
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Share of other comprehensive loss of investments accounted for using the equity method	—	—	—	(36)	(36)
At December 31, 2024	<u>(6,453,000)</u>	<u>6,556,499</u>	<u>332,723</u>	<u>(315,788)</u>	<u>6,573,434</u>

	Reserve				
	Treasury stock	Share premium	Share-based payments reserves	Other reserves	Total reserves
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At January 1, 2025	(6,453,000)	6,556,499	332,723	(315,788)	6,573,434
Termination of redemption liabilities	6,453,000	1,798,833	—	—	1,798,833
Share-based payment compensation (<i>Note 31</i>).	—	—	55,619	—	55,619
Recognition of financial assets at fair value through other comprehensive income (<i>Note 24</i>).	—	—	—	(807)	(807)
Changes arising from remeasurement of defined benefit plan, net of tax	—	—	—	3,343	3,343
Conversion into a joint stock company	—	—	—	(3,306,861)	(3,306,861)
Currency translation differences of foreign operations	—	—	—	(25,522)	(25,522)
Share of other comprehensive income of investments accounted for using the equity method	—	—	—	(166)	(166)
At December 31, 2025	<u>—</u>	<u>8,355,332</u>	<u>388,342</u>	<u>(3,645,801)</u>	<u>5,097,873</u>

	Reserve				
	Treasury stock	Share premium	Share-based payments reserves	Other reserves	Total reserves
	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i> (Unaudited)
At January 1, 2025	(6,453,000)	6,556,499	332,723	(315,788)	6,573,434
Termination of redemption liabilities	6,453,000	1,798,833	—	—	1,798,833
Share-based payment compensation (<i>Note 31</i>).	—	—	11,755	—	11,755
Recognition of financial assets at fair value through other comprehensive income (<i>Note 24</i>).	—	—	—	5,013	5,013
Changes arising from remeasurement of defined benefit plan, net of tax	—	—	—	502	502
Currency translation differences of foreign operations	—	—	—	40,215	40,215
Share of other comprehensive income of investments accounted for using the equity method	—	—	—	3	3
At April 30, 2025	<u>—</u>	<u>8,355,332</u>	<u>344,478</u>	<u>(270,055)</u>	<u>8,429,755</u>

APPENDIX I

ACCOUNTANT’S REPORT

	Reserve				
	Treasury stock	Share premium	Share-based payments reserves	Other reserves	Total reserves
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2026	–	8,355,332	388,342	(3,645,801)	5,097,873
Share-based payment compensation (<i>Note 31</i>).	–	–	23,018	–	23,018
Recognition of financial assets at fair value through other comprehensive income (<i>Note 24</i>)	–	–	–	(64,677)	(64,677)
Changes arising from remeasurement of defined benefit plan, net of tax	–	–	–	489	489
Currency translation differences of foreign operations	–	–	–	(84,638)	(84,638)
Share of other comprehensive income of investments accounted for using the equity method	–	–	–	1	1
At April 30, 2026	–	8,355,332	411,360	(3,794,626)	4,972,066

The Company

	Reserve				
	Treasury stock	Share premium	Share-based payments reserves	Other reserves	Total reserves
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At December 31, 2022	(6,253,000)	6,261,819	216,251	(25,931)	6,452,139
Contribution from shareholders (i)	–	294,680	–	–	294,680
Recognition of redemption liabilities for the preferred rights granted to investors (<i>Note 30</i>)	(200,000)	–	–	–	–
Share-based payment compensation (<i>Note 31</i>).	–	–	40,079	–	40,079
Fair value gain from financial assets at fair value through other comprehensive income	–	–	–	60,581	60,581
At December 31, 2023	(6,453,000)	6,556,499	256,330	34,650	6,847,479

	Reserve				
	Treasury stock	Share premium	Share-based payments reserves	Other reserves	Total reserves
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2024	(6,453,000)	6,556,499	256,330	34,650	6,847,479
Share-based payment compensation (<i>Note 31</i>).	–	–	53,745	–	53,745
Fair value loss from financial assets at fair value through other comprehensive income	–	–	–	(34,431)	(34,431)
At December 31, 2024	(6,453,000)	6,556,499	310,075	219	6,866,793

	Reserve				
	Treasury stock	Share premium	Share-based payments reserves	Other reserves	Total reserves
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2025	(6,453,000)	6,556,499	310,075	219	6,866,793

APPENDIX I

ACCOUNTANT’S REPORT

	Reserve				
	Treasury stock	Share premium	Share-based payments reserves	Other reserves	Total reserves
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Termination of redemption liabilities	6,453,000	1,798,833	—	—	1,798,833
Share-based payment compensation (<i>Note 31</i>).	—	—	36,793	—	36,793
Conversion into a joint stock company	—	—	—	(3,306,861)	(3,306,861)
Fair value loss from financial assets at fair value through other comprehensive income	—	—	—	(807)	(807)
At December 31, 2025	<u>—</u>	<u>8,355,332</u>	<u>346,868</u>	<u>(3,307,449)</u>	<u>5,394,751</u>

	Reserve				
	Treasury stock	Share premium	Share-based payments reserves	Other reserves	Total reserves
	<i>RMB'000</i> <i>(Unaudited)</i>	<i>RMB'000</i> <i>(Unaudited)</i>	<i>RMB'000</i> <i>(Unaudited)</i>	<i>RMB'000</i> <i>(Unaudited)</i>	<i>RMB'000</i> <i>(Unaudited)</i>
At January 1, 2025	(6,453,000)	6,556,499	310,075	219	6,866,793
Termination of redemption liabilities	6,453,000	1,798,833	—	—	1,798,833
Share-based payment compensation (<i>Note 31</i>).	—	—	6,352	—	6,352
Fair value gain from financial assets at fair value through other comprehensive income	—	—	—	5,013	5,013
At April 30, 2025	—	8,355,332	316,427	5,232	8,676,991

	Reserve				
	Treasury stock	Share premium	Share-based payments reserves	Other reserves	Total reserves
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2026	—	8,355,332	346,868	(3,307,449)	5,394,751
Share-based payment compensation (Note 31). . .	—	—	17,278	—	17,278
Fair value loss from financial assets at fair value through other comprehensive income .	—	—	—	(64,677)	(64,677)
At April 30, 2026	—	8,355,332	364,146	(3,372,126)	5,347,352

- (i) The Company received contributions from employee incentive plan platforms equal to RMB96,862,000 in the year of 2023. Among which RMB1,926,000 was recognized as share capital (Note 27).

