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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF SICC CO., LTD. AND CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED AND CITIC SECURITIES (HONG KONG) LIMITED

INTRODUCTION

We report on the historical financial information of SICC Co., Ltd. (the “**Company**”) and its subsidiaries (together the “**Group**”) set out on pages I-5 to I-118, which comprises the consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the year ended 31 December 2022, 2023, and 2024 and the three months ended 31 March 2025 (the “**Relevant Periods**”), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2022, 2023 and 2024 and 31 March 2025 and material accounting policy information and other explanatory information (together, the “**Historical Financial Information**”). The Historical Financial Information forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated 11 August 2025 (the “**Prospectus**”) in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

DIRECTORS' RESPONSIBILITY FOR THE HISTORICAL FINANCIAL INFORMATION

The directors of the Company are responsible for the preparation of 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 ACCOUNTANTS' RESPONSIBILITY

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

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

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

OPINION

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Group's and the Company's financial position as at 31 December 2022, 2023 and 2024 and 31 March 2025 and of the Group's financial performance and cash flows for the Relevant Periods in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.



REVIEW OF STUB PERIOD COMPARATIVE HISTORICAL FINANCIAL INFORMATION

We have reviewed the stub period comparative historical financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the three months ended 31 March 2024, and other explanatory information (together, the “**Stub Period Comparative Historical Financial Information**”). The directors of the Company are responsible for the preparation of the Stub Period Comparative Historical 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 Historical 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 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 Historical Financial Information, for the purposes of the accountants’ 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 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-5 have been made.

Dividends

We refer to note 16 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

A handwritten signature in blue ink, appearing to read 'Chan Wing Fai'.

BDO Limited

Certified Public Accountants

Chan Wing Fai

Practising Certificate Number P05443

Hong Kong

11 August 2025

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 accountants' report.

The consolidated financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with IFRS Accounting Standards issued by International Accounting Standards Board (the “**IASB**”) and were audited by us in accordance with International Standards on Auditing issued by the IAASB (“**Underlying Financial Statements**”).

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

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31 December			Three months ended 31 March	
		2022	2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(Unaudited)	
Revenue	6	417,035	1,250,696	1,768,141	426,068	407,961
Cost of sales		(449,987)	(1,068,660)	(1,332,688)	(334,322)	(315,521)
Gross (loss)/profit		(32,952)	182,036	435,453	91,746	92,440
Other income		2,082	517	607	37	168
Other gains and losses, net	7	51,533	54,852	88,945	23,720	17,985
Net investment income/(expense)	8	36,227	23,268	762	917	(215)
Reversal of/(provision for) impairment losses on financial assets	9	1,057	(10,972)	(10,166)	(2,828)	1,038
Selling expenses		(13,931)	(20,427)	(28,827)	(4,057)	(5,301)
Administrative expenses		(111,531)	(163,295)	(189,438)	(45,047)	(52,283)
Research and development expenses		(127,560)	(137,210)	(141,845)	(22,283)	(44,938)
Finance income/(expense), net	10	18,135	15,220	5,904	3,144	(2,032)
Share of results of associates	18	—	(148)	(2,131)	164	(1,502)
(Loss)/profit before tax		(176,940)	(56,159)	159,264	45,513	5,360
Income tax credit	12	1,258	10,439	19,761	587	3,158
(Loss)/profit for the year/period		(175,682)	(45,720)	179,025	46,100	8,518
Other comprehensive income for the year/period						
<i>Items that may be reclassified subsequently to profit or loss:</i>						
Exchange differences arising from translation of foreign operations		212	(1,722)	(2,522)	(1,119)	1,790
Total comprehensive income for the year/period		(175,470)	(47,442)	176,503	44,981	10,308
(Loss)/earnings per share						
Basic (RMB)	15	(0.41)	(0.11)	0.42	0.11	0.02
Diluted (RMB)	15	(0.41)	(0.11)	0.42	0.11	0.02

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December			As at 31 March
	Notes	2022	2023	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets					
Property, plant and equipment . . .	19	2,215,711	3,638,808	3,747,168	3,712,980
Right-of-use assets	21	251,993	281,445	265,451	261,380
Intangible assets	20	6,596	9,943	17,857	16,290
Financial assets at fair value					
through profit or loss	23	2,805	2,155	2,093	1,877
Investment in associates.	18	—	26,593	26,899	25,397
Deferred tax assets.	22	43,639	37,428	59,933	64,207
Other non-current assets	24	18,416	111,114	112,651	116,852
Total non-current assets		2,539,160	4,107,486	4,232,052	4,198,983
Current assets					
Trade and other receivables	25	176,337	393,175	575,837	555,783
Prepayment	25	58,719	143,543	39,062	96,824
Inventories.	27	533,279	843,277	1,021,876	1,032,852
Other current assets	28	71,556	119,165	248,680	189,858
Financial assets at fair value					
through profit or loss	23	1,789,327	274,959	—	—
Cash and bank balances.	26	684,848	1,029,748	1,239,198	1,474,766
Total current assets		3,314,066	2,803,867	3,124,653	3,350,083
Total assets		5,853,226	6,911,353	7,356,705	7,549,066
Current liabilities					
Trade and other payables	29	231,876	1,148,427	842,648	812,876
Contract liabilities	30	22,360	99,318	45,150	40,248
Borrowings	31	—	3,150	609,263	655,742
Tax payables		49,235	32,295	32,921	32,009
Other current liabilities		8,783	20,509	8,832	9,245
Lease liabilities.	32	704	45	3,961	3,078
Total current liabilities		312,958	1,303,744	1,542,775	1,553,198
Net current assets		3,001,108	1,500,123	1,581,878	1,796,885
Total assets less current					
 liabilities		5,540,268	5,607,609	5,813,930	5,995,868

		As at 31 December			As at 31 March
	Notes	2022	2023	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000
Non-current liabilities					
Borrowings	31	—	—	85,737	265,000
Lease liabilities	32	3,244	15,351	—	—
Contract liabilities	30	—	—	44,104	44,104
Other non-current liabilities		—	—	5,734	5,733
Deferred income	33	286,560	365,745	365,373	352,547
Total non-current liabilities. . . .		289,804	381,096	500,948	667,384
NET ASSETS.		5,250,464	5,226,513	5,312,982	5,328,484
Capital and reserves					
Equity attributable to owners of the Company					
Share capital	34	429,711	429,711	429,711	429,711
Capital reserve		5,064,648	5,088,139	5,098,348	5,103,542
Treasury shares	35	—	—	(100,243)	(100,243)
Surplus reserve	36	8,343	8,343	12,761	12,761
Exchange reserve		(380)	(2,102)	(4,624)	(2,834)
Accumulated losses		(251,858)	(297,578)	(122,971)	(114,453)
TOTAL EQUITY.		5,250,464	5,226,513	5,312,982	5,328,484

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company					Total
	Share capital	Capital reserve	Surplus reserve	Exchange reserve	Accumulated losses	
	(note 34)	(note 36)	(note 36)	(note 36)	(note 36)	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2022	386,740	1,903,945	8,343	(592)	(76,176)	2,222,260
Loss for the year	—	—	—	—	(175,682)	(175,682)
Exchange differences arising from translation of foreign operations .	—	—	—	212	—	212
Total comprehensive loss for the year	—	—	—	212	(175,682)	(175,470)
Issuance of new shares	42,971	3,160,703	—	—	—	3,203,674
Balance at 31 December 2022 . . .	<u>429,711</u>	<u>5,064,648</u>	<u>8,343</u>	<u>(380)</u>	<u>(251,858)</u>	<u>5,250,464</u>
Balance at 1 January 2023	429,711	5,064,648	8,343	(380)	(251,858)	5,250,464
Loss for the year	—	—	—	—	(45,720)	(45,720)
Exchange differences arising from translation of foreign operations .	—	—	—	(1,722)	—	(1,722)
Total comprehensive income for the year	—	—	—	(1,722)	(45,720)	(47,442)
Others (note 36)	—	23,491	—	—	—	23,491
Balance at 31 December 2023 . . .	<u>429,711</u>	<u>5,088,139</u>	<u>8,343</u>	<u>(2,102)</u>	<u>(297,578)</u>	<u>5,226,513</u>

	Attributable to owners of the Company						Total
	Share capital	Treasury shares	Capital reserve	Surplus reserve	Exchange reserve	Accumulated losses	
	(note 34)	(note 35)	(note 36)	(note 36)	(note 36)	(note 36)	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2024	429,711	—	5,088,139	8,343	(2,102)	(297,578)	5,226,513
Profit for the year	—	—	—	—	—	179,025	179,025
Exchange differences arising from translation of foreign operations .	—	—	—	—	(2,522)	—	(2,522)
Total comprehensive income for the year	—	—	—	—	(2,522)	179,025	176,503
Transferred to surplus reserve . . .	—	—	—	4,418	—	(4,418)	—
Recognition of share-based payments (note 40)	—	—	10,209	—	—	—	10,209
Repurchase of shares (note 35) . . .	—	(100,243)	—	—	—	—	(100,243)
Balance at 31 December 2024 . . .	<u>429,711</u>	<u>(100,243)</u>	<u>5,098,348</u>	<u>12,761</u>	<u>(4,624)</u>	<u>(122,971)</u>	<u>5,312,982</u>

	Attributable to owners of the Company						
	Share capital (note 34)	Treasury shares (note 35)	Capital reserve (note 36)	Surplus reserve (note 36)	Exchange reserve (note 36)	Accumulated losses (note 36)	Total
	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
Balance at 1 January 2024	429,711	—	5,088,139	8,343	(2,102)	(297,578)	5,226,513
Profit for the period	—	—	—	—	—	46,100	46,100
Exchange differences arising from translation of foreign operations	—	—	—	—	(1,119)	—	(1,119)
Total comprehensive income for the period	—	—	—	—	(1,119)	46,100	44,981
Repurchase of shares (note 35)	—	(53,028)	—	—	—	—	(53,028)
Balance at 31 March 2024 (Unaudited)	429,711	(53,028)	5,088,139	8,343	(3,221)	(251,478)	5,218,466

	Attributable to owners of the Company						
	Share capital (note 34)	Treasury shares (note 35)	Capital reserve (note 36)	Surplus reserve (note 36)	Exchange reserve (note 36)	Accumulated losses (note 36)	Total
	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
Balance at 1 January 2025	429,711	(100,243)	5,098,348	12,761	(4,624)	(122,971)	5,312,982
Profit for the period	—	—	—	—	—	8,518	8,518
Exchange differences arising from translation of foreign operations	—	—	—	—	1,790	—	1,790
Total comprehensive income for the period	—	—	—	—	1,790	8,518	10,308
Recognition of share-based payments (note 40)	—	—	5,194	—	—	—	5,194
Balance at 31 March 2025	429,711	(100,243)	5,103,542	12,761	(2,834)	(114,453)	5,328,484

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended 31 December			Three months ended 31 March	
	Notes	2022	2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(Unaudited)	
Operating activities						
(Loss)/profit before tax.		(176,940)	(56,159)	159,264	45,513	5,360
Adjustments for:						
Depreciation and amortisation.	11	146,108	226,754	358,423	85,676	94,063
Loss/(gain) on disposal/written off						
of property, plant and equipment	7	1	346	(403)	(105)	—
Interest income from bank deposits	10	(18,262)	(15,437)	(14,239)	(3,297)	(3,921)
Early termination of lease	7	—	(79)	(63)	—	—
Interest expenses	10	127	217	8,335	153	5,953
Share of results of associates	18	—	148	2,131	(164)	1,502
Share-based payment expenses	40	—	—	10,209	—	5,194
Change in fair value of financial						
assets at FVTPL	8	(36,227)	(23,268)	(762)	(917)	215
(Reversal of)/provision for						
impairment losses under expected						
credit losses (“ECL”) model	9	(1,057)	10,972	10,166	2,828	(1,038)
Written down of inventories.	11	8,956	15,743	22,435	1,664	5,260
Operating cash flows before						
movements in working capital		(77,294)	159,237	555,496	131,351	112,588
Increase in inventories		(156,661)	(325,741)	(200,629)	(161,490)	(16,236)
Decrease/(increase) in trade and						
other receivables		21,121	(226,715)	(188,447)	(48,011)	24,633
(Increase)/decrease in prepayments.		(46,710)	(84,824)	33,635	42,225	(59,070)
Decrease/(increase) in other current						
assets		1,083	(47,609)	(126,766)	(58,300)	59,750
(Increase)/decrease in restricted						
cash		(8,063)	(197,747)	136,988	(76,693)	7,048
Increase/(decrease) in trade and						
other payables.		137,227	553,371	(137,336)	113,733	31,603
Increase/(decrease) in contract						
liabilities		19,865	76,958	(10,064)	3,013	(4,902)
Increase/(decrease) in other current						
liabilities		8,783	11,726	(5,943)	21,706	412

Notes	Year ended 31 December			Three months ended 31 March	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Increase/(decrease) in deferred income	17,257	(1,913)	(35,872)	(50,730)	(12,826)
Cash (used in)/generated from operations	(83,392)	(83,257)	21,062	(83,196)	143,000
Interest received	18,262	15,437	14,239	3,297	3,921
Income taxes refunded/(paid)	709	(290)	(4,867)	(1,437)	(2,956)
Net cash (used in)/generated from in operating activities	(64,421)	(68,110)	30,434	(81,336)	143,965
Investing activities					
Investment in an associate	—	(3,250)	—	—	(2,842)
Proceeds from disposal of property, plant and equipment	—	149	2,096	184	—
Purchase of property, plant and equipment, intangible assets and right-of-use assets	(1,034,031)	(1,395,236)	(567,941)	(235,310)	(121,184)
Investment in financial assets measured at FVTPL	(2,320,000)	(1,470,000)	—	—	—
Redemption of financial assets measured at FVTPL	566,957	3,008,286	275,783	275,783	—
Deferred income received related to assets	5,620	81,098	35,500	48,174	—
Placement of restricted deposits	(2,290)	(21,810)	(13,217)	—	—
Redemption of restricted deposits	9,050	5,333	10,642	—	3,992
Net cash (used in)/generated from investing activities.	(2,774,694)	204,570	(257,137)	88,831	(120,034)

Notes	Year ended 31 December			Three months ended 31 March	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Financing activities					
Proceeds from bank borrowings . . .	—	3,150	700,000	100,000	325,742
Repayment from bank borrowings . .	—	—	(8,150)	(3,150)	(100,000)
Repayment of principal of lease liabilities	(4,480)	(7,340)	(12,746)	(3,602)	(883)
Interest paid	(127)	(217)	(7,797)	(153)	(5,610)
Placement of restricted deposits . . .	—	(1,575)	—	—	—
Issuance of shares	3,183,351	—	—	—	—
Payment for repurchase of shares . .	—	—	(100,243)	(53,028)	—
Net cash generated from/(used in) financing activities	3,178,744	(5,982)	571,064	40,067	219,249
Net increase in cash and cash equivalents	339,629	130,478	344,361	47,562	243,180
Cash and cash equivalents at beginning of year/period.	342,586	682,492	811,593	811,593	1,155,456
Effect of exchange rate changes . .	277	(1,377)	(498)	890	3,428
Cash and cash equivalents at the end of year/period, represented by bank balances and cash	682,492	811,593	1,155,456	860,045	1,402,064

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at 31 December			As at 31 March
	Notes	2022	2023	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets					
Property, plant and equipment . . .	19	1,326,778	1,286,367	1,244,446	1,227,529
Right-of-use assets	21	171,670	174,754	166,697	164,883
Intangible assets	20	6,596	9,943	11,077	9,959
Investment in subsidiaries	17	434,213	434,213	474,394	1,026,105
Investment in an associate	18	—	26,593	24,073	22,959
Deferred tax assets	22	20,835	30,422	40,888	41,573
Other non-current assets	24	18,416	20,322	6,902	7,202
Financial assets at fair value					
through profit or loss	23	2,805	2,155	2,093	1,877
Total non-current assets		1,981,313	1,984,769	1,970,570	2,502,087
Current assets					
Trade and other receivables	25	683,810	2,847,668	4,094,806	3,450,147
Prepayment	25	51,399	148,581	3,027	13,145
Inventories	27	516,167	418,172	406,458	375,308
Other current assets	28	8,333	13,400	58,510	71,721
Financial assets at fair value					
through profit or loss	23	1,789,327	274,959	—	—
Cash and bank balances	26	640,070	810,989	850,966	1,072,105
Total current assets		3,689,106	4,513,769	5,413,767	4,982,426
Total assets		5,670,419	6,498,538	7,384,337	7,484,513
Current liabilities					
Trade and other payables	29	120,733	827,523	1,092,580	981,043
Contract liabilities	30	22,360	99,318	44,839	52,451
Borrowings	31	—	—	559,263	586,558
Income tax payables		30,963	30,963	30,963	30,963
Other current liabilities		8,783	20,509	8,792	9,244
Lease liabilities	32	—	—	1,885	1,907
Total current liabilities		182,839	978,313	1,738,322	1,662,166
Net current assets		3,506,267	3,535,456	3,675,445	3,320,260
Total assets less current					
 liabilities		5,487,580	5,520,225	5,646,015	5,822,347

		As at 31 December			As at 31 March
	Notes	2022	2023	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000
Non-current liabilities					
Borrowings	31	—	—	85,737	265,000
Lease liabilities	32	—	7,427	—	—
Contract liabilities	30	—	—	44,104	44,104
Other non-current liabilities		—	—	5,734	5,734
Deferred income	33	193,825	195,910	174,732	166,117
Total non-current liabilities. . . .		193,825	203,337	310,307	480,955
NET ASSETS.		5,293,755	5,316,888	5,335,708	5,341,392
Capital and reserves					
Equity attributable to owners of the Company					
Share capital	34	429,711	429,711	429,711	429,711
Capital reserve	36	4,920,020	4,943,511	4,953,720	4,958,914
Treasury shares	35	—	—	(100,243)	(100,243)
Surplus reserve	36	8,343	8,343	12,761	12,761
(Accumulated losses)/retained earnings	36	(64,319)	(64,677)	39,759	40,249
TOTAL EQUITY		5,293,755	5,316,888	5,335,708	5,341,392

II NOTES TO HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Company was established in the People's Republic of China (the “**PRC**”) on November 2010. In January 2022, the Company's shares were listed on the Sci-Tech innovation board of the Shanghai Stock Exchange with stock code 688234. Its registered office and the principal place of business activities is located at No. 99, South Tianyue Road, Huaiyin District, Jinan City, Shandong Province, PRC.

