
SUMMARY

This summary aims to give you an overview of the information contained in this document. Since it is a summary, it does not contain all the information that may be important to you. You should read this document in its entirety before you decide to invest in the [REDACTED].

There are risks associated with any investment. Some of the particular risks in investing in the [REDACTED] are set out in the section headed “Risk Factors.” You should read that section carefully before you decide to invest in the [REDACTED].

OVERVIEW

We are a leading provider of analog IC patterned wafers in China. Unlike traditional IC design companies, our deliverable products are analog IC patterned wafers with completed built-on circuits, which can then be fabricated into individual IC chips after simple and straightforward packaging and testing steps performed by our downstream customers. As one of the few IC design companies in the world that focus on patterned wafer designs, we are dedicated to meeting the rapidly growing market demand for patterned wafers against the backdrop of the increasingly granular division of labor in the IC industry and have become a leader in the Chinese patterned wafer market. We are the largest provider of analog IC patterned wafers in China in terms of revenue in 2022, according to Frost & Sullivan. Our patterned wafers enable flexible, expeditious and cost-effective development and manufacturing of high-performance industrial grade IC chips for a range of downstream customers, including chip design companies, commercial distributors, brand-name manufacturers and ODMs.

We offer approximately 300 diversified industrial grade analog IC patterned wafer products across seven categories, namely switching regulators, multi-channel ICs and PMICs, linear regulators, battery management ICs, monitoring and modulating ICs, driver ICs, and linear products, in the power management segment and the signal chain segment as of the Latest Practicable Date. In 2020, 2021 and 2022, we successfully launched eight, 45 and 157 analog IC patterned wafer products, respectively, representing a CAGR of 343.0%, which demonstrated the fastest expansion of analog IC product offerings in China, according to Frost & Sullivan. These new products had driven most of our revenue increase during the Track Record Period. Our products have empowered numerous downstream customers, including well-known brand-name manufacturers and industry-leading chip design companies, in various application fields, such as automotive electronics, healthcare, industrial automation, industrial Internet of Things, industrial lighting, instrumentation, communications, electric power, energy storage and high-end consumer electronics. During the Track Record Period, our sales generated from downstream customers who have cooperated with us for at least three years accounted for over 50% of our total sales.

We have built China’s first and only full-stack analog IC design platform, which provides a one-stop solution of analog IC design, enabling our effective product development and standardized high-performance patterned wafer delivery. Our platform has achieved technical breakthroughs in both EDA software and IP module design, empowering efficient standardized design of analog IC products.

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Benefiting from our powerful platform and rich product offerings, our business scale has expanded rapidly without compromising profitability and operational efficiency, making us a leading force in terms of growth and profitability in China’s analog IC industry. During the Track Record Period, our revenue increased from RMB88.7 million in 2020 to RMB212.7 million in 2021 and further to RMB352.5 million in 2022, representing a CAGR of 99.3%. Despite the high growth of revenue, we consistently maintained high gross profit margin at 54.9%, 56.4%, and 56.5% in 2020, 2021 and 2022, respectively. Contributed by the high gross profit margin and operational efficiency, our gross profit increased from RMB48.7 million in 2020 to RMB120.0 million in 2021 and further to RMB199.3 million in 2022, representing a CAGR of 102.2%, whereas our net profit increased from RMB14.0 million in 2020 to RMB57.0 million in 2021 and further to RMB95.3 million in 2022, representing a CAGR of 160.9%.

COMPETITIVE STRENGTHS

We believe the following strengths have set us apart from our competitors. We (i) are a leader and pioneer in China’s patterned wafer industry; (ii) have developed a differentiated analog IC design platform; (iii) possess an ever-expanding high-performance industrial grade product portfolio; (iv) have a diversified and loyal downstream customer base; and (v) maintain a management and R&D team with pioneering spirit and extensive experience. See “Business – Competitive Strengths.”