29 ACCUMULATED (LOSSES)/PROFITS

The Group

	Year ended December 31,			Four months ended April 30,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
At beginning of the year/period	(1,616,154)	(2,122,413)	(2,820,157)	(2,820,157)	187,481
Net (loss)/gain for the year/period	(506,259)	(697,744)	(276,303)	(158,284)	28,478
Conversion into a joint stock company	–	–	3,283,941	–	–
At end of the year/period	<u>(2,122,413)</u>	<u>(2,820,157)</u>	<u>187,481</u>	<u>(2,978,441)</u>	<u>215,959</u>

APPENDIX I

ACCOUNTANT’S REPORT

The Company

	Year ended December 31,			Four months ended April 30,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
At beginning of the year/period	(1,939,400)	(2,494,709)	(3,183,363)	(3,183,363)	(205,840)
Net loss for the year/period	(555,309)	(688,654)	(306,418)	(178,554)	(30,651)
Conversion into a joint stock company	—	—	3,283,941	—	—
At end of the year/period	<u>(2,494,709)</u>	<u>(3,183,363)</u>	<u>(205,840)</u>	<u>(3,361,917)</u>	<u>(236,491)</u>

30 REDEMPTION LIABILITIES

	As at December 31,			As at April 30,	
	2023	2024	2025	2026	
	RMB'000	RMB'000	RMB'000	RMB'000	
Redemption liabilities	<u>7,615,436</u>	<u>8,161,732</u>	—	—	—

Since the date of incorporation, the Company has completed Series Angel, Series A, Series A+, Series Pre-B and Series B (together as “Investors”) of financing from shareholders by issuing common capitals to the shareholders. At the same time, the Company agreed with the shareholders in separate agreements to grant the shareholders with redemption rights and liquidation preference, etc. (collectively referred as “redeemable rights”). The Company recognised its obligation of redeemable rights of the redemption liabilities as financial liabilities at amortised cost, and finance cost is recognized in statements of comprehensive loss on effective interest method.

Effective on February 27, 2025, the Company and investors agreed to unconditionally terminate the above mentioned redeemable rights with immediate effect. The redemption liabilities of approximately RMB8,252 million and the treasury stock of approximately RMB6,453 million were derecognized, with the difference of approximately RMB1,799 million credited to the reserve. The redeemable rights will not be reinstated upon any occurrence since the redemption liabilities have been irrevocably terminated on 27 February 2025.

Series	Year of subscription	Registered capital subscribed	Consideration per registered capital	Total consideration	Present value of expected redemption amount as of issue date
			RMB	RMB'000	RMB'000
Series A	2020	10,105,391	378.81	3,828,000	3,828,000
Series A+	2022	2,511,710	477.76	1,200,000	1,200,000
Series Pre-B	2022	484,401	557.39	270,000	270,000
Series B (i)	2022	1,478,490	781.20	1,155,000	1,155,000

- (i) The Company received contribution equal to RMB200 million from one of Series B investors in the year of 2023.

The movements of redemption liabilities during the Track Record Period are:

	RMB'000
At December 31, 2022	6,912,462
Recognition of redemption liabilities	200,000
Charged to finance costs	502,974
At December 31, 2023	<u>7,615,436</u>
At January 1, 2024	7,615,436
Recognition of redemption liabilities	—
Charged to finance costs	546,296
At December 31, 2024	<u>8,161,732</u>
At January 1, 2025	8,161,732
Recognition of redemption liabilities	—
Charged to finance costs	90,101
Termination of redemption liabilities	(8,251,833)
At December 31, 2025	<u>—</u>

APPENDIX I

ACCOUNTANT’S REPORT

RMB’000

At January 1, 2026	—
Recognition of redemption liabilities	—
Charged to finance costs	—
At April 30, 2026	—

(i) Key terms of preferred rights granted

Redeemable right

Series A, Series A+, Series Pre-B and Series B investors have rights to require the Company to redeem their investments if the Company fails to achieve a qualified [REDACTED] or merger and acquisition within five years from the closing date of the Series A financing.

The redemption amount is the total amount paid by the Investors to obtain the equity interest of the Company, plus an annual simple interest rate of 8% for a period of time commencing from actual payment date of the investment funds to the date of stated in the contracts to the date triggering redemption.

Anti-dilution rights

If the Company increases its share at a price lower than the price paid by the Investors on a per share basis, the Investors have a right to require: (1) the Founding Shareholders to transfer the equity interests of the Company they directly or indirectly held to the Investors at the lowest price allowed by the law; or (2) the Company to issue new share for nominal consideration to the Investors.

(ii) Accounting policies for redemption liabilities

A contract that contains an obligation to repurchase the Company’s equity instruments for cash or another financial asset gives rise to a financial liability for the present value of the redemption amount, even if the Company’s obligation to purchase is conditional on the counterparty exercising a right to redeem. The Company undertakes such redemption obligations as certain preferred rights are granted to the Investors in the Company’s financing process, such redemption obligation is recognized as financial liability initially at the present value of the redemption amount and subsequently measured at amortized cost with interest charged in finance costs.

The Group derecognizes redemption liabilities when, and only when, the redemption obligations are discharged, cancelled or expired. The carrying amount of the redemption liabilities derecognized is then credited into equity as the contract expired without delivery.

Treasury stock is recorded to reflect the carrying amount of the redemption liabilities when it is initially reclassified from equity and will be reclassified to equity when the redemption liabilities are derecognized upon the Group’s obligations in connection with those redemption liabilities are discharged, canceled or expired.

31 SHARE-BASED COMPENSATION

(i) Employee Incentive Plan

After the establishment of the Company, the founders of the Company reserved certain shares in 3 partnership platforms for future employee incentive grant. Since then, certain restricted interests and options are granted to employees from time to time. The options granted allow employees to purchase certain interests of the partnership platforms at fixed price before the Company was converted into a joint stock company with limited liability under the Company Law of the PRC and indirectly hold the shares of the Company. The majority of the options granted have been converted into restricted interest by December 31, 2023 and 2024 and all options granted have been converted into restricted interest by December 31, 2025.

There are certain vesting conditions for the Employee Incentive Plan, including service condition and performance condition. The options and restricted interest, including the restricted interest converted from the options, are subject to service condition and performance condition during the Track Record Period. The shares of the Company held by the grantees indirectly through the partnership platforms are subject to service condition and performance condition during the Track Record Period are as follows:

	Year ended December 31,			Four months ended April 30,	
	2023	2024	2025	2025	2026
	(Unaudited)				
At the beginning of the year/period	1,922,663	2,376,779	2,380,091	2,380,091	2,474,144
Granted	508,502	32,250	239,793	—	—
Forfeited	(54,386)	(28,938)	(145,740)	(61,844)	(22,793)
At the end of the year/period	<u>2,376,779</u>	<u>2,380,091</u>	<u>2,474,144</u>	<u>2,318,247</u>	<u>2,451,351</u>

APPENDIX I

ACCOUNTANT’S REPORT

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

	Year ended December 31,			Four months ended April 30,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
General and administrative expenses	19,660	27,609	26,383	7,001	10,134
Research and development expenses	18,786	25,538	8,876	5,547	7,052
Selling and marketing expenses	9,444	10,970	20,360	(793)	5,832
	<u>47,890</u>	<u>64,117</u>	<u>55,619</u>	<u>11,755</u>	<u>23,018</u>

In December 2024, the Company modified certain conditions of the employee incentive plan which resulted in reduction of the vesting periods of the employee incentive plan. Accordingly, the cumulative modification expenses were recognized in the consolidated statements of comprehensive loss in 2024.

(ii) Accounting policies

Equity-settled share-based payment transactions

The Group operates certain share incentive plans, under which it receives services from employees as consideration for equity instruments (“options” or “restricted shares”) of the Group. The fair value of services received in exchange for the grant of equity instruments is recognized as an expense in the consolidated statement of comprehensive loss with a corresponding increase in equity.

In terms of the options awarded to employees, the total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions; and
- including the impact of any non-vesting conditions.