The Group and the Company is principally engaged in research and development, manufacturing and sales of SiC substrates during the Relevant Periods.

Mr. Zong Yanmin is the controlling shareholder of the Company.

2. BASIS OF PREPARATION OF HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information has been prepared based on the accounting policies set out in Note 4 which conform with all applicable IFRS Accounting Standards which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards and Interpretations issued by International Accounting Standards Board (“**IASB**”). In addition, the Historical Financial Information also complies with includes the applicable disclosures requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

The IASB has issued a number of new and revised IFRSs. For the purpose of preparing the Historical Financial Information, the Group has adopted the accounting policies which conform with all applicable new and revised IFRS Accounting Standards that are effective during the Relevant Periods, consistently throughout the Relevant Periods.

3. APPLICATION OF NEW AND REVISED IFRS ACCOUNTING STANDARDS

At the date of this report, new standard and amendments to IFRS Accounting Standards that have been issued but are not effective and have not been early adopted by the Group:

New and amendments to IFRS Accounting Standards issued but not yet effective

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments ¹
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity ¹
Amendments to IFRS Accounting Standards	Annual Improvement to IFRS Accounting Standards — Volume 11 ¹
IFRS 18	Presentation and Disclosure in Financial Statements ²
IFRS 19	Subsidiaries without Public Accountability: Disclosures ²
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³

¹ Effective for annual periods beginning on or after 1 January 2026.

² Effective for annual periods beginning on or after 1 January 2027.

³ Effective for annual periods beginning on or after a date to be determined.

The Group is in the process of making an assessment of the impact of these new and amended IFRS Accounting Standards upon initial application. IFRS 18 introduces new requirements on presentation within the statement of profit or loss, including specified totals and subtotals. It also requires disclosure of management-defined performance measures in a note and includes new requirements for aggregation and disaggregation of financial information. The new requirements are expected to impact the Group's presentation in the statement of profit or loss and disclosures of the Group's financial performance. So far, the Group considers that new and amended standards are unlikely to have a significant impact on the Group's results of operations and financial position.

4. MATERIAL ACCOUNTING POLICIES

The Historical Financial Information has been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability. The principal accounting policies are set out below.

(a) Basis of consolidation

The Historical Financial Information incorporates the financial statements of the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the period are included in the consolidated statements of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

(b) Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary attributable to the owners of the Company. All amounts

previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRS Accounting Standards). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 “Financial Instruments” or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

(c) Business combinations

Acquisitions of businesses, other than business combination under common control, are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 “Income Taxes” and IAS 19 “Employee Benefits”, respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 “Share-based Payment” at the acquisition date (see the accounting policy below); and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 “Non-current Assets Held for Sale and Discontinued Operations” are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer’s previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net of the acquisition date amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the

consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured to fair value at subsequent reporting dates, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition date fair value (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss or other comprehensive income, as appropriate. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income and measured under IFRS 9 would be accounted for on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), and additional assets or liabilities are recognised to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

(d) Acquisition of a subsidiary not constituting a business

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to financial assets and financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

(e) Investments in subsidiaries

Investments in subsidiaries are stated at cost less any identified impairment loss on the statements of financial position of the Company.

(f) Investments in associates

Associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not to control or to have joint control over those policies.

The results and assets and liabilities of associates are incorporated in the Historical Financial Information using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an interest in an associate is initially recognised in the consolidated statements of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. Changes in net assets of the associates other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the

carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

When there is objective evidence that the investment in an associate is impaired, the entire carrying amount of the investment is tested for impairment in accordance with IAS 36 "Impairment of Assets" as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate and the retained interest is a financial asset within the scope of IFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IFRS 9. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing the relevant interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/partial disposal of the relevant associate.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a Group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's Historical Financial Information only to the extent of interests in the associate that are not related to the Group.

The Company's investments in associates are accounted for in the financial statements using the equity method.

(g) Revenue recognition

Revenue is recognised to depict the transfer of goods to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods. Specifically, the Group uses a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Revenue is recognised when, or as, obligations under the terms of a contract are satisfied, which occurs when control of the promised products or services is transferred to customers. Revenue is measured as the amount of consideration the Group expects to receive in exchange for transferring products or services to a customer ("**transaction price**").

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

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

When volume rebates are provided to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract, rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the most likely amount method is used.

Revenue is recognised either at a point in time or over time, when the Group satisfies performance obligations by transferring the promised goods or services to its customers.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which Group has received consideration (or an amount of consideration is due) from the customer.

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

Revenue from sale of goods

Revenue from contracts with customers is recognised at the point in time when control of goods is transferred to the customers, generally when the Group has delivered goods to the location specified in the sales contract and the buyer has confirmed the acceptance of the goods.

The credit period granted to customers by the Group is determined based on their credit risk characteristics. The Group does not expect to any contracts where the period between the transfer of the promised goods to the customer and payment by the customer exceed one year. As a consequence, there is no significant financing component.

Rental income

Rental income is recognised on a time proportion basis over the lease terms.

Provision of property management services

Revenue from the provision of property management services is recognised over the scheduled period on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by the Group.

Interest income

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

(h) Leasing

Definition of a lease

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

For contracts entered into or modified on or after the date of initial application or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as lessee

All leases (irrespective of they are operating leases or finance leases) are required to be capitalised in the consolidated statements of financial position as right-of-use assets and lease liabilities, but accounting policy choices exist for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for leases for which at the commencement date have a lease term less than 12 months and leases of low-value assets. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

Payments associated with short-term leases and leases of low-value assets are recognised 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.

The Group also applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

The Group presents right-of-use assets and lease liabilities separately in the consolidated statements of financial position.

Right-of-use asset

The right-of-use asset is recognised at cost and would comprise: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee; and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-to-use asset at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability.

The right-of-use asset is subsequently depreciated using the straight-line method from the date of initial application over the shorter of the remaining lease term or the useful life of the underlying asset. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period.

In addition, the right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Lease liability

The lease liability is recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the Group's incremental borrowing rate.

The following payments for the right-to-use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable; (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date; (iii) amounts expected to be payable by the lessee under residual value guarantees; (iv) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, the Group measures the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect

any reassessment or lease modifications, e.g., a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in substance fixed lease payments or a change in assessment to purchase the underlying asset.

The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification. The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

(i) Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

The Historical Financial Information is presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the Historical Financial Information of each entity are measured using that functional currency.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the Historical Financial Information, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates that do not result in the Group losing significant influence), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

(j) Borrowing costs

Borrowing costs attributable directly to the acquisition, construction or production of qualifying assets which require a substantial period of time to be ready for their intended use or sale, are capitalised as part of the cost of those assets. Income earned on temporary investments of specific borrowings pending their expenditure on those assets is deducted from borrowing costs capitalised. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(k) Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expense the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire property, plant and equipment are recognised as deferred revenue in the consolidated statements of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

(l) Retirement benefit costs

Payments to defined contribution retirement plans are charged as an expense when employees have rendered service.

(m) Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS Accounting standards requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

(n) Share-based payment transactions

Equity-settled share-based payments to employees (including directors of the Company) are measured at the fair value of the equity instruments at the grant date. The cost of equity-settled transactions with employees for grants is measured by reference to the fair value at the date at which they are granted. Further details of which are given in note 40 to the Historical Financial Information.

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

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

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

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

Where an equity-settled award is canceled, it is treated as if it had vested on the date of cancelation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the canceled award, and is designated as a replacement award on the date that it is granted, the canceled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

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

(o) Taxation

Income tax expense represents the sum of the current tax and deferred tax.

Current tax

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profits. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profits nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries or associates except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

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

Current and deferred tax is recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

(p) Property, plant and equipment

Property, plant and equipment are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised 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 the replaced part is derecognised. All other repairs and maintenance are recognised as an expense in profit or loss during the period in which they are incurred.

Property, plant and equipment are depreciated so as to write off their cost or valuation net of expected residual value over their estimated useful lives on a straight-line basis. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The useful lives are as follows:

Property and Buildings	20–30 years
Production equipment	3–10 years
Electronic equipment	3 years
Transportation vehicle	4 years
Office equipment	5 years
Leasehold improvement	3–5 years, or terms of lease contract

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period in which the item is derecognised.

(q) Intangible assets (other than goodwill)

Intangible assets acquired separately are initially recognised at cost. The cost of intangible assets acquired in a business combination is fair value at the date of acquisition. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is provided on a straight-line basis over their useful lives as follows. Intangible assets with indefinite useful lives are carried at cost less any accumulated impairment losses. The amortisation expense is recognised in profit or loss.

Computer software	3 years
Trademarks	10 years

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

(r) Research and development costs

Expenditure on internally developed products is capitalised if it can be demonstrated that:

- it is technically feasible to develop the product for it to be sold;
- adequate resources are available to complete the development;
- there is an intention to complete and sell the product;
- the Group is able to sell the product; and
- sale of the product will generate future economic benefits; and expenditure on the project can be measured reliably.

Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects are recognised in profit or loss as incurred.

(s) Impairment losses on tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of value in use and fair value less costs of disposal. In assessing value in use, the estimated future cash flows of the asset (or the cash-generating unit) are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or the cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or the cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or the cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or the cash-generating unit) in prior periods. A reversal of an impairment loss is recognised immediately in profit or loss.

(t) Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

(i) Financial assets

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss (“FVTPL”), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

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

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the Relevant Periods. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

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:

Amortised 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 amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest rate method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain on derecognition is recognised in profit or loss.

FVTPL: Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVTPL, irrespective of the business model, whereby changes in fair value, interest income calculated using the effective interest rate method and foreign exchange gains and losses are recognised in profit or loss. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVTOCI, as described above, debt instruments may be designated at FVTPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Equity instruments

On initial recognition of an equity investment that is not held for trading, the Group could irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Dividend income are recognised in profit or loss unless the dividend income clearly represents a recovery of part of the cost of the investments. Other net gains and losses are recognised in other comprehensive income and are not reclassified to profit or loss. All other equity instruments are classified as FVTPL, whereby changes in fair value, dividends and interest income are recognised in profit or loss.

Impairment loss on financial assets

The Group recognises a loss allowance for expected credit loss (“ECL”) (as defined on note 37) on financial assets which are subject to impairment under IFRS 9 “Financial Instruments”. The amount of ECL is updated at the end of each reporting period to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL (“**12m ECL**”) represents the portion of lifetime ECL that is expected to result from default events that are possible within 12

months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group has elected to measure loss allowances for trade receivables using IFRS 9 simplified approach and always recognises lifetime ECL for trade receivables. The ECL on these financial assets are assessed collectively using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For other financial instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in the credit risk since initial recognition or evidence that a financial asset is credit-impaired, then the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate obtained from economic expert reports, financial analysts and governmental bodies, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, or the credit default swap prices for the debtor;

- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of "investment grade" as per globally understood definition.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

For internal credit risk management, the Group considers an event of default to have occurred when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries made are recognised in profit or loss.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the relevant weighting.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Where ECL is measured on a collective basis to cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group's trade receivables, other receivables are each assessed as a separate group. Note receivables are assessed for ECL on an individual basis);
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

(ii) Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Financial liabilities at amortised cost

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss. Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(u) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which it is probable will result in an outflow of economic benefits that can be reliably estimated.

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

(v) Related parties

- (i) A person or a close member of that person's family is related to the Group if that person:
 - (a) has control or joint control over the Group;
 - (b) has significant influence over the Group; or
 - (c) is a member of key management personnel of the Group or the Company's parent.
- (ii) An entity is related to the Group if any of the following conditions apply:
 - (a) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (b) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (c) Both entities are joint ventures of the same third party.
 - (d) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (e) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.
 - (f) The entity is controlled or jointly controlled by a person identified in (i).
 - (g) A person identified in (i)(a) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).
 - (h) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.
- (iii) Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:
 - (a) that person's children and spouse or domestic partner;

(b) children of that person's spouse or domestic partner; and

(c) dependents of that person or that person's spouse or domestic partner.

(w) Treasury shares

Own equity instruments which held by the Company or the Group (treasury shares) are recognized directly in equity at cost. No gain or loss is recognized in the consolidated statements of profit or loss and other comprehensive income on the purchase, sale, issue or cancelation of the Group's own equity instruments.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 4, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates, judgements and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

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

Key sources of estimation uncertainty

Useful lives and estimated impairment on property, plant and equipment

The Group determines the estimated useful lives, residual values and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. The Group will increase the depreciation charges where useful lives are less than previously estimated lives, or will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

The Group regularly reviews whether there are any indications of impairment and recognises an impairment loss if the carrying amount of an asset is lower than its recoverable amount. The Group tests for impairment for property, plant and equipment whenever there is an indication that the asset may be impaired. The recoverable amounts have been determined based on the higher of value in use and fair value less costs of disposal. These calculations require the use of estimates, such as discount rates, future profitability and growth rates.

Useful lives and estimated impairment on intangible assets

The Group's management determines the useful lives and related amortisation charges for its intangible assets. This estimate is based on the historical experience of the actual useful lives of intangible assets of similar nature and functions and may vary significantly as a result of technical innovations and keen competitions from competitors, resulting in higher amortisation charge and/or write-off or write-down of technically obsolete assets when useful lives are less than previously estimated. The Group will increase the amortisation charges where useful lives are less than previously estimated lives, or will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

The Group regularly reviews whether there are any indications of impairment and recognises an impairment loss if the carrying amount of an asset is lower than its recoverable amount. The Group tests for impairment for intangible assets whenever there is an indication that the asset may be impaired. The recoverable amounts have been determined based on the higher of value in use and fair value less costs of disposal. These calculations require the use of estimates, such as discount rates, future profitability and growth rates.

Provision of ECL for financial assets at amortised cost

The Group calculates ECL for trade and other receivables and cash and cash equivalent under IFRS 9. The provision rates are based on the Group's historical default rates taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to changes in estimates. Details of the key assumptions and inputs used are set out in Note 37. Changes in these assumptions and estimation could materially affect the assessment and it may be necessary to make additional loss allowance in future periods.