OUR STRATEGIES

We have formulated various strategies to become a globally leading provider of all major series of analog IC patterned wafer products accompanying our downstream customers’ full lifecycle success. We plan to (i) extend our technology leadership; (ii) grow and enrich our product offerings; (iii) broaden our customer base and deepen the relationships with customers; and (iv) pursue strategic investments and acquisitions. See “Business – Our Strategies.”

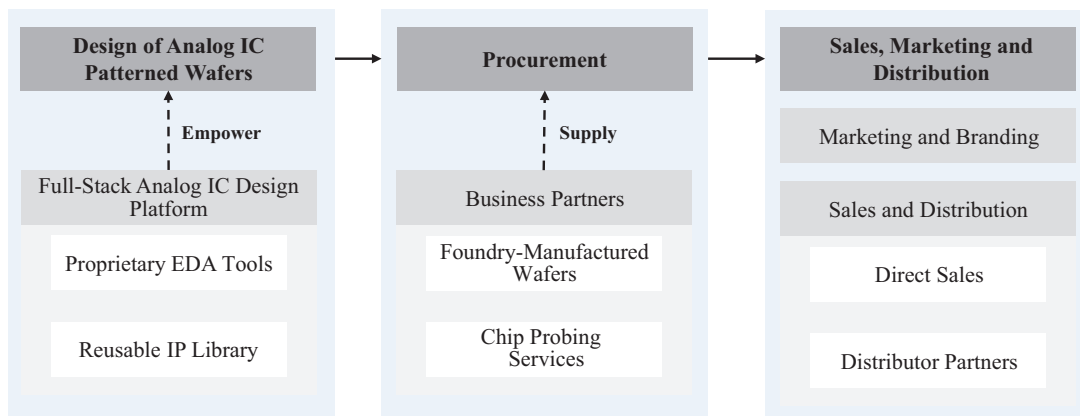
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OUR BUSINESS MODEL

We are a leading provider of analog IC patterned wafers in China. Leveraging our full-stack analog IC design platform, we primarily focus on the design and provision of industrial grade analog IC patterned wafers that have achieved reliability and stability in accordance with internationally leading standards. Empowered by proprietary EDA software tools and reusable IP library, we have effectively improved the product design efficiency, and are able to supply downstream customers with quality products.

We operate on a “fabless” model, a typical operation model adopted by many IC design companies focusing on the design process and outsource the IC manufacturing to foundries. We have established strong and long-term cooperation with a commercial patterned wafer channel partner for procurement of foundry-manufactured wafers with completed built-on circuits designed by us, which provides us with an effective way to secure foundries’ manufacturing capacity with relatively competitive prices by leveraging its foundry supplier base. We also partner with a major chip probing service provider for inspection and testing on the delivered foundry-manufactured wafers. To meet the needs of the downstream customers, capture better market opportunities in the long-tail analog IC sector and increase our market share, in addition to direct sales, we primarily partner with well-known distributors for branding, marketing and subsequent sales of our analog IC patterned wafers.

The following flowchart illustrates our business model:



OUR PRODUCT OFFERINGS

We offer a portfolio of high-performance analog IC patterned wafers with refined built-on electronic circuits designed by us. Each piece of our patterned wafers contains a number of dies, which can be easily turned into chip products after subsequent packaging and testing by downstream customers. We perform design of our patterned wafer products leveraging our full-stack analog IC design platform, which equips us with strong design capabilities and a semi-automatic way of design. As of the Latest Practicable Date, we had built up a broad portfolio covered approximately 300 analog IC patterned wafer products that are integral and critical components to a wide variety of electronic equipment, consisting of two major categories, or seven sub-categories, of industrial grade analog ICs. During the Track Record Period, our revenue was primarily generated from the sales of patterned wafer products carrying power management ICs and signal chain ICs, reaching RMB88.7 million, RMB212.7 million and RMB352.5 million in 2020, 2021 and 2022, respectively. During the same periods, the number of products we sold amounted to 17.1 million, 37.4 million and 87.5 million, respectively.