Service and non-marketing performance vesting conditions are included in the calculation of the number of options that are expected to vest. The total amount expensed is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the service conditions and non-marketing vesting performance conditions. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

When the share options or the restricted shares are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognized in reserves will continue to be held in equity.

Modifications

Where the terms of the share-based payment plan are modified, the Group recognises the effects of modifications that are beneficial to the employee. If the Group modifies the vesting conditions in a way that is beneficial to the employees, the Group shall take into account the modified vesting conditions when accounting for the vesting conditions. If a modification increases the fair value of the equity instruments granted, the incremental fair value granted is included in the measurement of the amount recognized for the services received over the remainder of the vesting period. The incremental fair value is the difference between the fair value of the modified equity instrument and that of the original equity instrument, both estimated as at the date of the modification.

If the Group modifies the terms or conditions of its equity instruments granted in a manner that reduces the total fair value of the share-based payment arrangement, or is not otherwise beneficial to the employee, the Group shall nevertheless continue to account for the services received as consideration for the equity instruments granted as if that modification had not occurred.

APPENDIX I

ACCOUNTANT’S REPORT

(iii) Fair value of the underlying equity of the Company and share options and restricted interests

In the years ended December 31, 2023 and 2024, the Company has used the Binomial option-pricing model to determine the fair value of the share options based on the fair value of the underlying equity of the Company as at the grant date. The Company has adopted the equity allocation model to determine the fair value of the underlying equity of the Company, and recognized share-based compensation based on the fair value of the underlying equity. In the year ended December 31, 2025, the Group used the discounted cash flow method to determine the underlying equity fair value of the Company. The Group determines the fair value of restricted interests on the basis of the fair value of the underlying ordinary shares on the date when the equity instruments are granted, less the exercise price. Key assumptions are set out below:

The Group

	Year ended December 31,		
	2023	2024	2025
Fair value per share (RMB Yuan)	212.6-248.4	288.0	487.3
Exercise price (RMB Yuan)	40.0	40.0	40.0
Risk-free interest rate	1.5%-2.3%	1.5%-1.7%	—
Dividend yield	—	—	—
Expected volatility	33.4%-41.7%	42.4%-44.3%	—
Discount rate	14%	14%	13%

32 TRADE PAYABLES

- (a) Trade payables primarily include payables for inventories and outsourcing fees.
- (b) Aging analysis of the trade payables based on invoice date at the end of each reporting period is as follows:

The Group

	As at December 31,			As at April 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	<u>135,285</u>	<u>165,890</u>	<u>289,187</u>	<u>238,334</u>

The carrying amounts of the Group’s trade payables are mainly denominated in RMB.

The Company

	As at December 31,			As at April 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	<u>40,236</u>	<u>91,996</u>	<u>174,412</u>	<u>139,566</u>

The carrying amounts of the Company’s trade payables are mainly denominated in RMB.

33 ACCRUED EXPENSES AND OTHER PAYABLES

The Group

	As at December 31,			As at April 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Salary payables	56,073	56,925	68,080	45,716
Tax payables	21,333	4,701	18,423	15,394
Payables for acquiring subsidiaries (i)	47,812	48,525	47,448	46,327
Payables for R&D related expenses	14,827	15,713	8,408	8,022
Deposit payable	—	—	64	9,090
Payables for acquisition of long-term assets	17,300	23,034	54,386	48,396
[REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Others	<u>11,505</u>	<u>7,368</u>	<u>11,175</u>	<u>9,202</u>
	<u>168,850</u>	<u>156,266</u>	<u>226,065</u>	<u>202,773</u>

APPENDIX I

ACCOUNTANT’S REPORT

- (i) The Company withheld a portion of the Mitus acquisition consideration to mitigate withholding and remittance tax risks. The changes of balances as at December 31, 2023, 2024 and 2025 and April 30, 2026 are due to the exchange rate fluctuations of USD (the denomination currency of acquisition consideration) against RMB.

The Company

	As at December 31,			As at April 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Salary payables	11,677	22,631	32,247	21,848
Tax payables	495	79	1,388	2,736
Payables for R&D related expenses	115	346	—	—
Payables for acquisition of long-term assets	2,426	2,405	6,106	1,969
Deposit payable	—	—	64	9,090
[REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Amount due to subsidiaries	—	—	22,332	22,432
Others	1,835	1,995	3,781	2,759
	<u>16,548</u>	<u>27,456</u>	<u>83,999</u>	<u>81,460</u>

34 CONTRACT LIABILITIES

The Group has recognized the following revenue-related contract liabilities:

	As at December 31,			As at April 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Contract liabilities (i)	<u>6,346</u>	<u>8,551</u>	<u>15,395</u>	<u>26,966</u>

The Company has recognized the following revenue-related contract liabilities:

	As at December 31,			As at April 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Contract liabilities (i)	<u>3,321</u>	<u>5,718</u>	<u>14,028</u>	<u>25,671</u>

- (i) Contract liabilities mainly arise from the advance payments from customers upon which the performance obligations have been established while the underlying services are yet to be provided.

APPENDIX I

ACCOUNTANT’S REPORT

Revenue recognized in relation to contract liabilities

The following table shows how much of the revenue, which was included in the contract liability balance at the beginning of each period, recognized during each of the Track Record Period related to carried-forward contract liabilities.

The Group

	Year ended December 31,			Four months ended April 30,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Revenue recognized that was included in the contract liability balance at the beginning of the period . .	<u>2,575</u>	<u>135</u>	<u>2,640</u>	<u>2,515</u>	<u>9,094</u>

The Company

	Year ended December 31,			Four months ended April 30,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Revenue recognized that was included in the contract liability balance at the beginning of the period . .	<u>2,575</u>	<u>135</u>	<u>2,516</u>	<u>2,515</u>	<u>8,956</u>

Transaction price allocated to the unsatisfied performance obligations

The Group

	As at December 31,			As at April 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Aggregate amount of transaction price allocated to contracts that are partially or fully unsatisfied	<u>278,892</u>	<u>301,471</u>	<u>709,313</u>	<u>1,051,010</u>

Management expects that the unsatisfied obligations of RMB278,892 thousand, RMB301,471 thousand, RMB709,313 thousand and RMB1,011,567 thousand as at December 31, 2023, 2024 and 2025 and April 30, 2026, respectively will be recognised as revenue during the next twelve months.

The Company

	As at December 31,			As at April 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Aggregate amount of transaction price allocated to contracts that are partially or fully unsatisfied	44,943	<u>41,878</u>	<u>335,418</u>	<u>665,838</u>

Management expects that the unsatisfied obligations of RMB44,943 thousand, RMB41,878 thousand, RMB335,418 and RMB626,395 thousand as at December 31, 2023, 2024 and 2025 and April 30, 2026, respectively will be recognised as revenue during the next twelve months.

APPENDIX I

ACCOUNTANT’S REPORT

35 DEFERRED INCOME TAX ASSETS/LIABILITIES

The Group

Deferred income taxes are calculated in full on temporary differences under the liability method using the tax rates at which are expected to be applied at the time of reversal of the temporary differences.

