

Guangdong Tianyu Semiconductor Co., Ltd.

Underlying Financial Statements
for the years ended 31 December 2022, 2023 and 2024
and five months ended 31 May 2025



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Independent auditor's report

to the directors of Guangdong Tianyu Semiconductor Co., Ltd. (廣東天域半導體股份有限公司), formally known as Dongguan Tianyu Semiconductor Technology Co., Ltd. (東莞市天域半導體科技有限公司)

(incorporated in the People's Republic of China (the "PRC") with limited liability)

Opinion

We have audited the consolidated financial statements of Guangdong Tianyu Semiconductor Co., Ltd. ("the Company") and its subsidiaries ("the Group") set out on pages 4 to 95, which comprise the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2022, 2023, 2024 and 31 May 2025, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated cash flow statements for each of the years ended 31 December 2022, 2023 and 2024 and the five months ended 31 May 2025 and notes, including material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the Company's and the Group's financial position as at 31 December 2022, 2023, 2024 and 31 May 2025 and of the Group's consolidated financial performance and the Group's consolidated cash flows for each of the years ended 31 December 2022, 2023 and 2024 and the five months ended 31 May 2025 in accordance with the basis of preparation and presentation set out in note 1 to the consolidated financial statements.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code") together with any ethical requirements that are relevant to our audit of the consolidated financial statements in the PRC, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Emphasis of Matter – Basis of Preparation and Presentation

We draw attention to note 1 to the consolidated financial statements, which describes the basis of preparation and presentation. The consolidated financial statements are prepared for the purpose of the preparation of a prospectus by the directors of the Company in connection with the initial public offering of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited. As a result, the consolidated financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Other matter

We draw attention to the fact that the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the five months ended 31 May 2024 and any of the related notes have not been audited.

Responsibilities of the directors for the consolidated financial statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with the basis of preparation and presentation set out in note 1 to the consolidated financial statements and for such internal control as the directors of the Company determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. The report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors of the Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG Huazhen LLP Shenzhen Branch

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27 November 2025

**CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

(Expressed in Renminbi (“RMB”))

		Year ended 31 December			Five months ended 31 May	
	Note	2022	2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(unaudited)	
Revenue	4	436,855	1,171,214	519,622	297,269	256,836
Cost of sales		<u>(349,369)</u>	<u>(954,596)</u>	<u>(893,982)</u>	<u>(324,326)</u>	<u>(199,071)</u>
Gross profit/(loss)		87,486	216,618	(374,360)	(27,057)	57,765
Other net income	5	3,526	55,928	13,377	7,718	15,255
Selling and distribution expenses		(8,101)	(11,956)	(19,023)	(6,931)	(6,693)
Administrative and other operating expenses		(42,414)	(74,362)	(113,599)	(68,246)	(14,993)
Research and development expenses		<u>(29,235)</u>	<u>(55,343)</u>	<u>(61,032)</u>	<u>(30,339)</u>	<u>(19,874)</u>
Profit/(loss) from operations		11,262	130,885	(554,637)	(124,855)	31,460
Finance costs	6(a)	<u>(7,516)</u>	<u>(19,876)</u>	<u>(34,551)</u>	<u>(12,057)</u>	<u>(19,870)</u>
Profit/(loss) before taxation	6	3,746	111,009	(589,188)	(136,912)	11,590
Income tax (expense)/credit	7(a)	<u>(932)</u>	<u>(15,127)</u>	<u>88,936</u>	<u>22,130</u>	<u>(2,075)</u>
Profit/(loss) and total comprehensive income for the year/period		<u><u>2,814</u></u>	<u><u>95,882</u></u>	<u><u>(500,252)</u></u>	<u><u>(114,782)</u></u>	<u><u>9,515</u></u>
Attributable to:						
Equity shareholders of the Company		6,951	101,436	(492,455)	(111,927)	12,504
Non-controlling interests		<u>(4,137)</u>	<u>(5,554)</u>	<u>(7,797)</u>	<u>(2,855)</u>	<u>(2,989)</u>
Profit/(loss) and total comprehensive income for the year/period		<u><u>2,814</u></u>	<u><u>95,882</u></u>	<u><u>(500,252)</u></u>	<u><u>(114,782)</u></u>	<u><u>9,515</u></u>
Earnings/(loss) per share	10					
Basic and diluted (RMB)		<u><u>0.02</u></u>	<u><u>0.28</u></u>	<u><u>(1.36)</u></u>	<u><u>(0.31)</u></u>	<u><u>0.03</u></u>

The accompanying notes are integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in RMB)

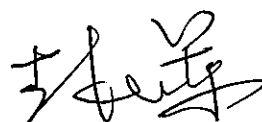
		As at 31 December			As at
	Note	2022	2023	2024	31 May
		RMB'000	RMB'000	RMB'000	2025
					RMB'000
Non-current assets					
Property, plant and equipment	11	415,296	1,391,096	2,338,738	2,495,397
Right-of-use assets	12	96,599	205,377	195,850	191,652
Intangible assets	13	254	312	3,452	3,177
Prepayments, deposits and other receivables	15	219,290	382,202	233,310	124,584
Deferred tax assets	26(a)	<u>32,074</u>	<u>16,944</u>	<u>105,894</u>	<u>103,819</u>
		<u>763,513</u>	<u>1,995,931</u>	<u>2,877,244</u>	<u>2,918,629</u>
Current assets					
Inventories	16	89,887	394,548	183,399	98,950
Trade and bills receivables	17	194,433	350,423	147,538	340,003
Prepayments, deposits and other receivables	15	242,929	92,475	118,973	76,344
Restricted cash	18	3,308	21,039	37,822	27,331
Cash and cash equivalents	18	<u>464,477</u>	<u>188,607</u>	<u>114,577</u>	<u>95,349</u>
		<u>995,034</u>	<u>1,047,092</u>	<u>602,309</u>	<u>637,977</u>
Current liabilities					
Trade and bills payables	19	53,023	210,964	158,750	129,614
Other payables and accruals	20	82,025	264,260	323,729	207,427
Contract liabilities	21	4,197	4,146	1,877	3,835
Bank loans and other borrowings	22	—	298,960	634,559	508,291
Lease liabilities	23	<u>4,014</u>	<u>8,103</u>	<u>6,351</u>	<u>6,476</u>
		<u>143,259</u>	<u>786,433</u>	<u>1,125,266</u>	<u>855,643</u>
Net current assets/(liabilities)		<u>851,775</u>	<u>260,659</u>	<u>(522,957)</u>	<u>(217,666)</u>
Total assets less current liabilities		<u>1,615,288</u>	<u>2,256,590</u>	<u>2,354,287</u>	<u>2,700,963</u>