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COMPETITIVE LANDSCAPE

According to Frost & Sullivan, we enjoy a leading position in the analog IC patterned wafer market in China, ranking the first in terms of revenue generated from analog IC patterned wafers in 2022 with a market share of 1.7%. The analog IC patterned wafer market in China is a relatively fragmented market, with the aggregate market share of the top five companies accounting for only 5.0% in 2022. Small scaled patterned wafer providers may fail to meet the increasing demands of downstream customers arising from the more and more diverse use scenarios of patterned wafers, enabling the top players in the market to achieve significant first mover advantages. As a result, the market share of leading companies is expected to further expand. See “Industry Overview.”

OUR CUSTOMERS AND SUPPLIERS

Our customers primarily include companies principally engaged in sales of electronic components, integrated appliances and modular circuits. During the Track Record Period, revenue contributed from our five largest customers accounted for 99.9%, 99.9% and 100.0% of our total revenue in 2020, 2021 and 2022, respectively, while the largest customer contributed 54.1%, 54.7% and 44.3% of our total revenue, respectively, for the same years. See “Business – Sales, Marketing and Distribution of our Products – Our Customers.”

Our suppliers primarily include companies with business operations in R&D, manufacturing or sales of wafers and relevant components and devices, chip verification design, test development, application development and testing equipment development. During the Track Record Period, our purchases from our five largest suppliers accounted for 98.6%, 99.1% and 97.5% of our total purchases in 2020, 2021 and 2022, respectively, while our purchase from the largest supplier accounted for 87.9%, 89.4% and 75.7% of our total purchases, respectively, for the same years. See “Business – Procurement – Our Suppliers.”

RISK FACTORS

Our business and the [REDACTED] involve certain risks as set out in “Risk Factors” in this document. These risks can be broadly categorized into: (i) risks relating to our business and industry; (ii) risks relating to doing business in China; and (iii) risks relating to the [REDACTED]. You should read that section in its entirety carefully before you decide to invest in our H Shares. Some of the major risks we face include the following:

- Our business growth and prospects are affected by our ability to continuously innovate and iterate our existing products and to expand our product mix and penetrate new markets.
- Our inability to continuously develop our technological capabilities and improve our analog IC design platform could make our products uncompetitive and obsolete, which may impede our ability to address the requirements in technology segments that are expected to contribute to our growth.
- Rapid technological changes in the industries and markets to which our products are sold require us to constantly develop new technologies and products.
- Our business, financial condition and results of operations may be materially and adversely affected by international policies and international economic sanctions.
- Our products are primarily offered to downstream customers of certain industries in the PRC. Factors that adversely affect these industries in the PRC may have a negative impact on our business and operational results.

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- Decreases in downstream customers’ demand for analog IC products may lead to a decrease in the selling price of our patterned wafer products, which may result in a decrease in our revenue.
- A significant portion of our revenue was derived from our distributor partners, including Arrow and Customer A, a local patterned wafer distributor, during the Track Record Period. Any decrease in sales from, or loss of, one or more of our distributor partners would have negative impacts on our results of operations.
- We procured foundry-manufactured wafers from a commercial patterned wafer channel partner during the Track Record Period. Any decrease in purchase from, or loss of, our wafer channel partner would have negative impacts on our results of operations.

LEGAL PROCEEDINGS AND COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, to the best knowledge of our Directors, we had not been and were not a party to any legal, arbitral or administrative proceedings, and we were not aware of any pending or threatened legal, arbitral or administrative proceedings against us or our Directors. To the best knowledge of our Directors, our business operations had been carried out in compliance with applicable laws and regulations in all material aspects during the Track Record Period and up to the Latest Practicable Date.

See “Business – Employees – Social Insurance and Housing Provident Fund Contribution” and “Business – Land and Properties” in this document for a description of certain legal matters relating to our compliance with PRC employment and real property related laws and regulations which we consider would not have a material adverse effect on our business, financial condition, or results of operations. We are of the view that we have in place adequate internal control measures to ensure ongoing compliance with applicable laws and regulations.