As at December 31, 2023, 2024 and 2025 and April 30, 2026, the deferred tax assets and deferred tax liabilities are as follows:

	As at December 31,			As at April 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Deferred tax assets:				
– to be recovered after 12 months . . .	81,307	73,602	46,813	54,425
– to be recovered within 12 months . .	23,777	14,680	18,190	21,864
Offset by deferred tax liabilities	(64,750)	(53,002)	(34,341)	(38,799)
Net deferred income tax assets	<u>40,334</u>	<u>35,280</u>	<u>30,662</u>	<u>37,490</u>
Deferred tax liabilities:				
– to be recovered after 12 months . . .	65,552	50,096	29,318	30,197
– to be recovered within 12 months . .	5,312	2,944	5,023	8,602
Offset by deferred income tax assets . .	(64,750)	(53,002)	(34,341)	(38,799)
Net deferred income tax liabilities . . .	<u>6,114</u>	<u>38</u>	<u>–</u>	<u>–</u>

- (a) The movements in deferred income tax assets and deferred income tax liabilities during the Track Record Period are as follows:

Deferred tax assets	Tax credits from research and development expenditure	Provision for impairment of inventories	Defined benefit obligation	Tax losses	Intangible assets under development in tax book	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at December 31, 2022	82,195	13,204	9,941	15,913	5,254	15,880	142,387
(Charged)/credit to profit or loss . .	(29,041)	(3,469)	(3,333)	(5,517)	(1,008)	(292)	(42,660)
Credit/(charged) to equity	–	–	6,219	–	–	–	6,219
Exchange difference	(695)	(145)	39	–	(28)	(33)	(862)
As at December 31, 2023	<u>52,459</u>	<u>9,590</u>	<u>12,866</u>	<u>10,396</u>	<u>4,218</u>	<u>15,555</u>	<u>105,084</u>
Credit/(charged) to profit or loss . .	(6,349)	(2,068)	(2,062)	2,098	767	(3,438)	(11,052)
Credit/(charged) to equity	–	–	3,101	–	–	–	3,101
Exchange difference	(5,106)	(502)	(1,406)	–	(486)	(1,351)	(8,851)
As at December 31, 2024	<u>41,004</u>	<u>7,020</u>	<u>12,499</u>	<u>12,494</u>	<u>4,499</u>	<u>10,766</u>	<u>88,282</u>
Credit/(charged) to profit or loss . .	(17,709)	91	(2,016)	(6,116)	755	3,415	(21,580)
Credit/(charged) to equity	–	–	(1,230)	–	–	–	(1,230)
Exchange difference	(37)	(89)	(85)	–	(97)	(161)	(469)
As at December 31, 2025	<u>23,258</u>	<u>7,022</u>	<u>9,168</u>	<u>6,378</u>	<u>5,157</u>	<u>14,020</u>	<u>65,003</u>
Credit/(charged) to profit or loss . .	4,580	(895)	1,869	3,224	1,619	4,103	14,500
Credit/(charged) to equity	–	–	(228)	–	–	–	(228)
Exchange difference	(1,322)	(206)	(517)	–	(307)	(634)	(2,986)
As at April 30, 2026	<u>26,516</u>	<u>5,921</u>	<u>10,292</u>	<u>9,602</u>	<u>6,469</u>	<u>17,489</u>	<u>76,289</u>

APPENDIX I

ACCOUNTANT’S REPORT

Deferred tax liabilities	Acquisition revaluation surplus	Investments measured at fair value	Equity method investments	Fair value of plan assets	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at December 31, 2022	47,220	16,046	37	10,927	7,128	81,358
(Credit)/charged to profit or loss	(13,291)	(4,321)	2,366	487	(1,276)	(16,035)
Charged/(credit) to equity	–	6,113	–	(202)	–	5,911
Exchange difference	(333)	–	9	(13)	(33)	(370)
As at December 31, 2023	33,596	17,838	2,412	11,199	5,819	70,864
(Credit)/charged to profit or loss	(12,271)	1,795	3,885	1,227	(1,522)	(6,886)
(Credit)/charged to equity	–	(6,076)	–	(174)	–	(6,250)
Exchange difference	(2,785)	–	(194)	(1,232)	(477)	(4,688)
As at December 31, 2024	18,540	13,557	6,103	11,020	3,820	53,040
(Credit)/charged to profit or loss	(9,323)	(4,542)	(355)	(2,376)	(1,659)	(18,255)
(Credit)/charged to equity	–	(38)	–	(347)	–	(385)
Exchange difference	29	–	(24)	(80)	16	(59)
As at December 31, 2025	9,246	8,977	5,724	8,217	2,177	34,341
(Credit)/charged to profit or loss	(655)	2,443	(437)	1,065	3,315	5,731
(Credit)/charged to equity	–	–	–	(90)	–	(90)
Exchange difference	(467)	–	(107)	(452)	(157)	(1,183)
As at April 30, 2026	8,124	11,420	5,180	8,740	5,335	38,799

The Company

Deferred income taxes are calculated in full on temporary differences under the liability method using the tax rates at which are expected to be applied at the time of reversal of the temporary differences.

As at December 31, 2023, 2024 and 2025 and April 30, 2026, the deferred tax assets and deferred tax liabilities are as follows:

	As at December 31,			As at April 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Deferred tax assets:				
– to be recovered after 12 months	10,452	12,538	9,026	12,389
– to be recovered within 12 months	3,214	5,004	4,469	2,646
Offset by deferred tax liabilities	(13,666)	(17,542)	(13,495)	(15,035)
Net deferred income tax assets	–	–	–	–
Deferred tax liabilities:				
– to be recovered after 12 months	19,780	16,980	12,569	14,766
– to be recovered within 12 months	–	600	926	269
Offset by deferred income tax assets	(13,666)	(17,542)	(13,495)	(15,035)
Net deferred income tax liabilities	6,114	38	–	–

(a) The movements in deferred income tax assets and deferred income tax liabilities during the Track Record Period are as follows:

Deferred tax assets	Provision for impairment of inventories	Tax losses	Government grants	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at December 31, 2022	122	15,871	–	184	16,177
Credit/(charged) to profit or loss	2,933	(5,474)	–	30	(2,511)
As at December 31, 2023	3,055	10,397	–	214	13,666
Credit to profit or loss	988	2,098	–	790	3,876
As at December 31, 2024	4,043	12,495	–	1,004	17,542

APPENDIX I

ACCOUNTANT’S REPORT

Deferred tax assets	Provision for impairment of inventories	Tax losses	Government grants	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Credit/(charged) to profit or loss.	(1,142)	(6,116)	2,586	625	(4,047)
As at December 31, 2025	<u>2,901</u>	<u>6,379</u>	<u>2,586</u>	<u>1,629</u>	<u>13,495</u>
Credit/(charged) to profit or loss.	(498)	3,224	(2,586)	1,400	1,540
As at April 30, 2026	<u>2,403</u>	<u>9,603</u>	<u>–</u>	<u>3,029</u>	<u>15,035</u>