Fair value measurements for financial assets at FVTPL

The Group has made various investments during the Relevant Periods as set out in note 23. The Group accounts for these financial instruments as financial assets at FVTPL. For those investments with no quoted market prices in an active market, their fair values are estimated by using valuation techniques. These techniques include those further described in Note 39 under the heading “Fair value management”. Valuation techniques are certified by independent and recognised business valuer before being implemented for valuation and are calibrated to ensure that outputs reflect market conditions. Valuation models established by the valuer make the maximum use of market inputs and rely as little as possible on the Group’s specific data. However, some inputs, such as probability of redemption of preference shares, require management estimates and assumptions, which are reviewed periodically and adjusted if necessary. Should any of the estimates and assumptions be changed, it may lead to a change in the fair value of the financial assets.

Net realisable value of inventories

Inventories are stated at the lower of cost and net realisable value. Costs is determined on a weighted-average basis and, in case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. These estimates are based on the current market condition and the historical experience of manufacturing and selling products of similar nature. In addition, these estimates could change significantly as a result of change in customer preference, environmental goals and competitor actions in response to industry cycles. Management measures these estimates at the end of each reporting period.

6. SEGMENT INFORMATION AND REVENUE

For the purposes of assessing performance and allocating resources, the Group’s operation is regarded as one reportable operating segment which is the SiC substrates segment. The segment engages in research and development, manufacturing and sales of SiC substrates. The executive directors of the Company review the financial performance and position for the period of the Group as a whole. Accordingly, no segment information is presented.

The Group’s revenue streams are categorised as follows:

- Sales of SiC semiconductor material; and
- Others

An analysis of the Group's revenue is as follows:

	Year ended 31 December			Three months ended 31 March	
	2022	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				(Unaudited)	
Sales of SiC semiconductor material	326,019	1,085,802	1,473,688	333,325	329,268
Others	91,016	164,894	290,723	92,743	77,085
Contracts with customers.	<u>417,035</u>	<u>1,250,696</u>	<u>1,764,411</u>	<u>426,068</u>	<u>406,353</u>

	Year ended 31 December			Three months ended 31 March	
	2022	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				(Unaudited)	
Revenue from contracts with customers by timing of recognition within IFRS 15					
Point in time	417,035	1,250,696	1,762,900	426,068	405,722
Over time	—	—	1,511	—	631
Contract with customers	<u>417,035</u>	<u>1,250,696</u>	<u>1,764,411</u>	<u>426,068</u>	<u>406,353</u>
Revenue from other sources					
Rental income	<u>—</u>	<u>—</u>	<u>3,730</u>	<u>—</u>	<u>1,608</u>

The following table provides information about trade receivables and contract liabilities from contracts with customers.

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables (Note 25).	138,002	308,783	520,264	529,992
Contract liabilities (Note 30).	<u>22,360</u>	<u>99,318</u>	<u>89,254</u>	<u>84,352</u>

The contract liabilities mainly relate to the advance consideration received from customers.

Transaction Price Allocated to Future Performance Obligations

IFRS 15 requires that the Group to disclose the aggregate amount of transaction price that is allocated to each performance obligation that has not yet been satisfied as at year-end. The guidance provides certain practical expedients that limit this requirement and, therefore, for the vast majority of contracts, the Group does not disclose the value of unsatisfied performance obligations for (i) contracts with an original expected length of one year or less and (ii) contracts for which revenue is recognised at the amount to which the Group has the right to invoice for services performed.

Geographical information

An analysis of the Group's revenue from external customers, based on location of customers and analysed by region, is presented below:

	Year ended 31 December			Three months ended 31 March	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Revenue from external customers					
— Mainland China	364,641	836,316	918,944	282,088	211,254
— Outside Mainland China —					
other regions and overseas					
countries	52,394	414,380	845,467	143,980	195,099
	<u>417,035</u>	<u>1,250,696</u>	<u>1,764,411</u>	<u>426,068</u>	<u>406,353</u>

Information about the Group's non-current assets excluding financial assets and deferred tax assets by geographical location of the assets are presented below:

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Non-current assets excluding financial assets and deferred tax assets				
— Mainland China	2,492,699	4,067,890	4,179,251	4,132,430
— Outside Mainland China — other regions and overseas countries. . .	17	13	468	469
	<u>2,492,716</u>	<u>4,067,903</u>	<u>4,179,719</u>	<u>4,132,899</u>

Information about major customers

Revenue from customers contributing over 10% of the total revenue of the Group are as follows:

	Year ended 31 December			Three months ended 31 March	
	2022	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				(Unaudited)	
Company 1	108,344	N/A*	N/A*	N/A*	N/A*
Company 2	58,349	213,437	N/A*	N/A*	N/A*
Company 3	50,753	N/A*	N/A*	N/A*	N/A*
Company 4	N/A*	182,530	308,906	87,355	51,009
Company 5	N/A*	N/A*	336,051	N/A*	62,490
Company 6	N/A*	N/A*	N/A*	66,098	N/A*
Company 7	N/A*	N/A*	N/A*	N/A*	56,954

* The corresponding revenue did not contribute over 10% of the total revenue of the Group.

7. OTHER GAINS AND LOSSES, NET

	Year ended 31 December			Three months ended 31 March	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Government grant and others . . .	53,100	50,800	60,284	9,992	14,166
Net foreign exchange (loss)/gain .	(1,566)	(868)	11,029	1,548	3,819
(Loss)/gain on disposal of property, plant and equipment .	(1)	(346)	403	105	—
Gain on early termination of leases	—	79	63	—	—
VAT input tax deduction	—	5,187	17,166	12,075	—
Total	<u>51,533</u>	<u>54,852</u>	<u>88,945</u>	<u>23,720</u>	<u>17,985</u>

8. NET INVESTMENT INCOME/(EXPENSE)

	Year ended 31 December			Three months ended 31 March	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Change in fair value of financial assets at FVTPL in accordance with IFRS 9	<u>36,227</u>	<u>23,268</u>	<u>762</u>	<u>917</u>	<u>(215)</u>

9. (REVERSAL)/PROVISION OF IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	Year ended 31 December			Three months ended 31 March	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Impairment losses under ECL model, net of reversal					
Trade and bills receivables	(770)	11,036	10,900	2,831	(820)
Other receivables	(287)	(64)	(734)	(3)	(218)
	<u>(1,057)</u>	<u>10,972</u>	<u>10,166</u>	<u>2,828</u>	<u>(1,038)</u>

10. FINANCE INCOME/(EXPENSE), NET

	Year ended 31 December			Three months ended 31 March	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Interest income	18,262	15,437	14,239	3,297	3,921
Interest expenses on borrowings .	—	(3)	(7,942)	(22)	(5,914)
Interest expenses on lease liabilities	(127)	(214)	(393)	(131)	(39)
	<u>18,135</u>	<u>15,220</u>	<u>5,904</u>	<u>3,144</u>	<u>(2,032)</u>

11. (LOSS)/PROFIT BEFORE TAX

(Loss)/profit before tax has been arrived at after charging/(crediting):

	Year ended 31 December			Three months ended 31 March	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Cost of inventories	441,031	1,052,917	1,305,264	332,658	309,371
Depreciation and amortisation . .	146,108	226,754	358,423	85,676	94,063
Inventory written down	8,956	15,743	22,435	1,664	5,260
Staff costs (including directors' emoluments):					
— Salaries and other benefits . . .	119,683	234,810	265,043	65,678	68,090
— Retirement benefits scheme contributions	11,425	20,904	28,414	7,000	7,413
— Share-based payment expenses	—	—	10,209	—	5,194
Auditors' remuneration	1,300	1,300	1,300	—	—
Short-term leases with application of recognition exemption	552	5,792	4,014	217	1,879

12. INCOME TAX CREDIT

	Year ended 31 December			Three months ended 31 March	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
Current tax					
— PRC Enterprise Income Tax					
(“EIT”)	910	501	1,405	216	1,116
— Others	203	911	1,386	153	—
— Over provision in respect of					
prior year.	(2,051)	(18,062)	(47)	—	—
	(938)	(16,650)	2,744	369	1,116
Deferred tax (Note 22)	(320)	6,211	(22,505)	(956)	(4,274)
Total income tax credit	<u>(1,258)</u>	<u>(10,439)</u>	<u>(19,761)</u>	<u>(587)</u>	<u>(3,158)</u>

Under the Law of the PRC on Enterprise Income Tax (the “**EIT Law**”) and Implementation Regulation of the EIT Law, the standard EIT rate of the PRC subsidiaries is 25%. For the PRC subsidiaries approved as “High and New Technology Enterprise” by the relevant government authorities, they are subject to a preferential rate of 15%. For the PRC subsidiaries approved as “Micro and Small Enterprise” by the relevant government authorities, which the annual taxable income that is not more than RMB1,000,000 shall be included in its taxable income at the reduced rate of 12.5% for year ended 31 December 2022 and at the reduced rate of 25% for year ended 31 December 2023 to 2027, with the applicable enterprise income tax rate of 20%.

The group entities incorporated in Hong Kong are subject to Hong Kong profits tax at a rate of 16.5% on the estimated assessable profits for the years ended 31 December 2022, 2023, 2024 and three months ended 31 March 2025. On 21 March 2018, the Hong Kong Legislative Council passed the Inland Revenue (Amendment) (No. 7) Bill 2017 (the “**Bill**”) which introduces the two-tiered profits tax rates regime. The Bill was signed into law on 28 March 2018 and was gazette on the following day. Under the two-tiered profits tax rates regime, the first HK\$2,000,000 of profits of qualifying corporations will be taxed at 8.25%, and profits above HK\$2,000,000 will be taxed at 16.5%.

Taxation arising from other jurisdictions is calculated at the rate prevailing in the relevant jurisdictions.

The income tax expense for the Relevant Periods can be reconciled to the profit before tax per the consolidated statements of profit or loss and other comprehensive income as follows:

	Year ended 31 December			Three months ended 31 March	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
(Loss)/profit before tax	(176,940)	(56,159)	159,264	45,513	5,360
Tax at the applicable tax rate of					
15% (note)	(26,541)	(8,424)	23,890	6,827	804
Effect of different tax rates of					
subsidiaries operating in other					
jurisdictions	(3,467)	880	1,380	370	874
(Over)/under provision of current					
tax in prior year/period	(2,051)	(18,062)	(47)	—	—
Tax effect of income not taxable					
for tax purpose	(220)	—	(2,056)	(348)	(49)
Tax effect of expenses not					
deductible for tax purpose.	866	96	2,932	336	46
Tax effect of share of					
losses/(profits) of associates	—	22	320	(24)	225
Utilisation of tax losses					
previously not recognised	—	(8,652)	(16,470)	(8,624)	(30)
Effect of deductible temporary					
differences and tax losses not					
recognised as deferred tax					
asset	47,093	31,039	5,927	4,217	1,226
Effect of superdeduction	(16,938)	(16,397)	(20,155)	(3,341)	(6,254)
Recognition of previously					
unrecognised tax losses	—	—	(15,482)	—	—
Effect of change on tax rate on					
deferred tax assets and deferred					
tax liabilities.	—	9,059	—	—	—
Income tax credit	(1,258)	(10,439)	(19,761)	(587)	(3,158)

Note: The applicable tax rate is with reference to the preferential PRC tax rate of 15% as the income deriving entities which are the PRC subsidiaries approved as “High and New Technology Enterprise” by the relevant government authorities under the EIT Law and Implementation Regulation of the EIT Law for the year/period.

13. DIRECTORS' AND SUPERVISORS' EMOLUMENTS

Details of the emoluments paid or payable to the directors and supervisors of the Company for the services provided to the Group during the Relevant Periods are as follows:

Year ended 31 December 2022

	Directors' fee	Salaries and other benefits	Performance- based bonus	Retirement benefit scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Chairman:					
Zong Yanmin	—	360	3,500	132	3,992
Executive directors:					
Zhong Wenqing (note (a))	—	3,600	—	132	3,732
Gao Chao	—	1,021	960	81	2,062
Non-executive directors:					
Wang Huan (note (m))	—	—	—	—	—
Wu Kunhong (note (c))	—	—	—	—	—
Qu Xiaoli (note (c))	—	—	—	—	—
Independent non-executive directors:					
Han Li (note (e))	120	—	—	—	120
Zhao Xian (note (e))	120	—	—	—	120
Li Xiangmin (note (k))	120	—	—	—	120
Supervisors:					
Zhang Hongyan	—	214	159	71	444
Song Jian	—	263	—	75	338
Yang Lei (note (g))	—	91	—	21	112
	<u>360</u>	<u>5,549</u>	<u>4,619</u>	<u>512</u>	<u>11,040</u>

Year ended 31 December 2023

	Directors' fee	Salaries and other benefits	Performance-based bonus	Retirement benefit scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Chairman:					
Zong Yanmin	—	3,600	—	140	3,740
Executive Directors:					
Zhong Wenqing (note (a))	—	1,341	—	131	1,472
Gao Chao.	—	1,201	960	98	2,259
Non-executive directors:					
Wang Huan (note (m))	—	—	—	—	—
Wu Kunhong (note (c))	—	—	—	—	—
Qu Xiaoli (note (c)).	—	—	—	—	—
Independent non-executive directors:					
Han Li (note (e))	180	—	—	—	180
Zhao Xian (note (e))	180	—	—	—	180
Li Xiangmin (note (k)).	180	—	—	—	180
Supervisors:					
Zhang Hongyan	—	187	85	79	351
Song Jian	—	330	—	86	416
Yang Lei (note (g))	—	80	7	32	119
	<u>540</u>	<u>6,739</u>	<u>1,052</u>	<u>566</u>	<u>8,897</u>

Year ended 31 December 2024

	Directors' fee	Salaries and other benefits	Performance-based bonus	Retirement benefit scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Chairman:					
Zong Yanmin	—	3,600	300	142	4,042
Executive directors:					
Zhong Wenqing (note (a))	—	74	98	10	182
Gao Chao	—	1,209	960	95	2,264
Non-executive directors:					
Wang Huan (note (m))	—	—	—	—	—
Huang Zhendong (note (i))	—	—	—	—	—
Fang Wei (note (b))	—	—	—	—	—
Qiu Yufeng (note (b))	230	—	—	—	230
Wu Kunhong (note (c))	—	—	—	—	—
Qu Xiaoli (note (c))	—	—	—	—	—
Independent non-executive directors:					
Li Xiangmin (note (k))	180	—	—	—	180
Liu Hua (note (d))	150	—	—	—	150
Li Honghui (note (d))	150	—	—	—	150
Han Li (note (e))	30	—	—	—	30
Zhao Xian (note (e))	30	—	—	—	30
Supervisors:					
Zhang Hongyan	—	416	172	59	647
Song Jian	—	340	226	88	654
Zhou Min (note (f))	—	65	100	31	196
Yang Lei (note (g))	—	14	—	5	19
Dou Wentao (note (h))	—	120	30	35	185
	<u>770</u>	<u>5,838</u>	<u>1,886</u>	<u>465</u>	<u>8,959</u>

Three months ended 31 March 2024 (Unaudited)

	Directors' fee	Salaries and other benefits	Performance-based bonus	Retirement benefit scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Chairman:					
Zong Yanmin	—	900	—	35	935
Executive directors:					
Zhong Wenqing (note (a))	—	74	98	10	182
Gao Chao	—	300	—	25	325
Non-executive directors:					
Wang Huan (note (m))	—	—	—	—	—
Huang Zhendong (note (i))	—	—	—	—	—
Fang Wei (note (b))	—	—	—	—	—
Qiu Yufeng (note (b))	30	—	—	—	30
Wu Kunhong (note (c))	—	—	—	—	—
Qu Xiaoli (note (c))	—	—	—	—	—
Independent non-executive directors:					
Li Xiangmin (note (k))	45	—	—	—	45
Liu Hua (note (d))	15	—	—	—	15
Li Honghui (note (d))	15	—	—	—	15
Han Li (note (e))	30	—	—	—	30
Zhao Xian (note (e))	30	—	—	—	30
Supervisors:					
Zhang Hongyan	—	79	13	16	108
Song Jian	—	70	—	22	92
Zhou Min (note (f))	—	10	—	6	16
Yang Lei (note (g))	—	14	—	5	19
	<u>165</u>	<u>1,447</u>	<u>111</u>	<u>119</u>	<u>1,842</u>

Three months ended 31 March 2025

	Directors' fee	Salaries and other benefits	Performance-based bonus	Retirement benefit scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Chairman:					
Zong Yanmin	—	900	—	36	936
Executive directors:					
Gao Chao	—	300	—	26	326
Non-executive directors:					
Wang Huan (note (m))	—	—	—	—	—
Huang Zhendong (note (i))	—	—	—	—	—
Fang Wei (note (b))	—	—	—	—	—
Qiu Yufeng (note (b))	60	—	—	—	60
Li Wanyue (note (j))	—	—	—	—	—
Independent non-executive directors:					
Li Xiangmin (note (k))	30	—	—	—	30
Liu Hua (note (d))	45	—	—	—	45
Li Honghui (note (d))	45	—	—	—	45
Lai Kwok Hung Alex (note (l))	30	—	—	—	30
Supervisors:					
Zhang Hongyan	—	114	—	26	140
Song Jian	—	90	—	25	115
Dou Wentao (note (h))	—	90	9	25	124
	<u>210</u>	<u>1,494</u>	<u>9</u>	<u>138</u>	<u>1,851</u>

Notes:

- (a) Zhong Wenqing resigned as executive directors of the Company on 29 February 2024.
- (b) Fang Wei and Qiu Yufeng were appointed as non-executive directors of the Company on 29 February 2024.
- (c) Wu Kunhong and Qu Xiaoli resigned as non-executive directors of the Company on 29 February 2024.