		As at 31 December			As at
	Note	2022	2023	2024	31 May
		RMB'000	RMB'000	RMB'000	2025
					RMB'000
Non-current liabilities					
Bank loans and other borrowings	22	—	484,758	1,059,620	1,344,598
Lease liabilities	23	16,190	54,042	48,754	46,018
Deferred income	25	23,638	21,005	26,200	70,245
Deferred tax liabilities	26(a)	93	90	104	104
		<u>39,921</u>	<u>559,895</u>	<u>1,134,678</u>	<u>1,460,965</u>
NET ASSETS		<u>1,575,367</u>	<u>1,696,695</u>	<u>1,219,609</u>	<u>1,239,998</u>
CAPITAL AND RESERVES					
Paid-in/share capital	29(b)/	363,198	363,198	363,198	363,198
Reserves	(c)	<u>1,202,363</u>	<u>1,321,030</u>	<u>851,741</u>	<u>875,119</u>
Total equity attributable to equity shareholders of the Company		1,565,561	1,684,228	1,214,939	1,238,317
Non-controlling interests		<u>9,806</u>	<u>12,467</u>	<u>4,670</u>	<u>1,681</u>
TOTAL EQUITY		<u>1,575,367</u>	<u>1,696,695</u>	<u>1,219,609</u>	<u>1,239,998</u>

Approved and authorised for issue by the Board of Directors on 27 November 2025.



Mr. Li Xiguang
Executive Director



Mr. Peng Guanghui
Chief Financial Officer

The accompanying notes are integral part of these consolidated financial statements.



STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

(Expressed in RMB)

		As at 31 December			As at
	Note	2022	2023	2024	31 May
		RMB'000	RMB'000	RMB'000	2025
					RMB'000
Non-current assets					
Property, plant and equipment	11	380,170	1,341,785	2,289,662	2,440,121
Right-of-use assets	12	90,554	200,980	191,807	187,990
Intangible assets	13	88	22	3,265	3,034
Prepayments, deposits and other receivables	15	213,319	381,095	233,065	102,780
Investment in subsidiaries	14	53,612	53,612	53,612	75,612
Deferred tax assets	26(a)	32,074	16,944	105,894	103,819
		<u>769,817</u>	<u>1,994,438</u>	<u>2,877,305</u>	<u>2,913,356</u>
Current assets					
Inventories	16	69,329	380,445	174,386	90,488
Trade and bills receivables	17	188,282	345,046	139,182	327,995
Prepayments, deposits and other receivables	15	257,416	116,201	154,875	118,318
Restricted cash	18	3,308	21,039	37,822	27,331
Cash and cash equivalents	18	460,589	183,805	113,842	92,030
		<u>978,924</u>	<u>1,046,536</u>	<u>620,107</u>	<u>656,162</u>
Current liabilities					
Trade and bills payables	19	50,136	209,869	156,389	123,772
Other payables and accruals	20	76,311	259,031	319,180	195,234
Contract liabilities	21	4,124	4,010	1,728	1,518
Bank loans and other borrowings	22	—	298,960	634,559	508,291
Lease liabilities	23	2,029	5,322	5,560	5,672
		<u>132,600</u>	<u>777,192</u>	<u>1,117,416</u>	<u>834,487</u>
Net current assets/(liabilities)		<u>846,324</u>	<u>269,344</u>	<u>(497,309)</u>	<u>(178,325)</u>
Total assets less current liabilities		<u>1,616,141</u>	<u>2,263,782</u>	<u>2,379,996</u>	<u>2,735,031</u>

		As at 31 December			As at
	Note	2022	2023	2024	31 May
		RMB'000	RMB'000	RMB'000	2025
					RMB'000
Non-current liabilities					
Bank loans and other borrowings	22	—	484,758	1,059,620	1,344,598
Lease liabilities	23	11,460	50,976	45,416	43,018
Deferred income	25	<u>10,783</u>	<u>8,079</u>	<u>13,056</u>	<u>57,788</u>
		<u>22,243</u>	<u>543,813</u>	<u>1,118,092</u>	<u>1,445,404</u>
NET ASSETS		<u>1,593,898</u>	<u>1,719,969</u>	<u>1,261,904</u>	<u>1,289,627</u>
CAPITAL AND RESERVES					
Paid-in/share capital	29(b)/	363,198	363,198	363,198	363,198
Reserves	(c)	<u>1,230,700</u>	<u>1,356,771</u>	<u>898,706</u>	<u>926,429</u>
TOTAL EQUITY		<u>1,593,898</u>	<u>1,719,969</u>	<u>1,261,904</u>	<u>1,289,627</u>

Approved and authorised for issue by the Board of Directors on 27 November 2025.



Mr. Li Xiguang
Executive Director



Mr. Peng Guanghui
Chief Financial Officer

The accompanying notes are integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (Expressed in RMB)

	Attributable to equity shareholders of the Company								
	Paid-in capital	Share capital	Capital reserve	PRC statutory reserve	Other reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Note 29(b))	(Note 29(c))	(Note 29(e)(i))	(Note 29(e)(ii))	(Note 29(e)(iii))				
Balance at 1 January 2022	97,704	—	268,984	—	(70,000)	(369,638)	(72,950)	8,943	(64,007)
Changes in equity for 2022:									
Profit/(loss) and total comprehensive income for the year	—	—	—	—	—	6,951	6,951	(4,137)	2,814
Reclassification of financial instruments issued to investors as equity (Note 24)	—	—	—	—	224,934	—	224,934	—	224,934
Capital injection from non-controlling interests	—	—	—	—	—	—	—	5,000	5,000
Deemed contribution from shareholders	—	—	4,715	—	—	—	4,715	—	4,715
Capital injection from investors before conversion into a joint stock company (Note 29(b))	11,270	—	891,730	—	—	—	903,000	—	903,000
Conversion into a joint stock company (Note 29(c))	(108,974)	108,974	(181,326)	—	—	181,326	—	—	—
Equity settled share-based transactions (Note 28)	—	—	7,911	—	—	—	7,911	—	7,911
Conversion of capital reserve into share capital (Note 29(c)(iii))	—	250,000	(250,000)	—	—	—	—	—	—
Appropriation to statutory reserve (Note 29(e)(ii))	—	—	—	241	—	(241)	—	—	—
Capital injection from investors after conversion into a joint stock company (Note 29(c)(ii))	—	4,224	486,776	—	—	—	491,000	—	491,000
Balance at 31 December 2022	—	363,198	1,228,790	241	154,934	(181,602)	1,565,561	9,806	1,575,367