Deferred tax liabilities	Investments measured at fair value	Equity method investments	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at December 31, 2022	<u>16,046</u>	<u>–</u>	<u>131</u>	<u>16,177</u>
(Credit)/charged to profit or loss	(4,321)	1,909	(98)	(2,510)
Charged/(credit) to equity	6,113	–	–	6,113
As at December 31, 2023	<u>17,838</u>	<u>1,909</u>	<u>33</u>	<u>19,780</u>
Charged to profit or loss.	1,795	1,487	594	3,876
Credit to equity	(6,076)	–	–	(6,076)
As at December 31, 2024	<u>13,557</u>	<u>3,396</u>	<u>627</u>	<u>17,580</u>
(Credit)/charged to profit or loss	(4,542)	194	301	(4,047)
Charged/(credit) to equity	(38)	–	–	(38)
As at December 31, 2025	<u>8,977</u>	<u>3,590</u>	<u>928</u>	<u>13,495</u>
Charged/(credit) to profit or loss	2,443	(264)	(639)	1,540
As at April 30, 2026	<u>11,420</u>	<u>3,326</u>	<u>289</u>	<u>15,035</u>

36 PROVISIONS

The Group

	As at December 31,			As at April 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current				
Restoration liabilities.	2,348	2,102	171	2,405
Warranty provisions	<u>89</u>	<u>343</u>	<u>1,581</u>	<u>1,786</u>
	<u>2,437</u>	<u>2,445</u>	<u>1,752</u>	<u>4,191</u>
Current				
Restoration liabilities.	–	–	2,340	–
Warranty provisions	<u>91</u>	<u>362</u>	<u>2,093</u>	<u>2,458</u>
	<u>91</u>	<u>362</u>	<u>4,433</u>	<u>2,458</u>

	Warranty provisions	Restoration liabilities	Total
	RMB'000	RMB'000	RMB'000
Opening balance at December 31, 2022	<u>2,560</u>	<u>1,438</u>	<u>3,998</u>
Net amount of (utilization)/provision during the year	(2,330)	894	(1,436)
Exchange difference	(50)	16	(34)
Closing balance at December 31, 2023	<u>180</u>	<u>2,348</u>	<u>2,528</u>

APPENDIX I

ACCOUNTANT’S REPORT

	Warranty provisions	Restoration liabilities	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Net amount of provision/(utilization) during the year	578	(1)	577
Exchange difference	(53)	(245)	(298)
Closing balance at December 31, 2024.	705	2,102	2,807
Net amount of provision during the year	3,068	458	3,526
Exchange difference	(99)	(49)	(148)
Closing balance at December 31, 2025.	3,674	2,511	6,185
Net amount of provision during the year	1,240	26	1,266
Exchange difference	(670)	(132)	(802)
Closing balance at April 30, 2026	4,244	2,405	6,649

37 LONG-TERM PAYABLES

The Group

	As at December 31,			As at April 30,
	2023	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Long term payables for computer software	34,241	19,017	2,530	30,865
Others	1,557	1,395	1,373	1,301
	35,798	20,412	3,903	32,166
Amount due within one year	(16,874)	(18,690)	(1,032)	(696)
Amount due over one year	18,924	1,722	2,871	31,470

The Company

	As at December 31,			As at April 30,
	2023	2024	2025	2026
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Software usage fee	4,256	2,128	105	7,652
Amount due within one year	(2,128)	(2,128)	–	–
Amount due over one year	2,128	–	105	7,652

APPENDIX I

ACCOUNTANT’S REPORT

38 LONG-TERM EMPLOYEE BENEFITS

	As at December 31,			As at April 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Payables for defined benefit plans (a)	14,416	15,454	11,013	15,846
Other long-term benefits payables	6,496	7,665	8,330	8,266
Long-term employee benefits payables.	<u>20,912</u>	<u>23,119</u>	<u>19,343</u>	<u>24,112</u>

(a) Defined benefit plans

The Group’s Korean subsidiary Silicon Mitus Inc. operates defined benefit pension plans in South Korea. The plans provide benefits after retirement to qualifying employees in the form of pension payable. The level of benefits provided depends on members’ length of service and their salary in the final years leading up to retirement. The defined benefit plans are administered by separate funds that are legally separated from the subsidiaries. Plan assets held in trusts are governed by local regulations and practice in South Korea, and all plan assets invest in bank management products. The defined benefits obligation of the Group recognized on the balance sheet date is calculated using the projected unit credit method, and reviewed by external independent actuary institution.

	As at December 31,			As at April 30
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Present value of obligation	111,301	130,664	106,258	105,177
Less: Fair value of plan assets	(96,885)	(115,210)	(95,245)	(89,331)
Defined benefit liabilities	<u>14,416</u>	<u>15,454</u>	<u>11,013</u>	<u>15,846</u>

Present value of obligation is as below:

	Year ended December 31,			Four months ended April 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Present value of obligation				
At beginning of the year/period.	70,953	111,301	130,664	106,258
Current service cost	9,641	15,159	18,364	6,002
Past service cost	85	755	—	—
Interest expense	3,511	4,567	5,270	1,529
Actuarial losses/(gains)	29,607	14,763	(5,887)	(1,034)
Payments made	(2,800)	(2,356)	(40,896)	(1,920)
Exchange difference	304	(13,525)	(1,257)	(5,658)
At end of the year/period	<u>111,301</u>	<u>130,664</u>	<u>106,258</u>	<u>105,177</u>

Fair value of plan assets

	Year ended December 31,			Four months ended April 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of the year/period.	78,145	96,885	115,210	95,245
Interest income	3,886	3,954	4,631	1,367
Actuarial losses	(967)	(831)	(1,661)	(407)
Payments made	(2,800)	(2,356)	(40,896)	(1,920)
Contributions from the employer	18,393	29,467	19,125	—
Exchange difference	228	(11,909)	(1,164)	(4,954)
At end of the year/period	<u>96,885</u>	<u>115,210</u>	<u>95,245</u>	<u>89,331</u>

APPENDIX I

ACCOUNTANT’S REPORT

	As at December 31,			As at April 30,
	2023	2024	2025	2026
Discount rate (%)	4.5%	4.1%	4.6%	5.1%
Salary growth rates (%)	6.0%	6.5%	7.0%	7.5%
Early retirement rate (%)	10.4%	7.4%	7.5%	7.5%
Retirement age	60	60	60	60

The sensitivity of the benefit obligation to changes in the weighted principal assumptions is:

	Increase in assumption	(Decrease)/Increase impact on defined benefit obligation			
		As at December 31,			As at April 30,
		2023	2024	2025	2026
Discount rate (%)	1%	-7.2%	-8.7%	-10.2%	-9.9%
Salary growth rates (%)	1%	8.1%	9.8%	11.5%	11.2%

	Decrease in assumption	(Decrease)/Increase impact on defined benefit obligation			
		As at December 31,			As at April 30,
		2023	2024	2025	2026
Discount rate (%)	1%	8.3%	10.1%	11.9%	11.6%
Salary growth rates (%)	1%	-7.2%	-8.6%	-10.0%	-9.8%

39 BORROWINGS

	As at December 31,			As at April 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Bank loans, secured (a)	—	—	98,899	100,272
	=	=	=	=

As at December 31, 2023, 2024 and 2025 and April 30, 2026, the Group’s borrowings were repayable as follows:

	As at December 31,			As at April 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	—	—	—	272
Between 1 and 2 years	—	—	1,842	6,074
Between 2 and 5 years	—	—	97,057	93,926
	—	—	98,899	100,272
	=	=	=	=

The weighted average effective interest rate of bank loans for the years ended April 30, 2026 was 2.51%.

- (a) The secured bank loans were amounted to RMB100 million as at April 30, 2026, of which was secured by the construction in progress and the Group’s land use rights.