- (d) Liu Hua and Li Honghui were appointed as independent non-executive directors of the Company on 29 February 2024.
- (e) Han Li and Zhao Xian resigned as independent non-executive directors of the Company on 29 February 2024.
- (f) Zhou Min was appointed as supervisors of the Company on 29 February 2024 and resigned as supervisors of the Company on 22 August 2024.
- (g) Yang Lei resigned as supervisors of the Company on 29 February 2024.
- (h) Dou Wentao was appointed as supervisors of the Company on 22 August 2024.
- (i) Huang Zhendong was appointed as non-executive directors of the Company on 29 February 2024 and resigned as independent non-executive directors of the Company on 19 February 2025.
- (j) Li Wanyue was appointed as non-executive directors of the Company on 19 February 2025.
- (k) Li Xiangmin resigned as independent non-executive directors of the Company on 19 February 2025.
- (l) Lai Kwok Hung Alex was appointed as independent non-executive directors of the Company on 19 February 2025.
- (m) Wang Huan resigned as non-executive directors of the Company on 30 April 2025.

14. FIVE HIGHEST PAID INDIVIDUALS

During the year ended 31 December 2022, 2023 and 2024 and three months ended 31 March 2024 and 2025 the five individuals with the highest emoluments in the Group include 3, 2, 2, 1 (unaudited) and 1 directors of the Company, details of whose remuneration are set out in Note 13 above. The emoluments of the five highest paid individuals during the Relevant Periods were as follows:

	Year ended 31 December			Three months ended 31 March	
	2022	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				(Unaudited)	
Salaries and other benefits	7,873	10,624	11,826	2,787	2,788
Performance-based bonus	5,640	2,520	1,760	—	—
Retirement benefits scheme contributions	473	512	501	120	181
	<u>13,986</u>	<u>13,656</u>	<u>14,087</u>	<u>2,907</u>	<u>2,969</u>

The emoluments of the five highest paid individuals were within the following bands:

	Number of individuals				
	Year ended 31 December			Three months ended 31 March	
	2022	2023	2024	2024	2025
				(Unaudited)	
Nil to RMB1,000,000	—	—	—	5	5
RMB1,000,001 to					
RMB1,500,000	—	—	—	—	—
RMB1,500,001 to					
RMB2,000,000	1	1	1	—	—
RMB2,000,001 to					
RMB2,500,000	1	2	1	—	—
RMB2,500,001 to					
RMB3,000,000	1	—	1	—	—
RMB3,000,001 to					
RMB3,500,000	—	1	1	—	—
RMB3,500,001 to					
RMB4,000,000	2	1	—	—	—
RMB4,000,001 to RMB4,500,000	—	—	1	—	—
	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>

During the Relevant Periods, no emoluments were paid by the Group to the directors of the Company or the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors of the Company have waived any emoluments during the Relevant Periods.

15. (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

The calculation of the basic (loss)/earnings per share attribute to owners of the Company is based on the following data:

	Year ended 31 December			Three months ended 31 March	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
(Loss)/earnings for the purpose of calculating basic earnings per share					
share	(175,682)	(45,720)	179,025	46,100	8,518

Number of shares:

	Year ended 31 December			Three months ended 31 March	
	2022	2023	2024	2024	2025
				(Unaudited)	
Weighted average number of ordinary shares in issue, excluding treasury shares held for restricted share scheme as these shares are not considered outstanding for the purpose of calculating basic earnings per share					
share	426,130,119	429,711,044	428,177,262	429,464,810	427,705,160

(b) Diluted earnings per share

The calculation of the diluted earnings per share attribute to owners of the Company is based on the following data:

	Year ended 31 December			Three months ended 31 March	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
(Loss)/earnings for the year/period attributable to owners of the Company and the purpose of calculating				(Unaudited)	
diluted earnings per share	(175,682)	(45,720)	179,025	46,100	8,518

The calculation of the diluted earnings per share attribute to owners of the Company is based on the following data:

Number of shares:

	Year ended 31 December			Three months ended 31 March	
	2022	2023	2024	2024	2025
Weighted average number of ordinary shares for the purpose of calculating basic earnings per shares	426,130,119	429,711,044	428,177,262	429,464,810	427,705,160
Effect of restricted shares	—	—	48,091	—	153,877
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	426,130,119	429,711,044	428,225,353	429,464,810	427,859,037

16. DIVIDENDS

No dividend was paid or proposed during the Relevant Periods. No final dividends were declared by the Board for the Relevant Periods.

17. INVESTMENTS IN SUBSIDIARIES

Company	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Investments in subsidiaries				
— Unlisted shares, at cost.	434,213	434,213	474,394	1,026,105

The Company had direct and indirect equity interests in the following principal subsidiaries during the Relevant Periods:

			Equity interests attributable to the Company as at								
Name of subsidiaries	Place and date of incorporation establishment	Authorised shares capital/ registered capital	31 December 2022		31 December 2023		31 December 2024		31 March 2025		Principal activities
			Direct %	Indirect %	Direct %	Indirect %	Direct %	Indirect %	Direct %	Indirect %	
上海天岳半導體材料有限公司 (Shanghai Tianyue Semiconductor Materials Co., Ltd.) (a), (b)*	the PRC/Mainland China, 2 June 2020	RMB900,000,000	100	—	100	—	100	—	100	—	Research and development, manufacturing and sales of SiC substrates
深圳天岳先進科技有限公司 (Shenzhen Tianyue Advanced Technology Co., Ltd.) (a)**;***	the PRC/Mainland China, 19 October 2022	RMB100,000,000	100	—	100	—	100	—	100	—	Research and development, manufacturing and sales of SiC substrates
山東天岳新材料技術有限公司 (Shandong Tianyue New Materials Technology Co., Ltd.) (a)*	the PRC/Mainland China, 15 November 2017	RMB95,000,000	100	—	100	—	100	—	100	—	Research and development of SiC substrates
濟寧天岳半導體新材料有限公司 (Jining Tianyue Semiconductor New Materials Co., Ltd.) (a), (c) **	the PRC/Mainland China, 5 June 2023	RMB50,000,000	N/A	N/A	100	—	100	—	100	—	Research and development, manufacturing and sales of SiC substrates
北京天岳先進科技有限公司 (Beijing Tianyue Advanced Technology Co., Ltd.) (a) **,***	the PRC/Mainland China, 5 January 2024	RMB20,000,000	N/A	N/A	N/A	N/A	100	—	100	—	Research and development of SiC substrates
SICC GLOBAL株式會社**	Japan, 8 June 2020	JPY3,300,000,000	100	—	100	—	100	—	100	—	Sales of SiC substrates
上海越服科貿有限公司 (Shanghai Yuefu Technology & Trading Co., Ltd.) (a)*	the PRC/Mainland China, 6 December 2019	RMB10,000,000	100	—	100	—	100	—	100	—	Sales of SiC substrates

			Equity interests attributable to the Company as at								
	Place and date of	Authorised shares									
Name of subsidiaries	incorporation establishment	capital/ registered capital	31 December 2022		31 December 2023		31 December 2024		31 March 2025		Principal activities
			Direct %	Indirect %	Direct %	Indirect %	Direct %	Indirect %	Direct %	Indirect %	
Sakura Technologies 株式会社***	Japan, 15 May 2020	JPY30,000,000	—	100	—	100	—	100	—	100	Sales of SiC substrates
上海越聯峰科技有限公司 (Shanghai Yuelianfeng Technology Co., Ltd.) (a)**	the PRC/Mainland China, 22 July 2022	RMB50,000,000	100	—	100	—	100	—	100	—	Research and development and sales of SiC substrates
極華投資有限公司 (Sky Spur Investment Limited)**	Hong Kong, 14 October 2022	USD20,000	—	100	—	100	—	100	—	100	Sales of SiC substrates
Visionary Horizon PTE. Ltd**	Singapore, 2 November 2022	USD100,000	—	100	—	100	—	100	—	100	Investment holding
SICC-Europe-GabH**	Germany, 2 March 2023	EUR25,000	N/A	N/A	—	100	—	100	—	100	Sales of SiC substrates

Notes:

- (a) The English names of the subsidiaries registered in the Mainland China of the PRC represent the best efforts made by management of the Company to translate their Chinese names as they do not have official English names.
- (b) The registered capital of the subsidiary of the Company was increased from RMB400,000,000 to RMB900,000,000 in March 2025.
- (c) The subsidiary was formerly known as 濟寧天岳石墨製品有限公司 (Jining Tianyue Graphite Products Co., Ltd.).

All of the subsidiaries adopted 31 December as their financial year end date.

* The statutory financial statements of certain subsidiaries in the Mainland China of the PRC for the years ended 31 December 2022, 2023 and 2024 were prepared in accordance with relevant accounting principles and financial regulations applicable in the PRC and were audited by BDO China Shu Lun Pan Certified Public Accountants LLP.

** No statutory audited financial statements were prepared for certain entities established in Hong Kong, Mainland China, Germany, Singapore, and Japan since their date of incorporation as they are incorporated in a jurisdiction where there are no local statutory audit requirements or exempted from statutory audit requirements.

*** The subsidiary of the Company is under the process of de-registration as at 31 March 2025.

18. INVESTMENTS IN ASSOCIATES

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Group				
At beginning of the year/period.	—	—	26,593	26,899
Additions	—	3,250	2,842	—
Share of post-acquisition losses.	—	(148)	(2,131)	(1,502)
Share of post-acquisition share premium	—	23,491	—	—
Other.	—	—	(405)	—
At the end of the year/period	—	26,593	26,899	25,397

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Company				
At beginning of the year/period.	—	—	26,593	24,073
Additions	—	3,250	—	—
Share of post-acquisition losses.	—	(148)	(2,115)	(1,114)
Share of post-acquisition share premium	—	23,491	—	—
Other.	—	—	(405)	—
At the end of the year/period	—	26,593	24,073	22,959

The Group had interests in the following principal associates during the Relevant Periods:

Name of associates	Place of incorporation/ establishment and operation	Authorised shares capital/registered capital	Percentage of ownership interests held by the Group as at				Principal activities
			As at 31 December			As at 31 March	
			2022	2023	2024	2025	
蘇州達波新材料科技有限 公司 (Suzhou Dabo New Materials Technology Co., Ltd.).	PRC	RMB12,275,000	N/A	26.48%	26.48%	26.48%	Research and development of semiconductor materials

Note: In June 2025, the Company entered into an agreement with a third party to transfer 2.5% equity interest of Suzhou Dabo New Materials Technology Co., Ltd. at a consideration of RMB15 million.

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB '000	RMB '000	RMB '000	RMB '000
Aggregate carrying amount of the Group's associates in the Historical Financial Information.	N/A	26,593	26,899	25,397

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19. PROPERTY, PLANT AND EQUIPMENT

	Property and buildings	Production equipment	Transportation vehicle	Electronic equipment	Office equipment	Construction in progress	Leasehold improvement	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Group								
Cost								
As at 1 January 2022	243,697	1,212,406	2,438	2,373	1,129	263,878	—	1,725,921
Additions	254	103,597	92	2,281	220	937,557	15,677	1,059,678
Transferred from construction in progress	53,938	119,922	—	2,709	—	(176,569)	—	—
Disposals/written off	—	—	—	(1)	—	—	—	(1)
As at 31 December 2022 and								
1 January 2023	297,889	1,435,925	2,530	7,362	1,349	1,024,866	15,677	2,785,598
Additions	273	322,748	952	2,122	1,826	1,302,546	4,008	1,634,475
Transferred from construction in progress	1,194,662	922,005	26	5,803	—	(2,122,496)	—	—
Disposals/written off	—	(575)	(203)	(111)	—	—	—	(889)
As at 31 December 2023 and								
1 January 2024	1,492,824	2,680,103	3,305	15,176	3,175	204,916	19,685	4,419,184
Additions	—	67,481	1,002	930	705	368,672	7,408	446,198
Transferred from construction in progress	229,408	218,936	469	5,845	—	(479,513)	24,855	—
Disposals/written off	—	(6,860)	(498)	—	—	—	—	(7,358)
Exchange difference	—	—	—	6	—	—	—	6
As at 31 December 2024 and								
1 January 2025	1,722,232	2,959,660	4,278	21,957	3,880	94,075	51,948	4,858,030
Additions	—	—	198	197	138	50,854	2,417	53,804
Transferred from construction in progress	10,923	30,682	—	—	—	(41,605)	—	—
As at 31 March 2025	1,733,155	2,990,342	4,476	22,154	4,018	103,324	54,365	4,911,834
Depreciation								
As at 1 January 2022	37,577	394,408	840	1,312	520	—	—	434,657
Provided for the year	8,431	124,657	540	1,087	178	—	337	135,230
As at 31 December 2022 and								
1 January 2023	46,008	519,065	1,380	2,399	698	—	337	569,887
Provided for the year	24,088	178,418	636	3,963	371	—	3,407	210,883
Eliminated on disposals/written off	—	(92)	(196)	(106)	—	—	—	(394)
As at 31 December 2023 and								
1 January 2024	70,096	697,391	1,820	6,256	1,069	—	3,744	780,376
Provided for the year	53,667	266,029	747	5,212	623	—	9,873	336,151
Eliminated on disposal/written off	—	(5,247)	(418)	—	—	—	—	(5,665)
As at 31 December 2024 and								
1 January 2025	123,763	958,173	2,149	11,468	1,692	—	13,617	1,110,862
Provided for the period	14,138	67,293	185	1,584	167	—	4,625	87,992
As at 31 March 2025	137,901	1,025,466	2,334	13,052	1,859	—	18,242	1,198,854
Net book value								
As at 31 December 2022	251,881	916,860	1,150	4,963	651	1,024,866	15,340	2,215,711
As at 31 December 2023	1,422,728	1,982,712	1,485	8,920	2,106	204,916	15,941	3,638,808
As at 31 December 2024	1,598,469	2,001,487	2,129	10,489	2,188	94,075	38,331	3,747,168
As at 31 March 2025	1,595,254	1,964,876	2,142	9,102	2,159	103,324	36,123	3,712,980

	Property and buildings	Production equipment	Transportation vehicle	Electronic equipment	Office equipment	Construction in progress	Leasehold improvement	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Company Cost								
As at 1 January 2022	222,814	917,663	1,937	1,929	1,108	115,520	—	1,260,971
Additions	21,137	290,272	10	2,373	241	204,481	15,677	534,191
Transferred from construction in progress	53,938	119,922	—	2,709	—	(176,569)	—	—
As at 31 December 2022 and 1 January 2023	297,889	1,327,857	1,947	7,011	1,349	143,432	15,677	1,795,162
Additions	273	7,984	263	1,487	272	100,422	3,373	114,074
Transferred from construction in progress	—	38,400	26	5,803	—	(44,229)	—	—
Disposals/written off	—	(575)	(203)	(110)	—	—	—	(888)
As at 31 December 2023 and 1 January 2024	298,162	1,373,666	2,033	14,191	1,621	199,625	19,050	1,908,348
Additions	—	30,927	128	419	688	93,558	6,445	132,165
Transferred from construction in progress	216,893	47,851	469	2,877	—	(292,945)	24,855	—
Disposals/written off	—	(6,860)	—	—	—	—	—	(6,860)
As at 31 December 2024 and 1 January 2025	515,055	1,445,584	2,630	17,487	2,309	238	50,350	2,033,653
Additions	—	—	198	196	138	23,480	620	24,632
Transferred from construction in progress	—	3,376	—	—	—	(3,376)	—	—
As at 31 March 2025	515,055	1,448,960	2,828	17,683	2,447	20,342	50,970	2,058,285
Depreciation								
As at 1 January 2022	36,273	252,999	687	1,033	511	—	—	291,503
Provided for the year	9,736	165,009	421	1,191	187	—	337	176,881
As at 31 December 2022 and 1 January 2023	46,009	418,008	1,108	2,224	698	—	337	468,384
Provided for the year	10,132	135,985	425	3,823	236	—	3,389	153,990
Eliminated on disposals/written off	—	(92)	(196)	(105)	—	—	—	(393)
As at 31 December 2023 and 1 January 2024	56,141	553,901	1,337	5,942	934	—	3,726	621,981
Provided for the year	14,772	143,261	407	4,246	324	—	9,463	172,473
Eliminated on disposal/written off	—	(5,247)	—	—	—	—	—	(5,247)
As at 31 December 2024 and 1 January 2025	70,913	691,915	1,744	10,188	1,258	—	13,189	789,207
Provided for the period	4,327	33,098	86	1,240	92	—	2,706	41,549
As at 31 March 2025	75,240	725,013	1,830	11,428	1,350	—	15,895	830,756
Net book value								
As at 31 December 2022	251,880	909,849	839	4,787	651	143,432	15,340	1,326,778
As at 31 December 2023	242,021	819,765	696	8,249	687	199,625	15,324	1,286,367
As at 31 December 2024	444,142	753,669	886	7,299	1,051	238	37,161	1,244,446
As at 31 March 2025	439,815	723,947	998	6,255	1,097	20,342	35,075	1,227,529

In view of unfavourable operating performance of the Group for the year ended 31 December 2022 and 2023, the Group assessed whether impairment indications for the non-current non-financial assets of the Group existed at 31 December 2022 and 2023. Accordingly, the Group performed impairment assessment for the non-current non-financial assets, which mainly consist of property, plant and equipment, intangible assets (note 20), right-of-use assets (note 21), and prepayments for acquisition of property, plant and equipment (note 24) of the Group for respective years.