	Attributable to equity shareholders of the Company								
	Paid-in capital	Share capital	Capital reserve	PRC statutory reserve	Other reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Note 29(b))	(Note 29(c))	(Note 29(e)(i))	(Note 29(e)(ii))	(Note 29(e)(iii))				
Balance at 1 January 2023	—	363,198	1,228,790	241	154,934	(181,602)	1,565,561	9,806	1,575,367
Changes in equity for 2023:									
Profit/(loss) and total comprehensive income for the year	—	—	—	—	—	101,436	101,436	(5,554)	95,882
Capital injection from non-controlling interests	—	—	—	—	—	—	—	8,215	8,215
Appropriation to statutory reserve (Note 29(e)(ii))	—	—	—	10,884	—	(10,884)	—	—	—
Equity-settled share-based transactions (Note 28)	—	—	17,231	—	—	—	17,231	—	17,231
Balance at 31 December 2023	—	363,198	1,246,021	11,125	154,934	(91,050)	1,684,228	12,467	1,696,695

	Attributable to equity shareholders of the Company								
	PRC					Accumulated losses <i>RMB'000</i>	Non-controlling Total interests <i>RMB'000</i>	Total equity <i>RMB'000</i>	
	Paid-in capital <i>RMB'000</i>	Share capital <i>RMB'000</i>	Capital reserve <i>RMB'000</i>	statutory reserve <i>RMB'000</i>	Other reserve <i>RMB'000</i>				
			<i>(Note</i>	<i>(Note</i>	<i>(Note</i>				
	<i>(Note 29(b))</i>	<i>(Note 29(c))</i>	<i>29(e)(i)</i>	<i>29(e)(ii)</i>	<i>29(e)(iii)</i>				
Balance at 1 January 2024	—	363,198	1,246,021	11,125	154,934	(91,050)	1,684,228	12,467	1,696,695
Changes in equity for 2024:									
Loss and total comprehensive income for the year	—	—	—	—	—	(492,455)	(492,455)	(7,797)	(500,252)
Equity-settled share-based transactions <i>(Note 28)</i>	—	—	23,166	—	—	—	23,166	—	23,166
Balance at 31 December 2024	—	363,198	1,269,187	11,125	154,934	(583,505)	1,214,939	4,670	1,219,609

	Attributable to equity shareholders of the Company								
	Paid-in capital	Share capital	Capital reserve	PRC statutory reserve		Accumulated losses	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	Other reserve RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Note 29(b))	(Note 29(c))	(Note 29(e)(i))	(Note 29(e)(ii))	(Note 29(e)(iii))				
Balance at 1 January 2025	—	363,198	1,269,187	11,125	154,934	(583,505)	1,214,939	4,670	1,219,609
Changes in equity for the five months ended 31 May 2025									
Profit/(loss) and total comprehensive income for the period	—	—	—	—	—	12,504	12,504	(2,989)	9,515
Equity-settled share-based transactions (Note 28)	—	—	10,874	—	—	—	10,874	—	10,874
Balance at 31 May 2025	—	363,198	1,280,061	11,125	154,934	(571,001)	1,238,317	1,681	1,239,998
(Unaudited)									
Balance at 1 January 2024	—	363,198	1,246,021	11,125	154,934	(91,050)	1,684,228	12,467	1,696,695
Changes in equity for the five months ended 31 May 2024:									
Loss and total comprehensive income for the period	—	—	—	—	—	(111,927)	(111,927)	(2,855)	(114,782)
Equity settled share-based transactions (Note 28)	—	—	6,818	—	—	—	6,818	—	6,818
Balance at 31 May 2024	—	363,198	1,252,839	11,125	154,934	(202,977)	1,579,119	9,612	1,588,731

The accompanying notes are integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENTS

(Expressed in RMB)

		Year ended 31 December			Five months ended 31 May	
	Note	2022	2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(unaudited)	
Operating activities						
Cash (used in)/generated from operations	18(b)	<u>(262,186)</u>	<u>87,394</u>	<u>(62,266)</u>	<u>109,875</u>	<u>61,092</u>
Net cash (used in)/generated from operating activities		<u>-----</u> (262,186) <u>-----</u>	<u>-----</u> 87,394 <u>-----</u>	<u>-----</u> (62,266) <u>-----</u>	<u>-----</u> 109,875 <u>-----</u>	<u>-----</u> 61,092 <u>-----</u>
Investing activities						
Payment for purchase of property, plant and equipment and intangible assets		(437,706)	(1,021,310)	(840,289)	(283,646)	(215,499)
Payment for purchase of leasehold lands		(78,153)	(72,258)	—	—	—
Payment for purchase of intangible assets		—	(229)	(3,598)	(1,302)	(84)
Interest received		<u>1,413</u>	<u>3,379</u>	<u>1,081</u>	<u>383</u>	<u>98</u>
Net cash used in investing activities		<u>-----</u> (514,446) <u>-----</u>	<u>-----</u> (1,090,418) <u>-----</u>	<u>-----</u> (842,806) <u>-----</u>	<u>-----</u> (284,565) <u>-----</u>	<u>-----</u> (215,485) <u>-----</u>

	<i>Note</i>	Year ended 31 December			Five months ended 31 May	
		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)	
Financing activities						
Capital injection by investors		1,394,000	—	—	—	—
Capital injection by non-controlling interests		5,000	8,215	—	—	—
Proceeds from bank loans and other borrowings	18(c)	248,767	1,153,606	1,413,052	297,200	495,563
Repayment of bank loans and other borrowings	18(c)	(430,518)	(370,414)	(487,867)	(175,424)	(332,413)
Capital element of lease rentals paid	18(c)	(2,352)	(5,372)	(7,427)	(3,330)	(2,611)
Interest element of lease rentals paid	18(c)	(790)	(2,287)	(2,739)	(1,180)	(1,052)
Payment for guarantee of other borrowings		—	(19,763)	(6,750)	(4,750)	—
Payment for listing expenses		—	—	(4,734)	—	(3,828)
Decrease/(increase) in restricted cash		850	(17,731)	(16,783)	9,694	10,491
Interests paid	18(c)	(4,257)	(19,371)	(56,677)	(20,693)	(30,951)
Net cash generated from financing activities		<u>1,210,700</u>	<u>726,883</u>	<u>830,075</u>	<u>101,517</u>	<u>135,199</u>
Net increase/(decrease) in cash and cash equivalents		434,068	(276,141)	(74,997)	(73,173)	(19,194)
Effect of exchange rate changes		(1,257)	271	967	(34)	(34)
Cash and cash equivalents at the beginning of the year/period		<u>31,666</u>	<u>464,477</u>	<u>188,607</u>	<u>188,607</u>	<u>114,577</u>
Cash and cash equivalents at the end of the year/period	18(a)	<u>464,477</u>	<u>188,607</u>	<u>114,577</u>	<u>115,400</u>	<u>95,349</u>