40 OTHER NON-CURRENT LIABILITIES

The Group

	As at December 31,			As at April 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Deferred government grants (a)	—	500	24,399	23,599
	=	=	=	=

- (a) The Group received government grants from local governments as support for research and development expenditures relating to innovation activities and purchase of property, plant and equipment.

APPENDIX I

ACCOUNTANT’S REPORT

The Company

	As at December 31,			As at April 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Deferred government grants	—	—	16,892	16,372
	=	=	=	=

41 COMMITMENTS

(a) Capital commitments

Significant capital expenditures contracted for at the end of the reporting period but not recognised as liabilities yet are as follows:

	As at December 31,			As at April 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Property, plant and equipment.	1,796	122,123	53,321	26,616
	=	=	=	=

(b) Lease commitments

Certain lease arrangements were contracted before year-end while the related lease commencement date is in the following year. As the underlying assets were not available for use by the Company and the Company cannot control the related assets before the lease commencement date, hence no right-of-use assets and lease liabilities are recorded at year-end before the lease commencement.

Such lease commitments at the end of each reporting period but not recognised as liabilities are as follows:

	As at December 31,			As at April 30,
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	250	282	348	—
After 1 year but within 2 years	156	97	237	—
After 2 years but within 3 years	117	41	138	—
After 3 years but within 4 years	71	34	88	—
After 4 years but within 5 years	28	20	16	—
Total	622	474	827	—
	=	=	=	=

For other lease arrangements which have been in use or control before the year-end, the Company records them as right-of-use assets and lease liabilities accordingly.

42 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operation decisions. Parties are also considered to be related if they are subject to common control. Members of key management and their close family members of the Group are also considered as related parties.

The following transactions were carried out between the Group and its related parties during the years presented. In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties.

(a) Names and relationships with related parties

Name of the related party	Relationship with the Group
Bright Shine Worldwide Inc.	General partner of shareholder

APPENDIX I

ACCOUNTANT’S REPORT

(b) Transactions with related parties

Loan to/(repaid by) a related party

	Year ended December 31,			Four months ended April 30,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Bright Shine Worldwide Inc.	—	172	(172)	975	—
	=	=	=	=	=

(c) Balances with related parties

Prepayments and other receivables from a related party

	As at December 31,			As at April 30,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Bright Shine Worldwide Inc.	—	172	—	—	—
	=	=	=	=	=

The balance with related party consists is non-trade in nature, which was settled in the first half year of 2025.

(d) Key management compensation

	Year ended December 31,			Four months ended April 30,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Share-based compensation expenses	16,402	17,842	20,739	5,532	7,845
Wages and salaries	8,993	9,831	10,561	3,319	3,379
Bonus	925	1,153	2,172	7	5
Social securities and housing fund	794	1,011	1,355	456	519
	<u>27,114</u>	<u>29,837</u>	<u>34,827</u>	<u>9,314</u>	<u>11,748</u>

43 CASH FLOW INFORMATION

(a) Cash generated from/(used in) operations

Reconciliation of (loss)/profit for the year to cash used in operations:

Notes	Year ended December 31,			Four months ended April 30,	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
(Loss)/Profit before income tax:	(448,086)	(676,475)	(246,956)	(152,682)	30,432
Adjustments for:					
Depreciation and amortization	9	116,405	115,864	39,022	26,517
Share-based compensation	31	47,890	64,117	11,755	23,018
Share of (loss)/profit from investments accounted for using the equity method	14	(6,507)	(4,779)	3,632	2,883
Amortization expenses for non-current assets		314	209	—	—
Impairment of intangible assets and property, plant and equipment		—	2,993	(1,137)	—

APPENDIX I

ACCOUNTANT’S REPORT

	Notes	Year ended December 31,			Four months ended April 30,	
		2023	2024	2025	2025	2026
		RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Other gains/(losses) – net	8	(34,286)	9,552	(20,046)	14,842	(29,755)
Other income	7	(7,619)	(23,882)	(33,696)	(7,358)	(6,854)
Finance costs – net . .	11	444,296	513,811	78,955	85,661	(4,092)
Provision for impairment of inventories		5,461	22,451	18,126	3,470	1,021
Warranty expenses . . .		(2,229)	2,010	8,458	2,701	873
Net impairment (losses)/reversal on financial assets		(201)	123	26	364	633
Changes in working capital:						
– Inventories		194,303	(66,445)	(105,131)	(6,740)	(30,819)
– Trade and note receivables		(15,381)	(29,358)	(32,861)	(10,262)	(66,042)
– Prepayment and other receivables		9,313	(4,838)	(1,896)	2,335	(4,300)
– Other current assets . .		803	(15,662)	3,500	12,354	(2,698)
– Other non-current assets		7,634	–	(15,434)	(9,664)	(5,390)
– Trade payables		59,961	41,446	126,089	11,306	(44,890)
– Accrued expenses and other payables		6,758	2,513	58,889	8,483	(13,789)
– Contract liabilities . . .		547	2,521	13,823	2,949	14,417
– Long-term employee benefits		(16,307)	(14,002)	(485)	(29,337)	5,123
– Other non-current liabilities		–	500	7,061	–	–
Cash generated from/(used in) operations		<u>363,069</u>	<u>(57,331)</u>	<u>24,703</u>	<u>(17,169)</u>	<u>(103,712)</u>

(b) Non-cash investing and financing activities

The major non-cash investing and financing activities during the Track Record Period mainly include: (i) the right-of-use assets obtained in exchange for the lease liabilities as described in Note 17; (ii) the conversion of the Predecessor Company into a joint stock company as described in Note 1; (iii) the conversion of preferred shares of Iron Device into common shares as described in Note 14; and (iv) The redemption liabilities were derecognized and credited into equity due to the termination of redemption rights as described in Note 30.

(c) Net cash used in investing activities

During the years ended December 31, 2023, 2024 and 2025 and for the four months ended April 30, 2025 and 2026, the payments of time deposits with maturity over three months and other financial investment were RMB1,166 million, RMB990 million, RMB2,838 million, RMB1,062 million and RMB468 million, and the amounts of withdrawals were RMB797 million, RMB1,176 million, RMB2,261 million, RMB188 million and RMB555 million, respectively.

During the years ended December 31, 2023, 2024 and 2025 and for the four months ended April 30, 2025 and 2026, the payments of structured deposits and others were RMB nil, RMB2,088 million, RMB4,161 million, RMB1,274 million and RMB1,411 million, and the amounts of withdrawals were RMB nil, RMB1,204 million, RMB4,461 million, RMB1,426 million and RMB1,099 million, respectively.

Considering factors that the turnover is quick, the amounts are large, and the maturities are short, the Group presented the above mentioned cash inflows and outflows on a net basis.