For the purposes of impairment testing, the Group estimates the recoverable amount of cash-generating unit (“CGU”). The recoverable amounts of the CGU were determined based on the value in use calculation. The value in use was estimated with reference to the cash flow projections based on the financial budgets and forecast approved by the top management. Based on the results of the assessment, the recoverable amounts of non-current non-financial assets exceed the carrying amounts of non-current non-financial assets at the end of year ended 31 December 2022 and 2023. Accordingly, no impairment loss has been provided for the non-current non-financial assets of the Group for the respective years.

20. INTANGIBLE ASSETS

Group

	Software	Trademark	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
COST			
As at 1 January 2022	3,008	—	3,008
Additions	3,049	3,018	6,067
As at 31 December 2022 and 1 January			
2023	6,057	3,018	9,075
Additions	6,288	—	6,288
As at 31 December 2023 and 1 January			
2024	12,345	3,018	15,363
Additions	12,818	—	12,818
As at 31 December 2024 and 1 January			
2025	25,163	3,018	28,181
Additions	433	—	433
As at 31 March 2025	25,596	3,018	28,614
Amortisation			
As at 1 January 2022	865	—	865
Provided for the year	1,438	176	1,614
As at 31 December 2022 and 1 January			
2023	2,303	176	2,479
Provided for the year	2,639	302	2,941
As at 31 December 2023 and 1 January			
2024	4,942	478	5,420
Provided for the year	4,602	302	4,904
As at 31 December 2024 and 1 January			
2025	9,544	780	10,324
Provided for the period	1,925	75	2,000
As at 31 March 2025	11,469	855	12,324
Net book value			
As at 31 December 2022	3,754	2,842	6,596
As at 31 December 2023	7,403	2,540	9,943
As at 31 December 2024	15,619	2,238	17,857
As at 31 March 2025	14,127	2,163	16,290

Company

	Software	Trademark	Total
	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>
COST			
As at 1 January 2022	3,008	—	3,008
Additions	3,049	3,018	6,067
As at 31 December 2022 and 1 January			
2023	6,057	3,018	9,075
Additions	6,288	—	6,288
As at 31 December 2023 and 1 January			
2024	12,345	3,018	15,363
Additions	5,422	—	5,422
As at 31 December 2024 and 1 January			
2025	17,767	3,018	20,785
Additions	433	—	433
As at 31 March 2025	18,200	3,018	21,218
Amortisation			
As at 1 January 2022	865	—	865
Provided for the year	1,438	176	1,614
As at 31 December 2022 and 1 January			
2023	2,303	176	2,479
Provided for the year	2,639	302	2,941
As at 31 December 2023 and 1 January			
2024	4,942	478	5,420
Provided for the year	3,986	302	4,288
As at 31 December 2024 and 1 January			
2025	8,928	780	9,708
Provided for the period	1,476	75	1,551
As at 31 March 2025	10,404	855	11,259
Net book value			
As at 31 December 2022	3,754	2,842	6,596
As at 31 December 2023	7,403	2,540	9,943
As at 31 December 2024	8,839	2,238	11,077
As at 31 March 2025	7,796	2,163	9,959

21. RIGHT-OF-USE ASSETS

Details of the right-of-use assets recognised and movements during the years/period:

Group

	Land use rights	Property and buildings	Total
	RMB'000	RMB'000	RMB'000
Costs			
As at 1 January 2022	291,330	1,977	293,307
Additions	—	7,451	7,451
As at 31 December 2022 and 1 January 2023	291,330	9,428	300,758
Additions	23,515	19,568	43,083
Disposals.....	—	(5,042)	(5,042)
As at 31 December 2023 and 1 January 2024	314,845	23,954	338,799
Additions	—	2,198	2,198
Disposals.....	—	(6,300)	(6,300)
As at 31 December 2024, 1 January 2025 and 31 March 2025	314,845	19,852	334,697
Depreciation			
As at 1 January 2022	39,317	184	39,501
Provided for the year	5,897	3,367	9,264
As at 31 December 2022 and 1 January 2023	45,214	3,551	48,765
Provided for the year	6,367	6,563	12,930
Eliminated on disposals.....	—	(4,341)	(4,341)
As at 31 December 2023 and 1 January 2024	51,581	5,773	57,354
Provided for the year	6,368	11,000	17,368
Eliminated on disposals.....	—	(5,476)	(5,476)
As at 31 December 2024 and 1 January 2025	57,949	11,297	69,246
Provided for the period	1,592	2,479	4,071
As at 31 March 2025	59,541	13,776	73,317
Carrying amounts			
As at 31 December 2022.....	246,116	5,877	251,993
As at 31 December 2023.....	263,264	18,181	281,445
As at 31 December 2024	256,896	8,555	265,451
As at 31 March 2025	255,304	6,076	261,380

Company

	Land use rights	Property and buildings	Total
	RMB'000	RMB'000	RMB'000
Costs			
As at 1 January 2022	200,100	—	200,100
Additions	13,548	—	13,548
As at 31 December 2022 and 1 January 2023	213,648	—	213,648
Additions	—	7,427	7,427
As at 31 December 2023, 1 January 2024 and 31 December 2024 and 1 January 2025 and 31 March 2025	213,648	7,427	221,075
Depreciation			
As at 1 January 2022	37,182	—	37,182
Provided for the year	4,796	—	4,796
As at 31 December 2022 and 1 January 2023	41,978	—	41,978
Provided for the year	4,343	—	4,343
As at 31 December 2023 and 1 January 2024	46,321	—	46,321
Provided for the year	4,343	3,714	8,057
As at 31 December 2024 and 1 January 2025	50,664	3,714	54,378
Provided for the period	886	928	1,814
As at 31 March 2025	51,550	4,642	56,192
Carrying amounts			
As at 31 December 2022	171,670	—	171,670
As at 31 December 2023	167,327	7,427	174,754
As at 31 December 2024	162,984	3,713	166,697
As at 31 March 2025	162,098	2,785	164,883

For the years ended 31 December 2022, 2023 and 2024, and the three months ended 31 March 2025 the Group leases various office premises for its operations. Lease contracts are entered into for fixed term of 1.3 years to 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable. The land use rights of the Group and the Company are located in the Mainland China of the PRC on the lease of 50 years.

Restrictions or covenants on lease

Lease liabilities of RMB3,948,000, RMB15,396,000, RMB3,961,000, and RMB3,078,000 are recognised with related right-of-use assets of RMB5,877,000, RMB18,181,000, RMB8,555,000, and RMB6,076,000 as at 31 December 2022, 31 December 2023, 31 December 2024 and 31 March 2025, respectively. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Leases committed

As at 31 December 2022, 31 December 2023, 31 December 2024 and 31 March 2025, the Group did not enter into any new leases for leased buildings and machinery and equipment that have not yet commenced.

22. DEFERRED TAXATION

Group

The following is a summary of the deferred tax balances of the Group for financial reporting purposes:

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Deferred tax assets	56,953	52,536	65,742	69,373
Deferred tax liabilities.	(13,314)	(15,108)	(5,809)	(5,166)
	<u>43,639</u>	<u>37,428</u>	<u>59,933</u>	<u>64,207</u>

The followings are the major deferred tax assets and liabilities recognised and movements during the Relevant Periods:

	Impairment allowance	Fair value adjustments of financial assets	Deferred income	Temporary differences on leases	Accelerated tax depreciation	Intergroup unrealised profits	Tax losses	Share-based payments	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At as 1 January 2022 . .	2,557	171	48,576	(204)	(7,781)	—	—	—	43,319
(Charged)/credited to profit or loss	1,148	(5,141)	3,682	(454)	1,085	—	—	—	320
As at 31 December 2022 and 1 January 2023	3,705	(4,970)	52,258	(658)	(6,696)	—	—	—	43,639
(Charged)/credited to profit or loss	3,846	4,503	(9,859)	240	(4,941)	—	—	—	(6,211)
As at 31 December 2023 and 1 January 2024	7,551	(467)	42,399	(418)	(11,637)	—	—	—	37,428
(Charged)/Credited to profit or loss	2,645	753	(9,017)	(271)	7,112	4,310	15,481	1,492	22,505
As at 31 December 2024 and 1 January 2025	10,196	286	33,382	(689)	(4,525)	4,310	15,481	1,492	59,933
(Charged)/Credited to profit or loss	634	32	(1,292)	240	271	2,881	675	833	4,274
As at 31 March 2025 . .	10,830	318	32,090	(449)	(4,254)	7,191	16,156	2,325	64,207

Note:

As at 31 December 2022, 31 December 2023, 31 December 2024 and 31 March 2025, the Group had unused tax losses of RMB840,558,000, RMB930,975,000, RMB724,905,000 and RMB729,586,000, respectively, available to offset against future profits, and had not been recognised as at 31 December 2022, 2023, 2024 and 31 March 2025, respectively, due to the unpredictability of future profit streams.

Company

The following is a summary of the deferred tax balances of the Company for financial reporting purposes:

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Deferred tax assets	32,680	37,891	45,971	46,245
Deferred tax liabilities.	(11,845)	(7,469)	(5,083)	(4,672)
	<u>20,835</u>	<u>30,422</u>	<u>40,888</u>	<u>41,573</u>

The followings are the major deferred tax assets and liabilities recognised and movements during the Relevant Periods:

	Impairment allowance	Fair value adjustments of financial assets	Deferred income	Temporary differences on leases	Accelerated tax depreciation	Tax losses	Share-based payments	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At as 1 January 2022.	2,208	171	26,017	—	(7,781)	—	—	20,615
(Charged)/credited to profit or loss	1,220	(5,141)	3,056	—	1,085	—	—	220
As at 31 December 2022 and								
1 January 2023	3,428	(4,970)	29,073	—	(6,696)	—	—	20,835
(Charged)/credited to profit or loss	3,686	4,503	313	—	1,085	—	—	9,587
As at 31 December 2023 and								
1 January 2024	7,114	(467)	29,386	—	(5,611)	—	—	30,422
(Charged)/Credited to profit or loss	1,120	753	(3,176)	(274)	1,085	9,931	1,027	10,466
As at 31 December 2024 and								
1 January 2025	8,234	286	26,210	(274)	(4,526)	9,931	1,027	40,888
(Charged)/Credited to profit or loss	935	32	(1,292)	143	271	—	596	685
As at 31 March 2025	<u>9,169</u>	<u>318</u>	<u>24,918</u>	<u>(131)</u>	<u>(4,255)</u>	<u>9,931</u>	<u>1,623</u>	<u>41,573</u>

23. FINANCIAL ASSETS AT FVTPL

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Group and Company				
<u>Financial assets</u>				
Non-current assets				
Financial assets at FVTPL				
— Unlisted equity investments	2,805	2,155	2,093	1,877
Current assets				
Financial assets at FVTPL				
— Wealth management product	1,789,327	274,959	—	—
	<u>1,792,132</u>	<u>277,114</u>	<u>2,093</u>	<u>1,877</u>

24. OTHER NON-CURRENT ASSETS

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Group				
Prepayment for purchases, acquisition of property, plant and equipment . . .				
	<u>18,416</u>	<u>111,114</u>	<u>112,651</u>	<u>116,852</u>
Company				
Prepayment for acquisition of property, plant and equipment				
	<u>18,416</u>	<u>20,322</u>	<u>6,902</u>	<u>7,202</u>

25. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Group				
Trade receivables				
— Third parties.....	130,402	311,808	528,327	544,507
— Related parties (<i>note (a)</i>)	14,863	13,227	19,391	13,497
	145,265	325,035	547,718	558,004
Less: loss allowance for trade receivables.....	(7,263)	(16,252)	(27,454)	(28,012)
	138,002	308,783	520,264	529,992
Bills receivables				
— Commercial	14,887	55,820	48,252	20,682
— Bank	—	8,005	317	869
	14,887	63,825	48,569	21,551
Less: loss allowance for bill receivables.....	(744)	(2,791)	(2,413)	(1,034)
	14,143	61,034	46,156	20,517
Other receivables				
— Third parties.....	25,465	24,587	9,363	5,002
— Related parties (<i>note (a)</i>)	—	—	550	550
	25,465	24,587	9,913	5,552
Less: loss allowance for other receivables.....	(1,273)	(1,229)	(496)	(278)
	24,192	23,358	9,417	5,274
Trade and other receivables.....	176,337	393,175	575,837	555,783
Prepayment (<i>note (c)</i>)	58,719	143,543	39,062	96,824
	235,056	536,718	614,899	652,607

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Company				
Trade receivables				
— Third parties.....	128,887	268,054	479,127	480,871
— Related parties (<i>note (a)</i>)	14,863	13,227	—	—
— Subsidiaries (<i>note (b)</i>)	—	400,317	495,927	80,534
	143,750	681,598	975,054	561,405
Less: loss allowance for trade receivables.....	(7,188)	(14,064)	(24,025)	(24,156)
	136,562	667,534	951,029	537,249
Bills receivables				
— Commercial	14,887	55,820	21,854	16,085
— Bank	—	8,005	4,317	2,676
	14,887	63,825	26,171	18,761
Less: loss allowance for bill receivables.....	(744)	(2,791)	(1,093)	(804)
	14,143	61,034	25,078	17,957
Other receivables				
— Third parties.....	3,210	1,297	2,680	2,771
— Subsidiaries (<i>note (b)</i>)	530,055	2,117,874	3,116,153	2,892,309
	533,265	2,119,171	3,118,833	2,895,080
Less: loss allowance for other receivables.....	(160)	(71)	(134)	(139)
	533,105	2,119,100	3,118,699	2,894,941
Trade and other receivables.....	683,810	2,847,668	4,094,806	3,450,147
Prepayment (<i>note (c)</i>)	51,399	148,581	3,027	13,145
	735,209	2,996,249	4,097,833	3,463,292

Notes:

- (a) Details of the trade and other receivables due from related parties are set out in note 43.
- (b) During the Relevant Periods, the amounts due from subsidiaries were unsecured, interest free and repayable on demand.
- (c) Prepayments mainly consist of money paid to suppliers of inventories.