RELATIONSHIP WITH OUR SINGLE LARGEST GROUP OF SHAREHOLDERS

Immediately upon completion of the [REDACTED] and without taking into account any Shares which may be issued pursuant to the exercise of the [REDACTED], Mr. Li Zhen, Mr. Li Yi, Backward Electronic and Backward Partnership will hold in aggregate approximately [REDACTED]% of our Company’s total share capital.

As of the Latest Practicable Date, Backward Partnership was owned as to 41.63% by Backward Electronic as general partner, which in turn was owned as to 53.50% by Mr. Li Zhen. Each of Backward Electronic and Backward Partnership is an investment holding entity with no business activity. Mr. Li Zhen is our executive Director and chairman of the Board. Mr. Zhang Guangping is our executive Director and general manager. Mr. Li Yi is our executive Director, deputy general manager, head of the financial department and one of our joint company secretaries. Pursuant to the Concert Party Agreement, Mr. Li Zhen, Mr. Zhang Guangping and Mr. Li Yi agreed and confirmed, among others, that from the date when they became direct and/or indirect Shareholders of our Company to such date when all of them cease to be directly or indirectly interested in our Company, they had been and would continue to be acting in concert. Pursuant to the SFO, each of Mr. Li Zhen, Mr. Zhang Guangping, Mr. Li Yi, Backward Electronic and Backward Partnership is deemed to be interested in the Shares held by each other. Accordingly, Mr. Li Zhen, Mr. Zhang Guangping, Mr. Li Yi, Backward Electronic and Backward Partnership constitute our Single Largest Group of Shareholders under the Listing Rules.

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OUR PRE-[REDACTED] INVESTORS

We have concluded several rounds of Pre-[REDACTED] Investments with a broad and diverse base of Pre-[REDACTED] Investors. For further details of the identity and background of the Pre-[REDACTED] Investors, and the principal terms of the Pre-[REDACTED] Investments, see “History, Development and Corporate Structure – Pre-[REDACTED] Investments.”

SUMMARY OF KEY FINANCIAL INFORMATION

The summary historical data of financial information set forth below have been derived from, and should be read in conjunction with, our audited financial statements, including the accompanying notes, set forth in the Accountants’ Report attached as Appendix I to this document, as well as the information set forth in “Financial Information.” Our financial information was prepared in accordance with HKFRS.

Summary of Statements of Profit or Loss and Other Comprehensive Income

	2020		Year ended December 31, 2021		2022	
	RMB’000	% of Revenue	RMB’000	% of Revenue	RMB’000	% of Revenue
Revenue	88,720	100.0	212,711	100.0	352,510	100.0
Cost of sales	(39,971)	(45.1)	(92,711)	(43.6)	(153,186)	(43.5)
Gross profit	48,749	54.9	120,000	56.4	199,324	56.5
Profit before taxation	13,995	15.8	56,969	26.8	96,824	27.5
Profit for the year	13,995	15.8	56,969	26.8	95,262	27.0
Total comprehensive income for the year	13,995	15.8	56,969	26.8	95,262	27.0

Revenue by Business Line

During the Track Record Period, we generated our revenue primarily from sales of power management products and signal chain products. The following table sets forth a breakdown of our revenue by business line, in absolute amounts and as a percentage of our revenue, during the Track Record Period:

	2020		Year ended December 31, 2021		2022	
	RMB’000	% of Revenue	RMB’000	% of Revenue	RMB’000	% of Revenue
Sales of power management products	87,075	98.1	192,899	90.7	294,797	83.6
Sales of signal chain products	1,645	1.9	19,812	9.3	57,713	16.4
Total	88,720	100.0	212,711	100.0	352,510	100.0

Our power management products help downstream customers manage power across different voltage and/or current levels, including AC-DC and DC-DC switching regulators, multi-channel ICs and PMICs, linear regulators, battery management ICs, monitoring and modulating ICs, and driver ICs. During the Track Record Period, the types of power management products we sold increased from 61 in 2020 to 84 in 2021, and further to 232 in 2022. Revenue generated from sales of power management products accounted for 98.1%, 90.7% and 83.6%, respectively, of our revenue in 2020, 2021 and 2022.