The accompanying notes are integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in RMB, unless otherwise indicated)

1 BASIS OF PREPARATION AND PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

Guangdong Tianyu Semiconductor Co., Ltd. (廣東天域半導體股份有限公司) (the “**Company**”), formerly known as Dongguan Tianyu Semiconductor Technology Co., Ltd. (東莞市天域半導體科技有限公司), was incorporated in Dongguan, Guangdong Province, the People’s Republic of China (the “**PRC**”) on 7 January 2009 as a limited liability company. In November 2022, the Company was converted from a limited liability company into a joint stock limited liability company.

The Company and its subsidiaries (together, the “**Group**”) are principally engaged in design, research and development and manufacture of various types of silicon carbide (“**SiC**”) epitaxial wafers.

The consolidated financial statements have been prepared assuming the Group will continue as a going concern notwithstanding the net current liabilities of RMB217,666,000 as at 31 May 2025. Based on the projection of profit and cashflow forecast, the directors of the Company are of the opinion that the Group has sufficient working capital to meet its financial liabilities and obligations as and when they fall due and to sustain its operations for at least the next twelve months from the date of the issue of the consolidated financial statements. Therefore, the directors of the Company are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

The consolidated financial statements have been prepared in accordance with all applicable IFRS Accounting Standards as issued by the International Accounting Standards Board (“**IASB**”). As the Group’s first consolidated financial statements prepared in accordance with IFRS Accounting Standards, IFRS 1 “First-time Adoption of International Financial Reporting Standards” has been applied save for certain presentation and disclosure provisions therein. The date of transition to IFRS Accounting Standards was 1 January 2022. Further details of the material accounting policy information are set out in Note 2.

The IASB has issued a number of new and revised IFRS Accounting Standards. For the purpose of preparing the consolidated financial statements, the Group has adopted all applicable new and revised IFRS Accounting Standards for each of the years ended 31 December 2022, 2023 and 2024 and the five months ended 31 May 2025 (the “**Track Record Period**”), except for any new standards or interpretations that are not yet effective for the Track Record Period. The revised and new accounting standards and interpretations issued but not yet effective for the Track Record Period are set out in Note 34.

The consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The accounting policies set out below have been applied consistently to all periods presented in the consolidated financial statements.

The stub period corresponding financial information of the Group comprises the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the five months ended 31 May 2024 and other explanatory information (the “**Stub Period Corresponding Financial Information**”). The Stub Period Corresponding Financial Information has been prepared in accordance with the same basis of preparation and presentation adopted in respect of the consolidated financial statements.

The consolidated financial statements and the Stub Period Corresponding Financial Information are presented in Renminbi (“**RMB**”) and all values are rounded to the nearest thousands (RMB’000) except when otherwise indicated.

2 MATERIAL ACCOUNTING POLICY INFORMATION

(a) Basis of measurement

The consolidated financial statements are presented in RMB, rounded to the nearest thousand (RMB'000) except when otherwise indicated. The measurement basis used in the preparation of the consolidated financial statements are the historical cost basis.

(b) Use of estimates and judgements

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

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

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

(c) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is included into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability.

Non-controlling interests are presented in the consolidated statements of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statements of profit or loss and the consolidated statements of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year/period between non-controlling interests and the equity shareholders of the Company.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in the former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as fair value on initial recognition of a financial asset.

In the Company's statements of financial position, investments in subsidiaries are stated at cost less impairment losses (see Note 2(h)(ii)).

(d) Other investments in debt and equity securities

The Group's policies for investments in debt and equity securities, other than investments in subsidiaries are as follows.

Investments in debt and equity securities are recognised/derecognised on the date the Group commits to purchase/sell the investments. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss ("FVPL") for which transaction costs are recognised directly in profit or loss.

(i) Non-equity investments

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

- Amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Expected credit losses, interest income calculated using the effective interest method (see Note 2(s)(ii)(a)), foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
- Fair value through other comprehensive income ("FVOCI") — recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses are recognised in profit or loss and computed in the same manner as if the financial asset was measured at amortised cost. The difference between the fair value and the amortised cost is recognised in other comprehensive income ("OCI"). When the investment is derecognised, the amount accumulated in OCI is recycled from equity to profit or loss.
- FVPL if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

(ii) Equity investments

An investment in equity securities is classified as FVPL, unless the investment is not held for trading purposes and on initial recognition the Group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in OCI. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. If such election is made for a

particular investment, at the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings and not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other income (see Note 2(s)(ii)(c)).

(e) Property, plant and equipment

The following items of property, plant and equipment are stated at cost, which includes capitalised borrowing costs, less accumulated depreciation and any impairment losses (see Note 2(h)):

- right-of-use assets arising from leases over leasehold properties where the Group is not the registered owner of the property interest; and
- items of plant and equipment, including right-of-use assets arising from leases of underlying plant and equipment (see Note 2(g)).

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (see Note 2(u)).

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

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

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

- The Group's interests in buildings situated on leasehold land are depreciated over the shorter of the unexpired term of lease and the buildings' estimated useful lives, being no more than 50 years after the date of completion.
- Leasehold land is depreciated over the unexpired term of lease.
- Machinery and equipment 5–10 years
- Vehicles 5 years
- Office equipment and others 3–5 years
- Leasehold improvements 5 years

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

(f) Intangible assets

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

Intangible assets acquired by the Group with finite useful lives are measured at cost less accumulated amortisation and impairment losses (see Note 2(h)).

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

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

— Software	5 years
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Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(g) Leased assets

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

As a lessee

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

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

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

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

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

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

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

(h) Credit losses and impairment of assets

(i) Credit losses from financial instruments

The Group recognises a loss allowance for expected credit losses ("ECLs") on financial assets measured at amortised cost.

Measurement of ECLs

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

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

- fixed-rate financial assets, trade and bills receivables and prepayments, deposits and other receivables: effective interest rate determined at initial recognition or an approximation thereof;
- variable-rate financial assets: current effective interest rate.