The Group generally allows a credit period ranging from 60 to 180 days to its customers. The following is aging analysis of trade receivables (net of allowance for impairment losses), presented based on the invoice dates, at the end of each financial period during the Relevant Periods:

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Group				
Within 90 days	112,881	263,825	420,264	376,186
91 to 180 days	15,658	38,365	79,558	107,121
181 days to 1 year	9,463	6,593	20,250	46,370
Over 1 year	—	—	192	315
	<u>138,002</u>	<u>308,783</u>	<u>520,264</u>	<u>529,992</u>

Movements in lifetime ECL that have been recognised for trade receivables in accordance with the simplified approach set out in IFRS 9 for the years ended 31 December 2022, 2023, 2024, and the three months ended 31 March 2025:

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At the beginning of year/period	3,041	7,263	16,252	27,454
Provided	4,222	8,989	11,278	558
Exchange difference	—	—	(76)	—
At the end of year/period	<u>7,263</u>	<u>16,252</u>	<u>27,454</u>	<u>28,012</u>

The Company generally allows a credit period ranging from 60 to 180 days to its customers. The following is aging analysis of trade receivables (net of allowance for impairment losses), presented based on the invoice dates, at the end of each financial period during the Relevant Periods:

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Company				
Within 90 days	111,613	514,761	456,938	380,182
91 to 180 days	15,487	143,547	398,637	109,834
181 days to 1 year	9,462	9,226	86,246	46,918
Over 1 year	—	—	9,208	315
	<u>136,652</u>	<u>667,534</u>	<u>951,029</u>	<u>537,249</u>

Movement in lifetime ECL that has been recognised for trade receivables of the Company in accordance with the simplified approach set out in IFRS 9 for the years ended 31 December 2022, 2023 and 2024 and the three months ended 31 March 2025:

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At the beginning of year/period	3,018	7,188	14,064	24,025
Provided	<u>4,170</u>	<u>6,876</u>	<u>9,961</u>	<u>131</u>
At the end of year/period	<u>7,188</u>	<u>14,064</u>	<u>24,025</u>	<u>24,156</u>

26. CASH AND BANK BALANCES/RESTRICTED BANK AND OTHER DEPOSITS

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Group				
Cash and bank balances (<i>note (a)</i>) . . .	682,492	811,593	1,155,456	1,402,064
Restricted bank and other deposits . . .				
Portion classified as current assets				
(<i>note (b)</i>)	2,356	218,155	83,742	72,702
	<u>684,848</u>	<u>1,029,748</u>	<u>1,239,198</u>	<u>1,474,766</u>

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Company				
Cash and bank balances (<i>note (a)</i>) . . .	637,714	603,911	783,347	1,014,076
Restricted bank and other deposits . . .				
Portion classified as current assets				
(<i>note (b)</i>)	2,356	207,078	67,619	58,029
	<u>640,070</u>	<u>810,989</u>	<u>850,966</u>	<u>1,072,105</u>

Notes:

- (a) At the end of each reporting period, cash and bank balances of the Group comprised of bank balances and cash held. Bank balances carried interest at prevailing market rates which are 0.25%, 0.2%, 0.1% and 0.1% per annum as at 31 December 2022, 2023, 2024 and 31 March 2025, respectively.
- (b) As at 31 December 2023, 2024 and 31 March 2025, certain bank deposits with balances of approximately RMB200,103,000, RMB64,317,000 and RMB64,976,000 were pledged to secure bills payables of RMB366,636,000, RMB153,728,000 and RMB236,879,000, respectively.

As at 31 December 2023, 2024 and 31 March 2025, approximately RMB2,080,000, RMB3,801,000, RMB3,801,000, respectively, was restricted and held at a bank in the PRC as a reserve under litigation.

27. INVENTORIES

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Group				
Raw materials	296,892	404,468	497,886	490,549
Work in progress	153,470	204,709	213,339	249,027
Finished goods	97,675	264,601	348,994	336,878
Less: write-downs of inventories	(14,758)	(30,501)	(38,343)	(43,602)
Total	<u>533,279</u>	<u>843,277</u>	<u>1,021,876</u>	<u>1,032,852</u>

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Company				
Raw materials	279,780	255,368	167,832	171,284
Work in progress	153,470	71,626	99,739	98,299
Finished goods	97,675	121,679	168,528	141,755
Less: write-downs of inventories	(14,758)	(30,501)	(29,641)	(36,030)
Total	<u>516,167</u>	<u>418,172</u>	<u>406,458</u>	<u>375,308</u>

28. OTHER CURRENT ASSETS

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Group				
Prepaid VAT	71,544	114,239	231,824	160,230
Prepaid other taxes	—	4,926	9,107	12,094
Prepaid EIT	—	—	2,749	4,223
Others	12	—	5,000	13,311
Total	<u>71,556</u>	<u>119,165</u>	<u>248,680</u>	<u>189,858</u>

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Company				
Prepaid VAT	8,333	8,474	45,171	46,473
Prepaid other taxes	—	4,926	8,339	11,937
Others	—	—	5,000	13,311
Total	<u>8,333</u>	<u>13,400</u>	<u>58,510</u>	<u>71,721</u>

29. TRADE AND OTHER PAYABLES

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Group				
Trade payables				
— Third parties	185,308	702,943	616,865	504,240
— Related parties (note (a))	—	492	174	159
	<u>185,308</u>	<u>703,435</u>	<u>617,039</u>	<u>504,399</u>
Bills payable (note (c))	—	366,636	153,728	236,879
Other payables				
— Third parties	20,807	26,062	22,357	18,316
— Related parties	115	83	125	—
— Salary and bonus payables	21,934	47,576	43,394	49,174
— Other taxes payable	3,712	4,635	6,005	4,108
	<u>46,568</u>	<u>78,356</u>	<u>71,881</u>	<u>71,598</u>
Total trade and other payables	<u>231,876</u>	<u>1,148,427</u>	<u>842,648</u>	<u>812,876</u>

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Company				
Trade payables				
— Third parties.....	98,095	82,178	105,206	85,061
— Related parties (<i>note (a)</i>)	—	492	174	—
— Subsidiaries (<i>note (b)</i>)	842	314,601	787,588	622,251
	98,937	397,271	892,968	707,312
Bills payable				
— Third parties.....	—	20,394	153,728	228,300
— Subsidiaries (<i>note (b)</i>)	—	361,591	6,359	—
	—	381,985	160,087	228,300
Other payables				
— Third parties.....	6,461	20,081	16,339	15,397
— Related parties (<i>note (a)</i>)	115	83	—	—
— Salary and bonus payables	12,421	25,999	20,895	27,980
— Other taxes payable	2,799	2,104	2,291	2,054
	21,796	48,267	39,525	45,431
Total trade and other payables.....	120,733	827,523	1,092,580	981,043

Notes:

- (a) Details of the trade and other payables due to related parties are set out in Note 43.
- (b) During the Relevant Periods, the amounts due to subsidiaries were unsecured, repayable on demand and interest free.
- (c) As at 31 December 2023 and 2024 and 31 March 2025, the Group's bill payables of approximately RMB366,636,000, RMB153,728,000 and RMB236,879,000 were secured by certain of the Group's deposits of approximately RMB200,103,000, RMB64,317,000 and RMB64,976,000 respectively.

Payment terms with suppliers are mainly on credit ranging from 30 to 90 days from invoice date. The following is an aging analysis of trade payables presented based on transaction date at the end of each of the reporting period:

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Group				
Within 90 days	160,752	484,680	268,777	198,800
91 days to 180 days	16,101	185,100	27,126	64,668
181 days to 1 year	1,867	10,912	89,670	19,698
Over 1 year	6,588	22,743	231,466	221,233
	<u>185,308</u>	<u>703,435</u>	<u>617,039</u>	<u>504,399</u>

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Company				
Within 90 days	74,704	363,017	399,689	374,663
91 days to 180 days	16,042	3,533	270,855	271,778
181 days to 1 year	1,867	8,549	208,291	18,413
Over 1 year	6,324	22,172	14,133	42,458
	<u>98,937</u>	<u>397,271</u>	<u>892,968</u>	<u>707,312</u>

30. CONTRACT LIABILITIES

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Group				
Current portion				
— Third parties.....	22,360	99,318	45,150	40,248
Non-current portion				
— Third parties.....	—	—	44,104	44,104
Total	<u>22,360</u>	<u>99,318</u>	<u>89,254</u>	<u>84,352</u>
	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Company				
Current portion				
— Third parties.....	22,360	99,318	44,839	40,233
— Subsidiaries	—	—	—	12,218
	22,360	99,318	44,839	52,451
Non-current portion				
— Third parties.....	—	—	44,104	44,104
Total	<u>22,360</u>	<u>99,318</u>	<u>88,943</u>	<u>96,555</u>

When the Group receives deposits from customers for the sales of goods, this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the relevant contract exceeds the amount of the deposits. Changes in contract liabilities primarily relate to the Group's and the Company's performance of services under the contracts. Revenue of RMB2,495,000, RMB22,360,000, RMB14,346,000, and RMB5,178,000 of the Group were recognised for the years ended 31 December 2022, 2023, 2024, and the three months ended 31 March 2025 that were included in the contract liabilities at the beginning of the relevant years/periods, respectively.

Revenue of RMB2,495,000, RMB22,360,000, RMB14,346,000, and RMB4,868,000 of the Company were recognised for the years ended 31 December 2022, 2023, 2024, and the three months ended 31 March 2025 that were included in the contract liabilities at the beginning of the relevant years/periods, respectively.

31. BORROWINGS

Group	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Current portion				
Bank borrowings, unsecured (note (b))	—	—	609,263	655,742
Discounted bills (note (a))	—	3,150	—	—
	—	3,150	609,263	655,742
Non-current portion				
Bank borrowings, unsecured (note (b))	—	—	85,737	265,000
Total borrowings	—	3,150	695,000	920,742
Loan interest at rate per annum in the range of	N/A	0.85%	2.70%–3.10%	1.40%–3.10%

Total current and non-current borrowings were scheduled to repay as follows:

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
On demand or within one year	—	3,150	609,263	655,742
More than one year, but not exceeding two years	—	—	85,737	105,000
More than two years, but not exceeding five years	—	—	—	160,000
	—	3,150	695,000	920,742

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Company				
Current portion				
Bank borrowings, unsecured (note (c))	—	—	559,263	586,558
Non-current portion				
Bank borrowings, unsecured (note (c))	—	—	85,737	265,000
Total borrowings	—	—	645,000	851,558
Loan interest at rate per annum in the range of	N/A	N/A	2.70%–3.10%	1.40%–3.10%

Total current and non-current borrowings were scheduled to repay as follows:

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
On demand or within one year	—	—	559,263	586,558
More than one year, but not exceeding two years	—	—	85,737	105,000
More than two years, but not exceeding five years	—	—	—	160,000
	—	—	645,000	851,558

The carrying amounts of the Group's and the Company's current interest-bearing bank borrowing approximate to their fair values.

Notes:

- (a) As at 31 December 2023, other borrowing represented loans arising from discounted bills. The borrowing is guaranteed by the Company, interest bearing at a fixed interest rate at 0.85% per annum and repayable within a year.

- (b) At 31 December 2022, 2023 and 2024 and 31 March 2025, the Group had banking facilities to the extent of approximately nil, RMB1,000,000,000, RMB2,430,000,000, and RMB2,430,000,000 respectively. The aforesaid bank loans outstanding as at 31 December 2022, 2023, 2024 and 31 March 2025 were approximately nil, nil, RMB695,000,000 and RMB920,742,000 respectively.
- (c) At 31 December 2022, 2023, 2024 and 31 March 2025, the Company had banking facilities to the extent of approximately nil, RMB700,000,000, RMB1,930,000,000 and RMB1,730,000,000 respectively. The aforesaid bank loans outstanding as at 31 December 2022, 2023, 2024 and 31 March 2025 were approximately nil, nil, RMB645,000,000 and RMB851,558,000 respectively.
- (d) At 31 December 2022, 2023, 2024 and 31 March 2025, the Company had issued guarantees to banks to secured banking facilities granted to certain subsidiaries to the extent of approximately nil, RMB300,000,000, RMB300,000,000 and RMB100,000,000 respectively. The aforesaid bank loans outstanding as at 31 December 2022, 2023, 2024 and 31 March 2025 were approximately nil, nil, RMB50,000,000 and nil respectively.

32. LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's and the Company's lease liabilities at the end of each reporting period:

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Group				
Within one year.	704	45	3,961	3,078
Within a period of more than one year but within two years	3,244	15,111	—	—
Within a period of more than two years but within five years.	—	240	—	—
	3,948	15,396	3,961	3,078
Less: Amounts due for settlement within 12 months shown under current liabilities	704	45	3,961	3,078
Amount due for settlement after 12 months shown under non-current liabilities	3,244	15,351	—	—

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Company				
Within one year.....	—	—	1,885	1,907
Within a period of more than one year but within two years	—	7,427	—	—
	—	7,427	1,885	1,907
Less: Amounts due for settlement within 12 months shown under current liabilities	—	—	1,885	1,907
Amount due for settlement after 12 months shown under non-current liabilities	—	7,427	—	—

33. DEFERRED INCOME

Group

	Deferred income related to assets	Deferred income related to income	Total
	RMB'000	RMB'000	RMB'000
As at 1 January 2022	225,133	38,550	263,683
Additions	5,620	39,777	45,397
Release to profit and loss	(18,575)	(3,945)	(22,520)
As at 31 December 2022.....	212,178	74,382	286,560
Additions	81,098	38,115	119,213
Release to profit and loss	(26,228)	(13,800)	(40,028)
As at 31 December 2023.....	267,048	98,697	365,745
Additions	35,500	14,790	50,290
Release to profit and loss	(29,926)	(20,736)	(50,662)
As at 31 December 2024	272,622	92,751	365,373
Additions	—	100	100
Release to profit and loss	(7,926)	(5,000)	(12,926)
As at 31 March 2025	264,696	87,851	352,547

Company

	Deferred income related to assets	Deferred income related to income	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 1 January 2022	134,898	38,550	173,448
Additions	3,120	39,777	42,897
Release to profit and loss	(18,575)	(3,945)	(22,520)
As at 31 December 2022.....	119,443	74,382	193,825
Additions	9,921	26,205	36,126
Release to profit and loss	(20,241)	(13,800)	(34,041)
As at 31 December 2023.....	109,123	86,787	195,910
Additions	3,000	11,347	14,347
Release to profit and loss	(15,825)	(19,700)	(35,525)
As at 31 December 2024	96,298	78,434	174,732
Additions	—	100	100
Release to profit and loss	(3,715)	(5,000)	(8,715)
As at 31 March 2025	92,583	73,534	166,117

Note: It mainly comprise incentives provided by local authorities. The amounts received are treated as deferred income and will be released to profit or loss over the estimated useful lives of the underlying property, plant and equipment or over the period. There is no unfulfilled obligation for the recognized income at the end of reporting date for each of the Relevant Periods.

34. SHARE CAPITAL

	Number of ordinary shares	Authorised shares	Issued and paid shares
		RMB'000	RMB'000
Group and Company			
Ordinary shares of RMB1.00 each			
As at 1 January 2022	386,739,939	386,740	386,740
Issue of new shares upon A-share IPO			
(note (a))	42,971,105	42,971	42,971
As at 31 December 2022, 1 January 2023, 31 December 2023, 1 January 2024, 31 December 2024, 1 January 2025, and			
31 March 2025	429,711,044	429,711	429,711

Note:

- (a) During the year ended 31 December 2022, the Company issued new shares of 42,971,105 shares upon A-share IPO. On 12 January 2022, the Company's shares were listed on the Sci-Tech innovation board of the Shanghai Stock Exchange with stock code 688234.