(d) Reconciliation of liabilities generated from financing activities

	Redemption liabilities	Lease liabilities	Long-term payables (including current portion)	Borrowings
	RMB'000	RMB'000	RMB'000	RMB'000
Liabilities from financing activities as at December 31, 2022	6,912,462	37,969	8,236	–
Additions of financing liabilities	–	19,031	48,425	–
Financing cash flows	–	(17,802)	(21,518)	–
Additions of redemption liabilities	200,000	–	–	–

APPENDIX I

ACCOUNTANT’S REPORT

	Redemption liabilities	Lease liabilities	Long-term payables (including current portion)	Borrowings
	RMB'000	RMB'000	RMB'000	RMB'000
Interest accrual during the year	502,974	2,242	568	–
Early termination of leasing contract	–	(714)	–	–
Currency translation differences	–	(35)	87	–
Liabilities from financing activities as at December 31, 2023	7,615,436	40,691	35,798	–
Additions of financing liabilities	–	9,650	350	–
Financing cash flows	–	(20,903)	(16,026)	–
Interest accrual during the year	546,296	1,865	894	–
Currency exchange differences	–	(2,588)	(604)	–
Liabilities from financing activities as at December 31, 2024	8,161,732	28,715	20,412	–
Additions of financing liabilities	–	8,792	2,613	–
Termination of redemption liabilities	(8,251,833)	–	–	–
Financing cash flows	–	(21,306)	(19,865)	98,899
Interest accrual during the year	90,101	1,109	541	512
Others	–	–	–	(512)
Currency exchange differences	–	31	202	–
Liabilities from financing activities as at December 31, 2025	–	17,341	3,903	98,899
Additions of financing liabilities	–	15,038	29,485	–
Financing cash flows	–	(6,444)	(445)	1,101
Interest accrual during the period	–	214	123	887
Others	–	–	–	(887)
Currency exchange differences	–	(646)	(900)	–
Liabilities from financing activities as at April 30, 2026	–	25,503	32,166	100,000

44 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors’ emoluments

The remuneration of every director of the Company and the Predecessor Company for the years ended December 31, 2023, 2024 and 2025 and for the four months ended April 30, 2025 and 2026 were set out below:

		For the Year ended December 31, 2023					
Note		Director fees	Wages and salaries	Discretionary bonuses	Social securities and housing fund	Share-based compensation	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors							
	Dr. Ren Yuancheng						
	(任遠程) (i)	–	1,725	291	215	633	2,864
	Dr. Huh Youm (ii)	–	3,165	53	117	12,734	16,069
Non-Executive directors							
	Mr. Xie Li (謝力) (iii)	–	–	–	–	–	–
	Mr. Zhang Shuai						
	(張帥) (iv)	–	–	–	–	–	–
		–	4,890	344	332	13,367	18,933
		–	–	–	–	–	–

		For the Year ended December 31, 2024					
Note		Director fees	Wages and salaries	Discretionary bonuses	Social securities and housing fund	Share-based compensation	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors							
	Dr. Ren Yuancheng						
	(任遠程) (i)	–	1,747	291	226	1,363	3,627
	Dr. Huh Youm (ii)	–	3,176	160	184	12,769	16,289

		For the Year ended April 30, 2026					
		Director fees	Wages and salaries	Discretionary bonuses	Social securities and housing fund	Share-based compensation	Total
	Note	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors							
Dr. Ren Yuancheng (任遠程)	(i)	—	585	1	46	460	1,091
Dr. Huh Youm	(ii)	—	928	2	197	4,097	5,225
Non-Executive directors							
Mr. Xie Li (謝力) . . .	(iii)	—	—	—	—	—	—
Mr. Zhang Shuai (張帥)	(iv)	—	—	—	—	—	—
		—	1,513	3	243	4,557	6,316

- I-75 -

APPENDIX I

ACCOUNTANT’S REPORT

- (iv) Mr. Zhang Shuai (張帥) was appointed as a director effective from March 2025.
- (v) Mr. Tong Wan Sze (湯雲斯), Prof. Wang Han (汪涵) and Dr. Yu Li (于麗) were appointed as Independent Non-executive Directors of the Company in June 2025.
- (vi) Mr. Huang Liming (黃立明) was appointed as a director of the Predecessor Company effective from September 2020 and resigned in June 2025.
- (vii) Mr. Fu Shuowen (傅碩文) was appointed as a director of the Predecessor Company effective from June 2020 and resigned in June 2023.
- (viii) Mr. Yan Xiaolang (嚴曉浪) was appointed as a director of the Predecessor Company effective from June 2023 and resigned in June 2025.
- (ix) Mr. Cai Jing (蔡靖) was appointed as a director of the Predecessor Company effective from June 2023 and resigned in March 2025.

Mr. Tong Wan Sze (湯雲斯), Prof. Wang Han (汪涵), Dr. Yu Li (于麗), Mr. Huang Liming (黃立明), Mr. Fu Shuowen (傅碩文), and Mr. Cai Jing (蔡靖) did not receive any emoluments or benefit from the Group during the Track Record Period.

(b) Directors’ retirement and termination benefits

No retirement or termination benefits have been paid to the Company’s directors for the years ended December 31, 2023, 2024 and 2025 and the four months ended April 30, 2025 and 2026.

(c) Consideration provided to third parties for making available directors’ services

No consideration was provided to third parties for making available directors’ services during the years ended December 31, 2023, 2024 and 2025 and the four months ended April 30, 2025 and 2026.

(d) Information about loans, quasi-loans or other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

No loans, quasi-loans or other dealings were entered into by the Company in favour of directors, controlled bodies corporate by and connected entities with such directors during the years ended December 31, 2023, 2024 and 2025 and the four months ended April 30, 2025 and 2026.

(e) Directors’ material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group’s business to which the Group was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the years or at any time during the years ended December 31, 2023, 2024 and 2025 and the four months ended April 30, 2025 and 2026.

45 CONTINGENCIES

The Group did not have any material contingent liabilities as at April 30, 2026.

46 DIVIDENDS

No dividends have been paid or declared by the Company or the companies now comprising the Group during each of the years ended December 31, 2023, 2024 and 2025 and the four months ended April 30, 2026.

47 SUMMARY OF OTHER ACCOUNTING POLICIES

47.1 Principles of consolidation and equity accounting

(i) Subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity where the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

When assessing whether the Group has the control over an entity, the Group considers all the facts and circumstances including the existence and effect of substantive potential voting rights. In assessing whether potential voting rights are substantive, the Group also examines all facts and circumstances, including the terms and conditions of exercise of the potential voting rights and any other contractual arrangements whether considered individually or in combination.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statements of comprehensive loss, statements of changes in equity/(deficit) and balance sheets respectively.

APPENDIX I

ACCOUNTANT’S REPORT

(ii) *Associates*

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see (iii) below), after initially being recognized at cost.

When assessing whether the Group has the significant influence over the investees, the Group considers all the facts and circumstances including the right to appoint the representation on the board of directors, participation in policy-making processes, material transactions between the Group and its investee; interchange of managerial personnel; provision of essential technical information, as well as the existence and effect of substantive potential voting rights. In assessing whether potential voting rights are substantive, the Group also examines all facts and circumstances, including the terms and conditions of exercise of the potential voting rights and any other contractual arrangements whether considered individually or in combination.

(iii) *Equity method*

Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the Group’s share of the post-acquisition profits or losses of the investee in profit or loss, and the Group’s share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognized as a reduction in the carrying amount of the investment.

Where the Group’s share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group’s interest in these entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

(iv) *Changes in ownership interests*

When the Group ceases to consolidate or equity account for an investment because of a loss of control, or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognized in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by the applicable IFRS Accounting Standards.

47.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee’s net assets including goodwill.