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

ECLs are measured on either of the following bases:

- 12-month ECLs: these are portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months); and
- lifetime ECLs: these are ECLs that result from all possible default events over the expected lives of the items to which the ECL model applies.

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

- financial instruments that are determined to have low credit risk at the reporting date; and
- other financial instruments for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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

Significant increases in credit risk

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

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

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

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

The Group considers a financial instrument to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in non-equity securities that are measured at FVOCI (recycling), for which the loss allowance is recognised in OCI and accumulated in the fair value reserve (recycling) does not reduce the carrying amount of the financial assets in the consolidated statements of financial position.

Credit-impaired financial assets

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

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

- significant financial difficulties of the debtor;
- a breach of contract, such as a default;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

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

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

(ii) Impairment of other non-current assets

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

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

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

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. They are to reduce the carrying amounts of the assets in the CGU on a pro rata basis. An impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(i) Inventories

Inventories are assets which are held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services.

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

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

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

(j) Trade and other receivables

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

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

(k) Cash and cash equivalents and restricted cash

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

Bank deposits which are restricted to use are presented separately in consolidated statements of financial position as “Restricted cash”. Restricted cash is excluded from cash and cash equivalents in the consolidated cash flow statements.

Cash and cash equivalents and restricted cash are assessed for ECLs in accordance with the policy set out in Note 2(h)(i).

(l) Trade and other payables

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(m) Financial instruments issued to investors

The Company entered into a series of investment agreements with some independent investors (the “**Financial Instruments Issued to Investors**”). The instrument holders had the right to require the Company to redeem all of the instruments held by the instrument holders at a predetermined amount upon certain redemption events, which are not all within the control of the Group.

The Company’s contractual obligation to deliver cash or other financial assets to the holders of such financial instruments upon events that are beyond the control of the Group gives rise to a financial liability.

The financial liabilities are measured at an amount expected to be paid to the investors upon the occurrence of any of the redemption events which is assumed to be at the dates of issuance and at the end of each reporting period. Any changes in the carrying amount of the financial liabilities resulting from the revision of estimated contractual cash flows were recognized in profit or loss.

(n) Interest-bearing borrowings

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

(o) Contract liabilities

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

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see Note 2(s)(ii)(a)).

(p) Employee benefits

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

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

Contribution to appropriate local defined contribution retirement schemes pursuant to the relevant labour rules and regulations in Chinese Mainland are recognised as an expense in profit or loss as incurred, except to the extent that they are included in the cost of inventories not yet recognised as an expense.

(ii) Share-based payments

The fair value of share awards granted to employees is recognised as an employee cost with a corresponding increase in the capital reserve within equity. The fair value is measured at grant date, taking into account the terms and conditions upon which the shares were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the shares, the total estimated fair value of the awards is spread over the vesting period, taking into account the probability that the shares will vest.

During the vesting period, the number of share awards that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year/period of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of shares that vest (with a corresponding adjustment to capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the capital reserve until either the right is exercised (when it is included in the amount recognised in share capital for the shares issued) or the shares expires (when it is released directly to retained profits).

(q) Income tax

Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in OCI.

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

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

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

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

- temporary differences related to investment in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.

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

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

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

(r) Provisions and contingent liabilities

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

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

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

(s) Revenue and other income

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

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

(i) Revenue from contracts with customers

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

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

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

For sales contracts that had an original expected duration of one year or less, the Group has not disclosed the information related to the aggregated amount of the transaction price allocated to the remaining performance obligations in accordance with paragraph 121(a) of IFRS 15.

(ii) Revenue from other sources and other income

(a) Interest income

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

(b) Government grants

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

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

Grants that compensate the Group for the cost of an asset are recognised by setting up the grant as deferred income that is recognised in profit or loss on a systematic basis over the useful life of the asset.

(c) Dividends

Dividend income is recognised in profit or loss on the date on which the Group's right to receive payment is established.

(t) Translation of foreign currencies

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

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the

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

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

Foreign currency differences are recognised in OCI and accumulated in the exchange reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the exchange reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. On disposal of a subsidiary that includes a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation that have been attributed to the NCI shall be derecognised, but shall not be reclassified to profit or loss. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(u) Borrowing costs

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

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(v) Related parties

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

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or the Group's parent.

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

- (i) the entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) one entity is an associate or 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).
- (iii) both entities are joint ventures of the same third party.

- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
- (vi) the entity is controlled or jointly controlled by a person identified in (a).
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) the entity, or any member of a Group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

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

(w) Segment reporting

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

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

The Group has only one single reportable segment. Accordingly, no segmental analysis is presented.

3 ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the Group's accounting policies, management has made the following judgments, estimates and assumptions which have the most significant effect on the amounts recognised in the consolidated financial statements:

(a) Impairment of non-current assets

If circumstances indicate that the carrying value of a non-current asset may not be recoverable, the asset may be considered "impaired", and an impairment loss may be recognised in profit or loss. The carrying amounts of assets are reviewed periodically in order to assess whether the recoverable amounts have declined below the carrying amounts. These assets are tested for impairment whenever events or changes in circumstance indicate that their recorded carrying amounts may not be recoverable. When such a decline has occurred, the carrying amount is reduced to recoverable amount.

The recoverable amount is the greater of the fair value less costs of disposal and the value in use. In determining the value in use, expected cash flows generated by the asset are discounted to their present value, which requires significant judgement relating to revenue and amount of operating costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of revenue and amount of operating costs.

(b) Impairment of trade and bills receivables and prepayment, deposits and other receivables

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

(c) Net realisable value of inventories

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

(d) Useful lives of property, plant and equipment

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

(e) Deferred tax assets

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

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

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

The Group principally generates its revenue from the sales of SiC epitaxial wafer and other products.

(i) *Disaggregation of revenue*

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

	Year ended 31 December			Five months ended 31 May	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Revenue from contracts with customers within the scope of IFRS 15					
<i>Disaggregated by major products</i>					
4-inch epitaxial wafer	11,492	8,252	7,615	1,571	2,559
6-inch epitaxial wafer	386,849	1,118,328	455,849	289,375	158,051
8-inch epitaxial wafer	—	517	20,959	1,749	63,960
Other sales and services	38,514	44,117	35,199	4,574	32,266
	<u>436,855</u>	<u>1,171,214</u>	<u>519,622</u>	<u>297,269</u>	<u>256,836</u>

All revenue was recognised at a point in time.