35. TREASURY SHARES

Group and Company

	As at 31 December						As at 31 March	
	2022		2023		2024		2025	
	Number of shares	RMB'000	Number of shares	RMB'000	Number of shares	RMB'000	Number of shares	RMB'000
Balance brought forward	—	—	—	—	—	—	2,005,884	100,243
Repurchase of shares (note).	—	—	—	—	2,005,884	100,243	—	—
Balance carried forward.	—	—	—	—	2,005,884	100,243	2,005,884	100,243

Note: During the year ended 31 December 2024, the Company has repurchased 2,005,884 shares of A-shares, accounting for 0.47% of the Company's total shares. The implementation of the repurchase meets the requirements of the Company's share repurchase plan and relevant laws and regulations

36. RESERVES

Reserve movement of the Company:

	Capital reserve	Surplus reserve	Retained earnings/ (accumulated losses)	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 1 January 2022	1,755,317	8,343	75,087	1,838,747
Loss for the year	—	—	(139,406)	(139,406)
Capital contribution by shareholders of the Company	3,160,703	—	—	3,160,703
Others	4,000	—	—	4,000
As at 31 December 2022 and 1 January 2023	4,920,020	8,343	(64,319)	4,864,044
Loss for the year	—	—	(358)	(358)
Others (note i)	23,491	—	—	23,491
As at 31 December 2023 and 1 January 2024	4,943,511	8,343	(64,677)	4,887,177
Profit for the year	—	—	108,854	108,854
Transferred to surplus reserve	—	4,418	(4,418)	—
Recognition of share-based payments (note 40)	10,209	—	—	10,209
As at 31 December 2024 and 1 January 2025	4,953,720	12,761	39,759	5,006,240
Profit for the period	—	—	490	490
Recognition of share-based payments (note 40)	5,194	—	—	5,194
As at 31 March 2025	<u>4,958,914</u>	<u>12,761</u>	<u>40,249</u>	<u>5,011,924</u>

Notes:

- (i) The amount represents share of post-acquisition share premium of an associate.

Description of the Group's reserves as below:

- (a) Capital Reserve:

The amount mainly represents capital contribution in excess of nominal value of share capital.

(b) Surplus reserve:

In accordance with the articles of association of subsidiaries established in the PRC, these subsidiaries are required to transfer 10% of the profit after taxation in accordance to China Accounting Standards for Business Enterprises to the statutory reserve until the reserve reaches 50% of the registered capital. Transfer to this reserve shall be made before distributing dividends to equity holders. The statutory reserve can be used to make up for previous years' losses, expand the existing operations or convert into additional capital of the subsidiaries.

(c) Exchange reserve:

The amount represents gains/losses arising on retranslating the net assets of foreign operations into presentation currency of the Group.

(d) (Accumulated loss)/retained earnings:

Cumulative net gains and losses recognised in profit or loss.

37. OVERVIEW OF THE GROUP'S EXPOSURE TO CREDIT RISK

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. At the end of each reporting period, the Group's maximum exposure to credit risk which cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statements of the financial position.

In order to minimise credit risk, the Group has tasked its finance team to develop and maintain the Group's credit risk grading to categorise exposures according to their degree of risk of default. Management uses publicly available financial information and the Group's own historical repayment records to rate its major customers and other debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate exposure is spread amongst approved counterparties.

The Group's credit risk is primarily attributable to trade and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

Trade receivables

For trade receivables, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. Except for trade receivables that are credit-impaired, the Group determines the ECL on these items collectively based on loss patterns as reflected in the debtors' historical payment pattern. The Group determines the ECL on these items by using a provision matrix as at 31 December 2022, 2023, 2024 and 31 March 2025 within lifetime ECL (not credit impaired) estimated based on the financial quality of debtors and historical credit loss experience,

adjusted as appropriate to reflect current conditions and estimates of future economic conditions with reference to general macroeconomic conditions that may affect the ability of debtors to settle receivables. To measure the ECL, the trade receivables have been grouped into the categories based on share credit risk characteristics and the aging as disclosed in note 25.

Bills and Other receivables

For bills and other receivables, management of the Group makes periodic assessment on the recoverability based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information. The Group measures the loss allowance equal to 12m ECL, unless when there are indicators that the financial asset is credit-impaired, the Group recognises lifetime ECL. The Group recognises lifetime ECL for bills and other receivables when there is evidence indicating (i) there has been significant increase in credit risk since initial recognition; (ii) the asset is credit-impaired but the Group has realistic prospect of recovery; or (iii) the debtor is in severe financial difficulty.

Categories	Description
Other receivables, other than credit impaired	Management of the Group makes periodic assessment on the recoverability based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information.
Bills receivables, other than credit impaired	Management of the Group makes periodic assessment on the recoverability based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information.
Credit impaired	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.

Cash and bank balances, restricted bank deposits and bills receivables from bank

For the purposes of impairment assessment, cash and bank balances, restricted bank deposits and bills receivables from bank that are subject to impairment are considered to have low credit risk as the counterparties to these items have no historical default record. Accordingly, for the purpose of impairment assessment for these items assets, the loss allowance is measured at an amount equal to 12m ECL. In determining the ECL for cash and bank balances and restricted bank deposits that are subject to impairment, the directors of the Company have taken into account the historical default experience and the future prospects of the industries and/or considering various

external sources of actual and forecast economic information, as appropriate, in estimating the probability of default of each of the financial assets that are subject to impairment occurring within their respective loss assessment time horizon, as well as the loss upon default in each case. The directors of the Company considered that the ECL allowance is insignificant at 31 December 2022, 2023 and 2024 and 31 March 2025.

The following table details the credit risk exposures of the Group's trade receivables which are subject to ECL assessment:

	<u>Average expected credit loss rate</u>	<u>Gross amounts</u>	<u>Loss allowance</u>
		<i>RMB '000</i>	<i>RMB '000</i>
As at 31 December 2022			
Within 90 days	5%	118,822	5,941
91 to 180 days	5%	16,482	824
181 days to 1 year	5%	9,961	498
		<u>145,265</u>	<u>7,263</u>
As at 31 December 2023			
Within 90 days	5%	277,710	13,885
91 to 180 days	5%	40,384	2,019
181 days to 1 year	5%	6,941	348
		<u>325,035</u>	<u>16,252</u>
As at 31 December 2024			
Within 90 days	5%	442,383	22,119
91 to 180 days	5%	83,745	4,187
181 days to 1 year	5%	21,316	1,066
Over 1 year	30%	274	82
		<u>547,718</u>	<u>27,454</u>
As at 31 March 2025			
Within 90 days	5%	395,985	19,799
91 to 180 days	5%	112,759	5,638
181 days to 1 year	5%	48,810	2,440
Over 1 year	30%	450	135
		<u>558,004</u>	<u>28,012</u>

In view of the credit risk of the debtors, historical payment pattern and forward looking information, the Group considers the expected credit risk for receivables aged within 1 year is 5%. And there is no significant change in credit risk rating of the debtors, historical payment pattern and forward looking information during the Relevant Periods.

The table below details the credit risk exposures of the Group's bills receivables — commercial which are subject to ECL assessment:

	<u>Average expected credit loss rate</u>	<u>Gross amounts</u>	<u>Loss allowance</u>
		<i>RMB'000</i>	<i>RMB'000</i>
As at 31 December 2022			
Not credit-impaired	5.00%	<u>14,887</u>	<u>744</u>
As at 31 December 2023			
Not credit-impaired	5.00%	<u>55,820</u>	<u>2,791</u>
As at 31 December 2024			
Not credit-impaired	5.00%	<u>48,252</u>	<u>2,413</u>
As at 31 March 2025			
Not credit-impaired	5.00%	<u>20,682</u>	<u>1,034</u>

The table below details the credit risk exposures of the Group's other receivables which are subject to ECL assessment:

	<u>Average expected credit loss rate</u>	<u>Gross amounts</u>	<u>Loss allowance</u>
		<i>RMB'000</i>	<i>RMB'000</i>
As at 31 December 2022			
Not credit-impaired	5.00%	<u>25,465</u>	<u>1,273</u>
As at 31 December 2023			
Not credit-impaired	5.00%	<u>24,587</u>	<u>1,229</u>
As at 31 December 2024			
Not credit-impaired	5.00%	<u>9,913</u>	<u>496</u>
As at 31 March 2025			
Not credit-impaired	5.00%	<u>5,552</u>	<u>278</u>

The Group makes full provision for a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

38. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities comprising the Group will be able to continue as going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged throughout the Relevant Periods.

The capital structure of the Group consists of lease liabilities, borrowings (net of cash and bank balances) and equity attributable to owners of the Company (comprising capital and reserves).

Management of the Group regularly reviews the capital structure on a continuous basis taking into account the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debts.

39. FINANCIAL INSTRUMENTS

Categories of financial instruments

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Group				
Financial assets				
Financial assets measured				
at amortised cost	861,185	1,422,923	1,815,035	2,030,549
Financial assets measured at FVTPL . .	1,792,132	277,114	2,093	1,877
	<u>2,653,317</u>	<u>1,700,037</u>	<u>1,817,128</u>	<u>2,032,426</u>
Financial liabilities				
Financial liabilities at amortised cost .	<u>240,894</u>	<u>1,182,848</u>	<u>1,537,744</u>	<u>1,736,022</u>

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Company				
Financial assets				
Financial assets measured				
at amortised cost	1,323,880	3,658,657	4,945,772	4,522,252
Financial assets measured at FVTPL . .	1,792,132	277,114	2,093	1,877
	<u>3,116,012</u>	<u>3,935,771</u>	<u>4,947,865</u>	<u>4,524,129</u>
Financial liabilities				
Financial liabilities at amortised cost .	<u>126,717</u>	<u>840,463</u>	<u>1,740,207</u>	<u>1,836,573</u>

Financial risk management objectives and policies

The Group's major financial assets and liabilities include restricted bank deposits, trade, bills and other receivables, cash and bank balances, wealth management products, unlisted equity investments, trade, bills and other payables, borrowings and lease liabilities. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

The Group's activities expose it primarily to currency risk, interest rate risk and price risk. There has been no change in the Group's exposure to these risks or the manner in which it managed and measured the risks during each of the reporting year.

Currency risk

Several subsidiaries of the Company have foreign currency sales, capital expenditure and cash and bank balances, which expose the Group to foreign currency risk.

The subsidiaries are mainly exposed to foreign currency of US\$, Japanese yen ("JPY"), Euro dollar ("EUR"), and Hong Kong dollar ("HK\$").

The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise. The carrying amounts of the Group's foreign currency denominated monetary assets (trade and other receivables and cash and bank balances) and liabilities (trade and other payables) at the end of each reporting period are summarised as follows:

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Group				
Assets				
JPY	26,306	34,494	53,986	52,204
US\$.	21,076	152,492	377,874	315,373
EUR	—	91	—	—
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Liabilities				
JPY	7,126	236	2,275	1,855
US\$.	—	9,875	5,594	1,772
EUR	3,541	2,303	4,065	4,249
HK\$	—	—	—	831
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Sensitivity analysis

The following table details the Group's sensitivity to a 5% increase and decrease in RMB against foreign currencies, the foreign currencies with which the Group may have a material exposure. 5% represents management's assessment of the reasonably possible change in foreign exchange rate. The sensitivity analysis uses outstanding foreign currency denominated monetary items as a base and adjusts their translation at the end of each reporting period for a 5% change in foreign currency rate. A positive number below indicates an increase in profit before tax where foreign currencies strengthens 5% against RMB. For a 5% weakening of foreign currencies against RMB, there would be an equal and opposite impact on (loss)/profit before tax.

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Group				
Impact on (loss)/profit before tax				
JPY	959	1,713	2,586	2,517
US\$	1,054	7,131	18,614	15,680
EUR	(177)	(111)	(203)	(212)
HK\$	—	—	—	(42)

In the opinion of the directors of the Company, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year/period end exposure does not reflect the exposure during the year/period.

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to its restricted bank deposits, cash and bank balances, lease liabilities and borrowings. Borrowing agreements include a mix of fixed and variable rate loans, the exposure in relation to fixed and variable rate agreements is considered to be minimal.

Price risk

The Group is exposed to equity price risk through its financial investments at FVTPL (see Note 23).

No sensitivity analysis have been presented as the effect is insignificant.

Credit risk

As at the end of each reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is the carrying amount of the respective recognised financial assets as stated in the consolidated statements of financial position.

Credit terms are granted to customers who are in good credit reputation. In order to minimise the credit risk, management has designated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up actions are taken to recover overdue debts. In addition, the directors of the Company review the recoverability of each

significant trade debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

As at 31 December 2022, 2023, 2024 and 31 March 2025, the Group has concentration of credit risk as 17%, 21%, 41% and 24%, respectively, of the total trade receivables was due from the Group's largest customer. The Group's concentration of credit risk on the top five largest customers accounted for 64%, 58%, 70% and 58% of the total trade receivables as at 31 December 2022, 2023 and 2024 and 31 March 2025, respectively.

The Group expects that there is no significant credit risk associated with cash deposits since they are substantially deposited at state-owned banks and other medium or large-sized listed banks. Management does not expect that there will be any significant losses from non-performance by these counterparties.

The Group also expects that there is no significant credit risk associated with amounts due from related parties since counterparties are mainly related parties with good reputation.

Liquidity risk

In the management of the liquidity risk, the Group and the Company monitor and maintain a level of cash and bank balances and unused banking facilities deemed adequate by management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group's and the Company's remaining contractual maturity for its non-derivative financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

Liquidity and interest risk table

	Effective interest rate	On demand or less than one year	One to two years	Two to five years	Total undiscounted cash flows	Carrying amount
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Group						
As at 31 December 2022						
Trade and other payables	N/A	236,947	—	—	236,947	236,947
Lease liabilities	3.70%	704	3,311	—	4,015	3,948
Total		<u>237,651</u>	<u>3,311</u>	<u>—</u>	<u>240,962</u>	<u>240,895</u>
As at 31 December 2023						
Trade and other payables	N/A	1,151,409	—	—	1,151,409	1,151,409
Borrowings	0.85%	3,153	—	—	3,153	3,150
Lease liabilities	3.65%	45	15,928	—	15,973	15,396
Total		<u>1,154,607</u>	<u>15,928</u>	<u>—</u>	<u>1,170,535</u>	<u>1,169,955</u>
As at 31 December 2024						
Trade and other payables	N/A	838,783	—	—	838,783	838,783
	2.70%–					
Borrowings	3.10%	622,065	86,541	—	708,606	695,000
Lease liabilities	3.45%	4,013	—	—	4,013	3,961
Total		<u>1,464,861</u>	<u>86,541</u>	<u>—</u>	<u>1,551,402</u>	<u>1,537,744</u>
As at 31 March 2025						
Trade and other payables	N/A	808,113	—	—	808,113	808,113
	1.40%–					
Borrowings	3.10%	672,543	110,178	164,413	947,134	920,742
Lease liabilities	3.45%	3,091	—	—	3,091	3,078
Total		<u>1,483,747</u>	<u>110,178</u>	<u>164,413</u>	<u>1,758,338</u>	<u>1,731,933</u>

	Effective interest rate	On demand or less than one year <i>RMB'000</i>	One to two years <i>RMB'000</i>	Two to five years <i>RMB'000</i>	Total undiscounted cash flows <i>RMB'000</i>	Carrying amount <i>RMB'000</i>
Company						
As at 31 December 2022						
Trade and other payables	N/A	126,717	—	—	126,717	126,717
Total		<u>126,717</u>	<u>—</u>	<u>—</u>	<u>126,717</u>	<u>126,717</u>
As at 31 December 2023						
Trade and other payables	N/A	833,036	—	—	833,036	833,036
Lease liabilities	3.65%	—	7,619	—	7,619	7,427
Total		<u>833,036</u>	<u>7,619</u>	<u>—</u>	<u>840,655</u>	<u>840,463</u>
As at 31 December 2024						
Trade and other payables	N/A	1,093,322	—	—	1,093,322	1,093,322
	2.70%–					
Borrowings	3.10%	571,037	86,541	—	657,578	645,000
Lease liabilities	3.45%	1,905	—	—	1,905	1,885
Total		<u>1,666,264</u>	<u>86,541</u>	<u>—</u>	<u>1,752,805</u>	<u>1,740,207</u>
As at 31 March 2025						
Trade and other payables	N/A	983,078	—	—	983,078	983,078
	1.40%–					
Borrowings	3.10%	602,670	110,178	164,413	877,261	851,558
Lease liabilities	3.45%	1,903	—	—	1,903	1,907
Total		<u>1,587,651</u>	<u>110,178</u>	<u>164,413</u>	<u>1,862,242</u>	<u>1,836,543</u>

Fair value measurement

This note provides information about how the Group determines fair value of the following financial assets that are measured at fair value on a recurring basis.