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Our signal chain products include products that sense, condition and measure real-world signals to allow information or signal to be transferred or converted for further processing and control. Our signal chain products are all linear products. During the Track Record Period, the types of signal chain products we sold increased from one in 2020 to 23 in 2021, and further to 32 in 2022. Revenue generated from sales of signal chain products accounted for 1.9%, 9.3% and 16.4%, respectively, of our revenue in 2020, 2021 and 2022. See “Financial Information – Description of Major Components of our Results of Operations – Revenue – Revenue by Business Line.”

Gross Profit and Gross Profit Margin

Our gross profit represents our revenue less our cost of sales. Our gross profit margin represents our gross profit divided by our revenue, expressed as a percentage. The table below sets forth a breakdown of our gross profit and gross profit margin by business line during the Track Record Period:

	2020		Year ended December 31, 2021		2022	
	Gross Profit RMB'000	Gross Profit Margin %	Gross Profit RMB'000	Gross Profit Margin %	Gross Profit RMB'000	Gross Profit Margin %
Sales of power management products	47,257	54.3	106,460	55.2	163,668	55.5
Sales of signal chain products	1,492	90.7	13,540	68.3	35,656	61.8
Total	48,749	54.9	120,000	56.4	199,324	56.5

During the Track Record Period, we maintained high gross profit margin due to (i) the high entry barriers for our competitors to provide similar industrial grade analog IC patterned wafers with high reliability and stability. As a result, there were limited competing products in the domestic market; and (ii) we provided high-performance industrial grade analog IC patterned wafers cost-effectively with our full-stack analog IC design platform. Our overall gross profit and gross profit margin largely depend on our product mix. The gross profit margin of our products varies due to different technical specifications, functions, pricing strategy, market supply and demand.

Our gross profit margin increased slightly from 54.9% in 2020 to 56.4% in 2021, primarily due to changes in our product mix as we provided more types of analog IC patterned wafer products in 2021. Our gross profit margin remained stable at 56.4% in 2021 and 56.5% in 2022. See “Financial Information – Description of Major Components of our Results of Operations – Gross Profit and Gross Profit Margin.”

Summary of Statements of Financial Position

	As of December 31,		
	2020 RMB'000	2021 RMB'000	2022 RMB'000
Total non-current assets	6,529	45,136	65,612
Total current assets	165,123	310,916	529,916
Total current liabilities	31,796	51,322	195,188
Total non-current liabilities	106,049	4,157	4,505
Net current assets	133,327	259,594	334,728
Net assets	33,807	300,573	395,835

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Our net current assets increased from RMB133.3 million as of December 31, 2020 to RMB259.6 million as of December 31, 2021, primarily due to an increase in cash and cash equivalents of RMB133.3 million mainly as a result of the capital contributions by investors and proceeds from our operating activities.

Our net current assets increased from RMB259.6 million as of December 31, 2021 to RMB334.7 million as of December 31, 2022, primarily due to (i) an increase in trade and other receivables of RMB35.3 million; (ii) a decrease in payment for the purchase of property, plant and equipment of RMB17.2 million; and (iii) an increase in cash and cash equivalents of RMB15.7 million mainly due to proceeds from our operating activities.