(ii) *Information about major customers*

Revenue from customers contributing over 10% of the total revenue of the Group in the years ended 31 December 2022, 2023 and 2024 and five months ended 31 May 2024 and 2025 are as follows:

	Year ended 31 December			Five months ended 31 May	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Customer A	92,139	N/A*	N/A*	N/A*	35,135
Customer B	79,721	119,232	N/A*	N/A*	27,949
Customer C	45,854	N/A*	N/A*	N/A*	N/A*
Customer D	N/A*	491,791	N/A*	35,968	N/A*
Customer E	N/A*	125,738	N/A*	N/A*	26,512
Customer F	N/A*	N/A*	225,907	144,546	42,580
Customer G	N/A*	N/A*	63,549	41,008	N/A*
Customer H	N/A*	N/A*	N/A*	30,158	N/A*
Customer I	N/A*	N/A*	N/A*	N/A*	26,642

* Revenue from relevant customers was less than 10% of the Group's total revenue for the respective year/period.

Details of concentrations of credit risk arising from these customers are set out in Note 30(a). For the Track Record Period, certain amounts of revenue are related to sales to related parties (see Note 32(c)).

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

(iii) Geographic information

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

	Year ended 31 December			Five months ended 31 May	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Chinese Mainland	381,986	652,969	474,857	258,507	255,591
Hong Kong	5,936	12,733	1,065	945	27
South Korea	47,696	499,424	39,305	37,084	150
Others	1,237	6,088	4,395	733	1,068
	<u>436,855</u>	<u>1,171,214</u>	<u>519,622</u>	<u>297,269</u>	<u>256,836</u>

All assets of the Group are located in Chinese Mainland and no analysis of geographic information is presented.

5 OTHER NET INCOME

	Year ended 31 December			Five months ended 31 May	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Interest income from bank deposits	1,413	3,379	1,081	383	98
Government grants (note)	6,382	27,607	11,063	5,776	14,944
(Loss)/gain on disposals of property, plant and equipment	(1,145)	(3)	85	(8)	—
Compensation income	—	21,558	—	—	—
Net foreign exchange (loss)/gain	(3,221)	3,279	959	1,249	91
Others	97	108	189	318	122
	<u>3,526</u>	<u>55,928</u>	<u>13,377</u>	<u>7,718</u>	<u>15,255</u>

Note: The amounts mainly represented government incentive and support to the Group received during the Track Record Period. There are no unfulfilled conditions or contingencies relating to the grants.

6 PROFIT/(LOSS) BEFORE TAXATION

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

(a) Finance costs

	Year ended 31 December			Five months ended 31 May	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Interest expenses on bank loans and other borrowings	6,239	19,897	41,953	14,156	26,511
Interest expenses on loan from related parties (Note 32)	487	—	—	—	—
Interest on lease liabilities	790	2,287	2,739	1,180	1,052
	7,516	22,184	44,692	15,336	27,563
Less: Interest expense capitalised into property, plant and equipment (note)	—	(2,308)	(10,141)	(3,279)	(7,693)
	7,516	19,876	34,551	12,057	19,870

Note: The borrowing costs have been capitalised at the rates of 4.00%–4.50%, 3.60%–4.50%, 3.60%–4.50% and 3.60%–3.90% per annum for the years ended 31 December 2023, 2024 and five months ended 31 May 2024 and 2025, respectively.

(b) Staff costs (including directors' and supervisors' emoluments)

	Year ended 31 December			Five months ended 31 May	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Salaries, wages and other benefits	43,202	80,617	78,262	35,758	30,715
Contributions to defined contribution retirement plans	3,182	7,039	10,790	4,118	4,115
Equity-settled share-based payment expenses (Note 28)	7,911	17,231	23,166	6,818	10,874
	54,295	104,887	112,218	46,694	45,704

(c) Other items

	Year ended 31 December			Five months ended 31 May	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Amortisation of intangible assets (Note 13)	143	171	458	120	359
Depreciation charge					
— Owned property, plant and equipment (Note 11)	31,431	80,018	120,420	51,337	58,417
— Right-of-use assets (Note 12)	<u>2,902</u>	<u>9,123</u>	<u>10,395</u>	<u>4,525</u>	<u>4,198</u>
	<u>34,333</u>	<u>89,141</u>	<u>130,815</u>	<u>55,862</u>	<u>62,615</u>
Auditors' remuneration	555	1,228	1,337	129	15
Listing expenses	—	—	3,393	—	2,744
Cost of inventories sold (note) (Note 16(b))	348,082	953,137	892,659	323,881	199,291
Provision/(reversal of provision) for impairment losses on financial assets					
— Trade receivables (Note 30(a))	1,025	8,495	45,040	42,833	(14,116)
— Bills receivables (Note 30(a))	—	933	—	—	3
— Other receivables (Note 30(a))	<u>(115)</u>	<u>138</u>	<u>—</u>	<u>(46)</u>	<u>32</u>
	<u>910</u>	<u>9,566</u>	<u>45,040</u>	<u>42,787</u>	<u>(14,081)</u>

Note: Cost of inventories includes RMB37,522,000, RMB106,787,000, RMB122,799,000, RMB50,948,000 (unaudited) and RMB49,025,000 for the years ended 31 December 2022, 2023 and 2024 and five months ended 31 May 2024 and 2025, respectively, relating to staff costs and depreciation, which amounts are also included in the respective total amounts disclosed separately above or in Note 6(b) for each of these types of expenses.

7 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(a) Taxation in the consolidated statements of profit or loss and other comprehensive income:

	Year ended 31 December			Five months ended 31 May	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Deferred tax					
Origination and reversal of temporary differences <i>(Note 26(a))</i>	932	15,127	(88,936)	(22,130)	2,075
Income tax expense/(credit)	<u>932</u>	<u>15,127</u>	<u>(88,936)</u>	<u>(22,130)</u>	<u>2,075</u>

Notes:

- (i) In accordance with relevant PRC rules and regulations, the PRC Corporate Income Tax rate applicable to the Company and Company's subsidiaries registered in Chinese Mainland is principally 25% during the Track Record Period, except as described below:
 - (a) Guangdong Tianyu Semiconductor Co., Ltd. was originally qualified as the High and New Technology Enterprise ("HNTe") and entitled to a preferential tax rate of 15% until 2025.
 - (b) Dongguan Southern Semiconductor Technology Co., Ltd. was qualified as HNTe and entitled to a preferential tax rate of 15% until 2027.
 - (c) Dongguan Hengxin Third Generation Semiconductor Research Institute was qualified as the Small and Micro Enterprise and entitled to preferential tax rates of 5% during the Track Record Period.
- (ii) The additional deduction for research and development expenses mainly represents an additional 100% tax deduction on eligible research and development expenses incurred by Guangdong Tianyu Semiconductor Co., Ltd. and Dongguan Southern Semiconductor Technology Co., Ltd. during the Track Record Period.