(i) *Fair value of the Group's and the Company's financial assets that are measured at fair value on a recurring basis*

Group and Company

	31 December 2022	31 December 2023	31 December 2024	31 March 2025	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Financial assets	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Wealth management products	1,789,327	274,955	—	—	Level 2	Discounted cash flows model	N/A	N/A
Unlisted equity securities	2,805	2,155	2,093	1,877	Level 3	Net assets	Net assets value	Higher the net assets value, higher the fair value

There were no transfers between levels during the Relevant Periods.

(ii) *Reconciliation of Level 3 fair value measurements*

Details of reconciliation of financial assets at FVTPL measured at Level 3 fair value measurement are set out as below:

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January	2,862	2,805	2,155	2,093
Change in fair value	(57)	(650)	(62)	(216)
At 31 December/31 March	2,805	2,155	2,093	1,877

No sensitivity analysis have been presented as the effect is insignificant.

(iii) Fair value of financial assets and financial liabilities that are not measured at fair value

The directors of the Company consider that the carrying amount of the Group's and the Company's financial assets and financial liabilities recorded at amortised cost in the Historical Financial Information approximate to their fair values. Such fair values have been determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

40. SHARE-BASED PAYMENT

During the Relevant Periods, the Company launched and adopted a restricted share scheme in 2024 (the “**2024 Restricted Share Scheme**”) for the primary purpose of attracting, retaining and motivating the employees of the Group. Under the 2024 Restricted Share Scheme, the directors of the Company may grant up to 5,080,000 restricted shares under the scheme to eligible employees, including the employees of the Group, to obtain ordinary shares of the Company upon vesting.

The 2024 Restricted Share Scheme will be valid and effective for a period of 5 years.

On 3 July 2024, the Group granted 4,080,000 restricted shares to its employees at exercise price of RMB32 per share.

Set out below are details of the movements of the outstanding restricted shares granted under the 2024 Restricted Share Scheme during the Relevant Periods:

	Year ended 31 December 2024		Three months ended 31 March 2025	
	Weighted average exercise price	Number	Weighted average exercise price	Number
	RMB		RMB	
Outstanding at the beginning of the year/period.	—	—	32	3,900,000
Granted during the year/period	32	4,080,000	32	815,000
Forfeited during the year/period	32	(180,000)	32	(130,000)
Outstanding at the end of the year/period.	32	3,900,000	32	4,585,000

Restricted shares granted in July 2024

Subject to the Company's performance appraisal and individual performance appraisal, 30%, 30% and 40% of restricted shares granted in July 2024 will be exercisable respectively. The lock-up periods and the details of the Company's performance appraisal are summarised in the table below:

Unlocking period	Performance target		
	Revenue		Net profit
	Target (Am1)	Target (Am2)	Target (B)
First unlocking period: Commencing from the first trading day after the expiry of the 12-month period from date of grant and ending on the last trading day of the 24-month from the date of grant	Revenue growth compared to 2023 is not less than 100%	Revenue growth compared to 2023 is not less than 50%	Net profit is positive
Second unlocking period: Commencing from the first trading day after the expiry of the 24-month period from date of grant and ending on the last trading day of the 36-month from the date of grant	Revenue growth compared to 2023 is not less than 150%	Revenue growth compared to 2023 is not less than 100%	Net profit is positive and the growth is not less than 100% compared to 2024
Third unlocking period: Commencing from the first trading day after the expiry of the 36-month period from date of grant and ending on the last trading day of the 48-month from the date of grant	Revenue growth compared to 2023 is not less than 200%	Revenue growth compared to 2023 is not less than 150%	Net profit is positive and grows not less than 150% compared to 2024

Indicator	Performance Completion Ratio	Company-Level Attribution Ratio
Revenue (A)	$A \geq Am1$ $Am2 \leq A < Am1$ $A < Am2$	$X=100\%$ $X=50\%$ $X=0$
Net Profit (B)	$B \geq Bm$ $B < Bm$	$Y=50\%$ $Y=0$
Rules for Determining the Company-Level Attribution Ratio Z Value	Company-Level Attribution Ratio $Z=X+Y$ (is greater than or equal to 100%, it is uniformly recognized as 100%).	

Apart from above-mentioned Company's performance appraisal, eligible employees have to fulfill requirement of individual performance appraisal. The number of shares granted will be calculated as: expected number of shares to be granted to particular eligible employees, times Ratio Z and ratio of individual performance appraisal.

The total fair value of the restricted shares granted under the 2024 Restricted Share Scheme during the year ended 31 December 2024 was approximately RMB77,373,000. The fair value was calculated using the Black-Scholes model. The major inputs in the model are as follows:

A Share price at grant date (RMB)	RMB47.95 per share
Expected volatility in the black-out period	31.6163%, 31.9980% and 32.2365% for 12 months, 24 months and 36 months, respectively
Dividend yield	0%
Risk-free rate	1.50%, 2.10% and 2.75% for 12 months, 24 months and 36 months, respectively

Expected volatility was determined by using the historical volatility of Shenwan Semiconductor Index. The risk-free interest rate was based on the 1-year, 2-year, and 3-year deposit benchmark interest rates determined by the People's Bank of China. The variables and assumptions used in computing the fair value of the restricted shares are based on management's best estimate. The value of restricted shares varies with different variables of certain subjective assumptions. Change in variables and assumptions may result in change in fair values of the restricted shares.

Restricted shares granted in March 2025

Subject to the Company's performance appraisal and individual performance appraisal, 30%, 30% and 40% of restricted shares granted in March 2025 will be exercisable respectively. The lock-up periods and the details of the Company's performance appraisal are summarised in the table below:

Unlocking period	Performance target		
	Revenue		Net profit
	Target (Am1)	Target (Am2)	Target (B)
First unlocking period: Commencing from the first trading day after the expiry of the 12-month period from date of grant and ending on the last trading day of the 24-month from the date of grant	Revenue growth compared to 2023 is not less than 150%	Revenue growth compared to 2023 is not less than 100%	Net profit is positive and the growth is not less than 100% compared to 2024
Second unlocking period: Commencing from the first trading day after the expiry of the 24-month period from date of grant and ending on the last trading day of the 36-month from the date of grant	Revenue growth compared to 2023 is not less than 200%	Revenue growth compared to 2023 is not less than 150%	Net profit is positive and the growth is not less than 150% compared to 2024
Third unlocking period: Commencing from the first trading day after the expiry of the 36-month period from date of grant and ending on the last trading day of the 48-month from the date of grant	Revenue growth compared to 2023 is not less than 250%	Revenue growth compared to 2023 is not less than 200%	Net profit is positive and grows not less than 200% compared to 2024

Indicator	Performance Completion Ratio	Company-Level Attribution Ratio
Revenue (A)	$A \geq Am1$ $Am2 \leq A < Am1$ $A < Am2$	$X=100\%$ $X=50\%$ $X=0$
Net Profit (B)	$B \geq Bm$ $B < Bm$	$Y=50\%$ $Y=0$
Rules for Determining the Company-Level Attribution Ratio Z Value	Company-Level Attribution Ratio $Z=X+Y$ (is greater than or equal to 100%, it is uniformly recognized as 100%).	

Apart from above-mentioned Company's performance appraisal, eligible employees have to fulfill requirement of individual performance appraisal. The number of shares granted will be calculated as: expected number of shares to be granted to particular eligible employees, times Ratio Z and ratio of individual performance appraisal.

The total fair value of the restricted shares granted during the three months ended 31 March 2025 was approximately RMB29,427,000. The fair value was calculated using the Black-Scholes model. The major inputs in the model are as follows:

A Share price at grant date (RMB)	RMB65.83 per share
Expected volatility in the black-out period	39.0261%, 36.7661% and 35.1233% for 12 months, 24 months and 36 months, respectively
Dividend yield	0%
Risk-free rate	1.50%, 2.10% and 2.75% for 12 months, 24 months and 36 months, respectively

Expected volatility was determined by using the historical volatility of Shenwan Semiconductor Index. The risk-free interest rate was based on the 1-year, 2-year, and 3-year deposit benchmark interest rates determined by the People's Bank of China. The variables and assumptions used in computing the fair value of the restricted shares are based on management's best estimate. The value of restricted shares varies with different variables of certain subjective assumptions. Change in variables and assumptions may result in change in fair values of the restricted shares.

For the year ended 31 December 2024 and the three months ended 31 March 2025, the Group recognized share-based payment expenses of approximately RMB10,209,000 and RMB5,194,000, respectively.

41. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Borrowings	Lease liabilities	Interest payables (included in other payables)	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2022	—	977	—	977
Financing cash flows				
— Repayment of leases liabilities	—	(4,480)	—	(4,480)
— Interest paid on leases liabilities. . .	—	(127)	—	(127)
Non-cash changes				
— New leases	—	7,451	—	7,451
— Interest expense recognised	—	127	—	127
At 31 December 2022 and 1 January 2023	—	3,948	—	3,948
Financing cash flows				
— Proceeds from bank borrowings . . .	3,150	—	—	3,150
— Interest paid on borrowings	—	—	(3)	(3)
— Repayment of lease liabilities.	—	(7,340)	—	(7,340)
— Interest paid on lease liabilities . . .	—	(214)	—	(214)
Non-cash changes				
— Early termination of leases	—	(780)	—	(780)
— New leases	—	19,568	—	19,568
— Interest expense recognised	—	214	3	217
At 31 December 2023 and 1 January 2024	3,150	15,396	—	18,546

	Borrowings	Lease liabilities	Interest payables (included in other payables)	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 31 December 2023 and				
1 January 2024	3,150	15,396	—	18,546
Financing cash flows				
— Proceeds from bank borrowings ...	700,000	—	—	700,000
— Repayment of bank borrowings ...	(8,150)	—	—	(8,150)
— Interest paid on borrowings	—	—	(7,404)	(7,404)
— Repayment of lease liabilities	—	(12,746)	—	(12,746)
— Interest paid on lease liabilities ...	—	(393)	—	(393)
Non-cash changes				
— New leases	—	2,198	—	2,198
— Termination of leases	—	(887)	—	(887)
— Interest expense recognised	—	393	7,942	8,335
At 31 December 2024 and				
1 January 2025	695,000	3,961	538	699,499
Financing cash flows				
— Proceeds from bank borrowings ...	325,742	—	—	325,742
— Repayment of bank borrowings ...	(100,000)	—	—	(100,000)
— Interest paid on borrowings	—	—	(5,571)	(5,571)
— Repayment of lease liabilities	—	(883)	—	(883)
— Interest paid on lease liabilities ...	—	(39)	—	(39)
Non-cash changes				
— Interest expense recognised	—	39	5,914	5,953
At 31 March 2025	<u>920,742</u>	<u>3,078</u>	<u>881</u>	<u>924,701</u>

At 31 December 2023 and				
1 January 2024	3,150	15,396	—	18,546
Financing cash flows				
— Proceeds from bank borrowings ...	100,000	—	—	100,000
— Repayment of bank borrowings ...	(3,150)	—	—	(3,150)
— Interest paid on borrowings	—	—	(22)	(22)
— Repayment of lease liabilities	—	(3,602)	—	(3,602)
— Interest paid on lease liabilities ...	—	(131)	—	(131)
Non-cash changes				
— New leases	—	1,322	—	1,322

	Borrowings	Lease liabilities	Interest payables (included in other payables)	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
— Interest expense recognised	—	131	22	153
At 31 March 2024 (Unaudited)	<u>100,000</u>	<u>13,116</u>	<u>—</u>	<u>113,116</u>

42. CAPITAL COMMITMENTS

The Group has capital commitments under non-cancellable contracts as follows:

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Acquisition of property, plant and equipment	13,963	344,998	123,584	134,684
Capital contribution payable to an associate	—	—	2,842	—
	<u>13,963</u>	<u>344,998</u>	<u>126,426</u>	<u>134,684</u>

The Company has capital commitments under non-cancellable contracts as follows:

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Acquisition of property, plant and equipment	13,963	24,500	7,547	2,046
Capital contribution payable to subsidiaries	238,000	288,000	308,000	258,000
	<u>251,963</u>	<u>312,500</u>	<u>315,547</u>	<u>260,046</u>

43. RELATED PARTY TRANSACTIONS AND BALANCES

The related parties of the Group during the Relevant Periods are as follows:

Names of related parties	Relationship
Suzhou Dabo New Materials Technology Co., Ltd.	Associate of the Company
Jinan Tianye Construction Machinery Co., Ltd. (Note).....	Controlled by controlling shareholder of the Company
Jining Weishite Information Technology Development Co., Ltd. (Note)	Controlled by close family member of the controlling shareholder of the Company
Shandong Tianyi Quartz Products Co., Ltd. (Note)	Controlled by close family member of the controlling shareholder of the Company
Private Company and its subsidiaries	Holding over 5% of Company's issued shares

Note: The English names of the related parties registered in the PRC mentioned above represent the best efforts made by management of the Company to translate their Chinese names as they do not have official English names.

In addition to the transactions and balances disclosed in respective notes, the Group had the following significant transactions and balances with related parties during the Relevant Periods:

(a) Related party transactions:

(i) Fee paid to related parties for services/goods

	Year ended 31 December			Three months ended 31 March	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Jining Weishite Information Technology Development Co., Ltd.	1,162	37,637	21,953	12,312	509
Jinan Tianye Construction Machinery Co., Ltd.	—	—	30	—	—
Shandong Tianyi Quartz Products Co., Ltd.	34,349	—	—	—	—
	<u>35,511</u>	<u>37,637</u>	<u>21,983</u>	<u>12,312</u>	<u>509</u>

(ii) *Revenue from related parties*

	Year ended 31 December			Three months ended 31 March	
	2022	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i>
Private Company and its subsidiaries	110,618	18,297	42,099	16,601	13,663
Suzhou Dabo New Materials Technology Co., Ltd.	—	—	1,947	—	2,212
	<u>110,618</u>	<u>18,297</u>	<u>44,046</u>	<u>16,601</u>	<u>15,875</u>

(iii) *The Group as lessee*

	Year ended 31 December			Three months ended 31 March	
	2022	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> (Unaudited)	<i>RMB'000</i>
Short-term leases expenses paid					
Jining Weishite Information Technology Development Co., Ltd.	—	—	3,300	—	1,650
Jinan Tianye Construction Machinery Co., Ltd.	313	297	384	135	229
	<u>313</u>	<u>297</u>	<u>3,684</u>	<u>135</u>	<u>1,879</u>

(b) Related party balances:

As at the end of each reporting period, the Group had balances with related parties as follows:

	As at 31 December			As at 31 March
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables				
Private Company and its subsidiaries	14,863	13,227	19,191	10,997
Suzhou Dabo New Materials Technology Co., Ltd.	—	—	200	2,500
	<u>14,863</u>	<u>13,227</u>	<u>19,391</u>	<u>13,497</u>
Prepayment				
Jining Weishite Information Technology Development Co., Ltd. .	1,500	—	—	—
Jinan Tianye Construction Machinery Co., Ltd.	249	249	—	—
	<u>1,749</u>	<u>249</u>	<u>—</u>	<u>—</u>
Other receivables				
Jining Weishite Information Technology Development Co., Ltd. .	—	—	550	550
Trade payables				
Jining Weishite Information Technology Development Co., Ltd. .	—	492	174	159
Other payables				
Zong Yanmin.	100	50	—	—
Jinan Tianye Construction Machinery Co., Ltd.	15	33	125	—
	<u>115</u>	<u>83</u>	<u>125</u>	<u>—</u>

The related party balances above are all trade in nature.

(c) Compensation of key management personnel:

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group.

The remuneration of the directors of the Company and other members of key management of the Group during the Relevant Periods were as follows:

	Year ended 31 December			Three months ended 31 March	
	2022	2023	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
				(Unaudited)	
Directors' fee, salaries and					
other benefits	6,247	9,934	9,076	2,416	2,193
Performance-based bonus	4,619	1,352	2,478	13	9
Retirement benefit scheme					
contributions	565	641	549	162	212
	<u>11,431</u>	<u>11,927</u>	<u>12,103</u>	<u>2,591</u>	<u>2,414</u>

The remuneration of key management is determined with reference to the performance of the individuals and market trends.

44. SUBSEQUENT EVENTS

Other than those disclosed elsewhere in the Historical Financial Information, there are no material subsequent events undertaken by the Group after 31 March 2025 and up to the date of this report.

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Group, the Company or any of its subsidiaries have been prepared in respect of any period subsequent to 31 March 2025.