47.3 Trade receivables

Trade receivables are amounts due from customers for goods sold or services provided in the ordinary course of business. If collection of trade receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method. See Note 3.1 for a description of the Group’s impairment policies.

47.4 Share capital and treasury stock

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Where any group company purchases its equity instruments, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of the Company as treasury stock until the shares are cancelled or reissued. Where such shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of the Company.

APPENDIX I

ACCOUNTANT’S REPORT

Treasury stock is recorded to reflect the carrying amount of the redemption liabilities when it is initially reclassified from equity and will be reversed back to equity when the redemption liabilities are derecognized upon the Group’s obligations in connection with those redemption liabilities are discharged, cancelled or expired.

47.5 Financial liabilities at fair value through profit or loss

The Investors were granted with preferred rights, such as an “anti-dilution right”, pursuant to which the Investors have a right to require: (1) the Founding Shareholders to transfer the equity interests of the Company they directly or indirectly held to the Investors at the lowest price allowed by law; or (2) the Company to issue new shares for nominal consideration to the Investors; or (3) the Company or Founding Shareholders to compensate the Investors in cash. The specific method shall be selected and determined by the Investors, and the Company and its Founding Shareholders shall be liable for this jointly and severally. The anti-dilution right is out of the control of the Company.

Any anti-dilution right granted is bifurcated and accounted for within financial liabilities at fair value through profit or loss. It is initially recognized at fair value and subsequently carried at fair value with fair value changes recognized in “Other gains/(losses) — net” in the consolidated statements of comprehensive loss. The financial liabilities are classified as non-current liabilities unless the Company has an obligation to settle the liabilities within 12 months after the end of the reporting period.

The Company derecognizes such financial liabilities when, and only when, the Company’s obligations are discharged, cancelled or have expired. The carrying amount of the financial liabilities derecognized is then credited into equity.

47.6 Foreign currency translation

(i) *Functional and presentation currency*

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (‘the functional currency’). Functional currency of the Company and its subsidiaries incorporated in Chinese mainland is Renminbi (“RMB”). Functional currency of the Company’s subsidiary in South Korea is Korean Won (“KRW”). As the major operations of the Group are within the Chinese mainland, the Group determined to present the Historical Financial Information in RMB.

(ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss, except when deferred in equity if they are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of comprehensive income, within finance costs. All other foreign exchange gains and losses are presented in the statement of comprehensive income on a net basis within “other gains/(losses) — net”.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

(iii) *Group companies*

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognized in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognized in other comprehensive income.

47.7 Impairment of non-financial assets

Assets that have a definite useful life are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. An impairment loss is recognized for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs of disposal and value in use. For the purposes

APPENDIX I

ACCOUNTANT’S REPORT

of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

47.8 Offsetting financial instruments

Financial assets and liabilities are offset, and the net amount is reported in the balance sheet where the Company currently has a legally enforceable right to offset the recognized amounts, and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

47.9 Prepayments and other receivables

Prepayments and other receivables comprise mainly upfront payments made to suppliers, deductible value-added tax (“VAT”), deposits and others.

Prepayments to suppliers for services will be subsequently recorded in the consolidated statements of comprehensive income in accordance with the applicable performance requirements within one year or less and therefore are all classified as current assets.

Prepayments to suppliers due for transfer to property, plant and equipment are classified as other non-current assets.

47.10 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

47.11 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

47.12 Income tax

The income tax comprises current and deferred income tax. The income tax expense or credit for the period is recognized in the consolidated statement of comprehensive income, except to the extent that it relates to items recognized in other comprehensive income or directly in equity, in which case the income tax is also recognized in other comprehensive income or directly in equity, respectively.

(i) *Current income tax*

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) *Deferred income tax*

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized, or the deferred income tax liability is settled.

Deferred income tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

(iii) *Offsetting*

Deferred income tax assets and liabilities are offset where there is a legally enforceable right to offset current income tax assets and liabilities and where the deferred income tax balances relate to the same taxation authority. Current income tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

APPENDIX I

ACCOUNTANT’S REPORT

47.13 Employee benefits

(i) *Pension obligations, housing funds and other social welfare benefits*

Full-time employees of the Group in the Chinese mainland are entitled to staff welfare benefits including pension, work-related injury benefits, maternity insurances, medical insurances, unemployment benefits and housing fund plans through a PRC government-mandated defined contribution plan. Chinese labor regulation requires that the Group make contributions to the government for these benefits based on certain percentage of the employees’ salaries, up to a maximum amount specified by the local government. The Group has no legal obligation for the benefits beyond the required contributions. Under these plans, the Group contributes on a monthly basis and expensed as incurred. The Group has no further payment obligation for post-retirement benefits beyond the required contributions.

(ii) *Bonus plans*

The expected cost of bonuses is recognized as a liability when the Group has a present legal or constructive obligation for payment of bonus as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities for bonus plans are measured at the amounts expected to be paid when they are settled.

(iii) *Termination benefits*

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognizes costs for a restructuring that is within the scope of IAS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

(iv) *Employees leave entitlements*

Employee entitlements to annual leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date. Employee entitlements to sick leave and maternity leave are not recognized until the time of leave.

(v) *Post-employment benefits*

The Group classifies post-employment benefit plans as either defined contribution plans or defined benefit plans. Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into a separate fund and will have no obligation to pay further contributions; and defined benefit plans are post-employment benefit plans other than defined contribution plans.

The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligations less the fair value of the plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method at the interest rate of treasury bonds with similar obligation term and currency. The charges related to supplementary retirement benefits (including current service costs, historical service costs and gains or losses on settlement) and net interest are recognized in profit or loss for the current period or included in the cost of an asset, and the changes arising from remeasurement in net liabilities or net assets of defined benefit plans are recognized in other comprehensive income.

47.14 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management’s best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

47.15 Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received, and the Group will comply with all attached conditions.

Government grants relating to expenses items are deferred and recognized in the consolidated statement of comprehensive income over the period necessary to match them with the expenses that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and credited to profit or loss on a straight-line basis over the expected useful lives of the related assets.

APPENDIX I

ACCOUNTANT’S REPORT

47.16 Interest income

Interest income from financial assets at FVPL is included in the net fair value gains/(losses) on these assets. Interest income from financial assets at amortized cost and financial assets at FVOCI calculated using the effective interest method is recognized in profit or loss as part of other income. Interest income from current deposits is included in finance income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

47.17 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses (if any). Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset’s carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

An asset’s carrying amount is written down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognized in other gains/(losses) — net in the consolidated statement of comprehensive loss.

47.18 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Borrowings are derecognised when the obligation specified in the contract is extinguished, cancelled or expired.

Borrowings are classified as current liabilities unless, at the end of the reporting period, the group has a right to defer settlement of the liability for at least 12 months after the reporting period.

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings, pending their expenditure on qualifying assets, is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed in the period in which they are incurred.

47.19 Dividend distribution

Dividend distribution to the Company’s shareholders is recognized as a liability in the consolidated financial statements in the year in which the dividends are approved by the Company’s shareholders or directors, where appropriate.

During the Track Record Period, there was no dividend.

48 EVENTS OCCURRING AFTER THE REPORTING PERIOD

There have been no material events subsequent to the four months ended April 30, 2026.

II. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company in respect of any period subsequent to April 30, 2026 and up to the date of this report.