(b) Reconciliation between tax expense/(credit) and accounting profit/(loss) at applicable tax rates:

	Year ended 31 December			Five months ended 31 May	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Profit/(loss) before taxation	3,746	111,009	(589,188)	(136,912)	11,590
Notional tax on profit/(loss) before taxation, calculated at the tax rates applicable to the respective tax jurisdictions	562	16,651	(88,378)	(20,537)	1,739
Tax effect of PRC preferential tax treatments	(1)	9	9	4	10
Tax effect of non-deductible expenses	552	315	188	100	76
Tax effect of non-taxable income	—	(686)	—	—	—
Tax effect of unused tax losses and deductible temporary differences not recognised	3,401	6,138	7,276	2,368	2,839
Tax effect of utilisation of tax losses and deductible temporary differences not recognised in prior years/periods	—	(104)	(8)	(2)	(160)
Additional deduction for research and development expenses	(3,582)	(7,196)	(8,023)	(4,063)	(2,429)
Actual tax expense/(credit)	932	15,127	(88,936)	(22,130)	2,075

8 DIRECTORS' AND SUPERVISORS' EMOLUMENTS

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

For the year ended 31 December 2022

	Directors' fees	Salaries, allowances and other benefits	Discretionary bonuses	Retirement scheme contributions	Sub-total	Share-based payments (note (j))	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Directors							
Mr. Li Xiguang 李錫光	—	901	1,154	42	2,097	—	2,097
Mr. Au Yeung Chung 歐陽忠	—	—	—	—	—	—	—
Mr. Jiang Dacai 姜達才	—	—	—	—	—	—	—
Independent directors							
Mr. He Zhengsheng 賀正生	30	—	—	—	30	—	30
Ms. Li Min 李旻	30	—	—	—	30	—	30
Supervisors							
Ms. Yin Xuefang 尹雪芳	—	172	19	18	209	49	258
Mr. Zhuang Shuguang 莊樹廣	—	—	—	—	—	—	—
Mr. Yuan Yi 袁毅	—	—	—	—	—	—	—
	60	1,073	1,173	60	2,366	49	2,415

For the year ended 31 December 2023

	Directors' fees	Salaries, allowances and other benefits	Discretionary bonuses	Retirement scheme contributions	Sub-total	Share-based payments (note (j))	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Directors							
Mr. Li Xiguang 李錫光	—	2,097	200	43	2,340	2,789	5,129
Mr. Au Yeung Chung 歐陽忠	—	—	—	—	—	—	—
Mr. Jiang Dacai 姜達才	—	—	—	—	—	—	—
Independent directors							
Mr. He Zhengsheng 賀正生	120	—	—	—	120	—	120
Ms. Li Min 李旻	120	—	—	—	120	—	120
Supervisors							
Ms. Yin Xuefang 尹雪芳	—	607	10	45	662	584	1,246
Mr. Zhuang Shuguang 莊樹廣	—	—	—	—	—	—	—
Mr. Yuan Yi 袁毅	—	—	—	—	—	—	—
	<u>240</u>	<u>2,704</u>	<u>210</u>	<u>88</u>	<u>3,242</u>	<u>3,373</u>	<u>6,615</u>

For the year ended 31 December 2024

	Directors' fees	Salaries, allowances and other benefits	Discretionary bonuses	Retirement scheme contributions	Sub-total	Share-based payments (note (j))	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive director							
Mr. Li Xiguang 李錫光	—	2,103	555	47	2,705	389	3,094
Non-executive directors							
Mr. Au Yeung Chung 歐陽忠	—	—	—	—	—	—	—
Mr. Jiang Dacai 姜達才	—	—	—	—	—	—	—
Independent non-executive directors							
Mr. He Zhengsheng 賀正生	120	—	—	—	120	—	120
Ms. Li Min 李旻	120	—	—	—	120	—	120
Mr. Vincent Chin 錢榮澤	10	—	—	—	10	—	10
Supervisors							
Ms. Yin Xuefang 尹雪芳	—	548	15	47	610	856	1,466
Mr. Zhuang Shuguang 莊樹廣	—	—	—	—	—	—	—
Mr. Yuan Yi 袁毅	—	—	—	—	—	—	—
	<u>250</u>	<u>2,651</u>	<u>570</u>	<u>94</u>	<u>3,565</u>	<u>1,245</u>	<u>4,810</u>

For the five months ended 31 May 2024 (unaudited)

	Directors' fees	Salaries, allowances and other benefits	Discretionary bonuses	Retirement scheme contributions	Sub-total	Share-based payments (note (j))	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Directors							
Mr. Li Xiguang 李錫光	—	876	—	19	895	—	895
Mr. Au Yeung Chung 歐陽忠	—	—	—	—	—	—	—
Mr. Jiang Dacai 姜達才	—	—	—	—	—	—	—
Independent directors							
Mr. He Zhengsheng 賀正生	50	—	—	—	50	—	50
Ms. Li Min 李旻	50	—	—	—	50	—	50
Supervisors							
Ms. Yin Xuefang 尹雪芳	—	243	—	19	262	243	505
Mr. Zhuang Shuguang 莊樹廣	—	—	—	—	—	—	—
Mr. Yuan Yi 袁毅	—	—	—	—	—	—	—
	100	1,119	—	38	1,257	243	1,500

For the five months ended 31 May 2025

	Directors' fees	Salaries, allowances and other benefits	Discretionary bonuses	Retirement scheme contributions	Sub-total	Share-based payments (note (j))	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive director							
Mr. Li Xiguang 李錫光	—	878	—	22	900	590	1,490
Non-executive directors							
Mr. Au Yeung Chung 歐陽忠	—	—	—	—	—	—	—
Mr. Jiang Dacai 姜達才	—	—	—	—	—	—	—
Independent non-executive directors							
Mr. He Zhengsheng 賀正生	50	—	—	—	50	—	50
Ms. Li Min 李旻	50	—	—	—	50	—	50
Mr. Vincent Chin 錢榮澤	50	—	—	—	50	—	50
Supervisors							
Ms. Yin Xuefang 尹雪芳	—	221	—	22	243	434	677
Mr. Zhuang Shuguang 莊樹廣	—	—	—	—	—	—	—
Mr. Yuan Yi 袁毅	—	—	—	—	—	—	—
	150	1,099	—	44	1,293	1,024	2,317