Summary of Statements of Cash Flow

	Years ended December 31,		
	2020	2021	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Net cash (used in)/generated from operating activities	(41,493)	8,805	(31,416)
Net cash (used in)/generated from investing activities	(48,886)	19,602	(15,480)
Net cash generated from financing activities	91,065	104,936	62,625
Net increase in cash and cash equivalents	686	133,343	15,729
Cash and cash equivalents at January 1	12,749	13,435	146,778
Cash and cash equivalents at December 31	13,435	146,778	162,507

During the Track Record Period, we financed our cash requirements primarily through cash generated from operating activities, the capital contributions by investors and bank loans. In the future, we expect to continue relying on cash flows from operations, net [REDACTED] from the [REDACTED], and other debt to fund our working capital needs. See “Financial Information – Liquidity and Capital Resources.”

Summary of Key Financial Ratios

The following table sets forth certain of our key financial ratios during the Track Record Period:

	As of and for the year ended		
	December 31,		
	2020	2021	2022
Gross profit margin	54.9%	56.4%	56.5%
Current ratio	5.2	6.1	2.7
Quick ratio	3.8	5.0	2.3
Gearing ratio	59.2%	10.1%	24.1%
Return on equity	70.0%	34.1%	27.4%
Return on total assets	12.0%	21.6%	20.0%

See “Financial Information – Key Financial Ratios.”

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RECENT DEVELOPMENT

No Material Adverse Change

Based on the Company’s unaudited management accounts, our revenue and net profit for the four months ended April 30, 2023 increased as compared to the same period in 2022 due to an increasing demand from our downstream customers as well as the continuous launch of new products. In addition, the number of products sold increased from approximately 27,200 thousand for the four months ended April 30, 2022 to approximately 36,000 thousand for the same period in 2023.

Our Directors have confirmed that, up to the date of this document, there had been no material adverse change in our financial or trading position or prospects since December 31, 2022, being the end date of our latest audited financial statements, and there had been no event since December 31, 2022 that would materially affect the information shown in the Accountants’ Report set out in Appendix I.

Equity Transfers in 2023

Pursuant to the equity transfer agreements dated June 20, 2023, Backward Electronic agreed to transfer 4.81% and 0.02% of the equity interest in our Company to BYD Company Limited and Shenzhen Chuangqi Kaiying Venture Capital Partnership (Limited partnership), respectively, at a consideration of RMB50 million and RMB250,000. The considerations were determined after arm’ length negotiations between the relevant parties and were fully settled on June 21, 2023. See “History, Development and Corporate Structure – Corporate Development – Our Company – Equity Transfers in 2023.”

[REDACTED] STATISTICS

The statistics in the following table are based on the assumptions that [REDACTED] H Shares will be issued pursuant to the [REDACTED] and the [REDACTED] is not exercised:

	Based on an [REDACTED] of HK\$[REDACTED]	Based on an [REDACTED] of HK\$[REDACTED]
[REDACTED] of our Shares ⁽¹⁾	HK\$[REDACTED]	HK\$[REDACTED]
[REDACTED] of our H Shares ⁽²⁾	HK\$[REDACTED]	HK\$[REDACTED]
Unaudited pro forma adjusted net tangible assets of the Company per Share ⁽³⁾	HK\$[REDACTED]	HK\$[REDACTED]

Notes:

(1)

The calculation of [REDACTED] is based on [REDACTED] Shares expected to be in issue immediately upon completion of the [REDACTED].

(2)

The calculation of the [REDACTED] of our H Shares is based on the [REDACTED] H Shares expected to be in issue immediately upon completion of the [REDACTED].

(3)

The unaudited pro forma adjusted net tangible assets of the Company per Share is calculated based on [REDACTED] Shares immediately following the completion of the [REDACTED] and assuming that the [REDACTED] had been completed on December 31, 2022 without taking into account of any Shares which may be issued upon the exercise of the [REDACTED]. The unaudited pro forma adjusted net tangible assets of the Company per Share is converted into Hong Kong dollars at an exchange rate of HK\$1.00 to RMB0.91175, being the PBOC rate prevailing on the Latest Practicable Date.

DIVIDENDS

No dividend had been paid or declared by our Company during the Track Record Period. There is no assurance that dividends of any amount will be declared or be distributed in any year. Although currently we do not have a formal dividend policy or a fixed dividend distribution ratio, our Board may declare dividends in the future after taking into account various factors, including our future earnings and cash inflows, future plan for use of funds, long-term development of our business, statutory reserves, discretionary common reserve funds, legal and regulatory restrictions, and other factors which our Directors consider relevant. See “Financial Information – Dividends.”

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FUTURE PLANS AND [REDACTED]

We estimate that we will receive net [REDACTED] of approximately HK\$[REDACTED] million from the [REDACTED], after deducting the estimated [REDACTED] commissions and other estimated [REDACTED] expenses payable by us in connection with the [REDACTED], assuming that an [REDACTED] of HK\$[REDACTED] per Share (being the mid-point of the indicative [REDACTED] range stated in this document) and assuming that the [REDACTED] is not exercised.

We intend to use the net [REDACTED] as follows:

- approximately [REDACTED]%, or HK\$[REDACTED] million, is expected to be used for enhancing our R&D and innovation capabilities, including (i) approximately [REDACTED]%, or HK\$[REDACTED] million, is expected to be used to invest in R&D infrastructure and upgrade our R&D center, (ii) approximately [REDACTED]%, or HK\$[REDACTED] million, is expected to be used to upgrade our R&D technology, and (iii) approximately [REDACTED]%, or HK\$[REDACTED] million, is expected to be used to expand our R&D team to increase our competitive advantages in the industry;
- approximately [REDACTED]%, or HK\$[REDACTED] million, is expected to be used to further enrich our product portfolio and expand our business, including (i) approximately [REDACTED]%, or HK\$[REDACTED] million, is expected to be used to improve and upgrade our analog IC product line, and (ii) approximately [REDACTED]%, or HK\$[REDACTED] million, is expected to be used to develop a mixed-signal IC product line;
- approximately [REDACTED]%, or HK\$[REDACTED] million, is expected to be used to expand our customer base and strengthen our relationship with customers, including (i) approximately [REDACTED]%, or HK\$[REDACTED] million, is expected to be used to establish sales centers, and (ii) approximately [REDACTED]%, or HK\$[REDACTED] million, is expected to be used to maintain customer relationship and develop new customers;
- approximately [REDACTED]%, or HK\$[REDACTED] million, is expected to be used for strategic investments and/or acquisition to achieve our long-term growth strategies; and
- approximately [REDACTED]%, or HK\$[REDACTED] million, is expected to be used for working capital and general corporate purposes.

[REDACTED]

Based on the mid-point [REDACTED] of HK\$[REDACTED] per Share, the total estimated [REDACTED] expenses in relation to the [REDACTED] are RMB[REDACTED] million (HK\$[REDACTED] million), assuming the [REDACTED] is not exercised, which constitute approximately [REDACTED]% of the gross [REDACTED]. Our total [REDACTED] expenses consist of (i) [REDACTED]-related expenses of RMB[REDACTED] million (HK\$[REDACTED] million); and (ii) non-[REDACTED]-related expenses of RMB[REDACTED] million (HK\$[REDACTED] million), including (a) fees payable to our legal advisors and Reporting Accountants of RMB[REDACTED] million (HK\$[REDACTED] million) and (b) other fees and expenses, including sponsors fees and the fees of other professional parties, of RMB[REDACTED] million (HK\$[REDACTED] million). During the Track Record Period, we did not incur [REDACTED] expenses. Subsequent to the Track Record Period, we expect to incur [REDACTED] expenses of RMB[REDACTED] million (HK\$[REDACTED] million) prior to and upon completion of the [REDACTED], of which RMB[REDACTED] million (HK\$[REDACTED] million) is expected to be recognized as expenses in our statements of profit or loss, and RMB[REDACTED] million (HK\$[REDACTED] million) is expected to be accounted for as a deduction from equity upon the [REDACTED]. The [REDACTED] expenses above are the latest practicable estimate for reference only, and the actual amount may differ from this estimate.