Notes:

- (a) Mr. Li Xiguang (李錫光) acted as a director since 2009 and was re-designated as an executive director in November 2024.
- (b) Mr. Au Yeung Chung (歐陽忠) acted as a supervisor since 2009 and was appointed as a director in October 2022 and re-designated as a non-executive director in November 2024.
- (c) Mr. Jiang Dacai (姜達才) was appointed as a director in October 2022 and re-designated as a non-executive director in November 2024.
- (d) Mr. He Zhengsheng (賀正生) was appointed as an independent director in October 2022 and re-designated as an independent non-executive director in November 2024.
- (e) Ms. Li Min (李旻) was appointed as an independent director in October 2022 and re-designated as an independent non-executive director in November 2024.
- (f) Ms. Yin Xuefang (尹雪芳) was appointed as a supervisor in October 2022.
- (g) Mr. Zhuang Shuguang (莊樹廣) joined the Group as a director in June 2021, and was re-appointed as a supervisor in October 2022.
- (h) Mr. Yuan Yi (袁毅) joined the Group as a director in June 2021, and was re-appointed as a supervisor in October 2022.
- (i) Mr. Vincent Chin (錢榮澤) was appointed as an independent non-executive director in November 2024.
- (j) These represent the estimated value of the restricted shares (Note 28) granted to the directors and supervisors of the Company under the Company's share award scheme. The value of these restricted shares is measured according to the Group's accounting policy for share-based payment transactions as set out in Note 2(p)(ii). The details of the share award scheme are disclosed in Note 28.
- (k) During the Track Record Period, no director or supervisor has waived or agreed to waive any emoluments and no amounts were paid or payable by the Group to the directors and the supervisors as an inducement to join or upon joining the Group or as compensation for loss of any office in connection with the management of the affairs of any member of the Group.

9 FIVE HIGHEST PAID INDIVIDUALS

The number of directors, supervisors and other employees included in the five highest paid individuals for the years ended 31 December 2022, 2023 and 2024 and five months ended 31 May 2024 and 2025 are set forth below:

	Year ended 31 December			Five months ended 31 May	
	2022	2023	2024	2024	2025
	<i>Number of individuals</i>	<i>Number of individuals</i>	<i>Number of individuals</i>	<i>Number of individuals</i> (unaudited)	<i>Number of individuals</i>
Directors and supervisors	1	1	1	1	1
Other employees	4	4	4	4	4
	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>

The emoluments of the directors and supervisors are disclosed in Note 8. The aggregate of the emoluments in respect of the remaining highest paid non-director/supervisor individuals, are as follows:

	Year ended 31 December			Five months ended 31 May	
	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>
Salaries and other emoluments	2,656	5,423	3,946	1,669	1,424
Discretionary bonuses	1,764	260	720	—	—
Share-based payments	2,871	2,883	6,920	2,086	3,948
Retirement scheme contributions	168	129	188	76	88
	<u>7,459</u>	<u>8,695</u>	<u>11,774</u>	<u>3,831</u>	<u>5,460</u>

The emoluments of the remaining highest paid non-director/supervisor individuals are within the following bands:

	Year ended 31 December			Five months ended 31 May	
	2022	2023	2024	2024	2025
	<i>Number of individuals</i>	<i>Number of individuals</i>	<i>Number of individuals</i>	<i>Number of individuals</i> (unaudited)	<i>Number of individuals</i>
HK\$Nil to HK\$1,000,000	—	—	—	2	—
HK\$1,000,001 to HK\$1,500,000	1	—	—	1	3
HK\$1,500,001 to HK\$2,000,000	1	1	—	1	1
HK\$2,000,001 to HK\$2,500,000	1	1	—	—	—
HK\$2,500,001 to HK\$3,000,000	—	2	2	—	—
HK\$3,000,001 to HK\$3,500,000	1	—	1	—	—
HK\$4,500,001 to HK\$5,000,000	—	—	1	—	—

During the Track Record Period, no emoluments were paid by the Group to these individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

10 EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share during the Track Record Period is based on the profit/(loss) attributable to ordinary equity shareholders of the Company and the weighted-average number of ordinary shares in issue or deemed to be in issue for the respective years/periods.

As described in Note 29(c)(i), the Company converted into a joint stock company with limited liability and issued 108,974,000 shares with the par value of RMB1 each in November 2022. For the purpose of computing basic and diluted earnings/(loss) per share, the weighted average number of ordinary shares deemed to be in issue before the Company's conversion into a joint stock company was determined assuming the conversion into joint stock company had occurred on 1 January 2022, at the conversion ratio established in the conversion in November 2022.

In addition, the Company issued 250,000,000 shares (approximately 2.21 shares for each share in issue) by converting RMB250,000,000 from capital reserve to share capital in December 2022. Accordingly, the weighted average number of shares has also been adjusted retrospectively from 1 January 2022 for such capitalisation issue.

(i) Profit/(loss) attributable to ordinary equity shareholders of the Company:

	Year ended 31 December			Five months ended 31 May	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Profit/(loss) for the year/period attributable to all equity shareholders of the Company	6,951	101,436	(492,455)	(111,927)	12,504
Allocation of loss for the year/period attributable to ordinary shares with redemption right issued to investors (Note 24)	(41)	—	—	—	—
Profit/(loss) of the year/period attributable to ordinary equity shareholders of the Company	<u>6,910</u>	<u>101,436</u>	<u>(492,455)</u>	<u>(111,927)</u>	<u>12,504</u>

(ii) *Weighted-average number of ordinary shares*

	Year ended 31 December			Five months ended 31 May	
	2022	2023	2024	2024	2025
				RMB'000	RMB'000
				(unaudited)	
Ordinary shares (deemed to be) in issue at 1 January	97,704	363,198	363,198	363,198	363,198
Effect of ordinary shares in issue or deemed to be in issue	6,227	—	—	—	—
Effect of ordinary shares with redemption right issued to investors (<i>Note 24</i>)	(620)	—	—	—	—
Effect of capitalisation issue (<i>Note 29(c)(iii)</i>)	228,164	—	—	—	—
Weighted average number of ordinary shares (deemed to be) in issue at 31 December/31 May	<u>331,475</u>	<u>363,198</u>	<u>363,198</u>	<u>363,198</u>	<u>363,198</u>

(b) **Diluted earnings/(loss) per share**

For the years ended 31 December 2022, 2023 and 2024 and five months ended 31 May 2024 and 2025, the Company did not have any dilutive potential ordinary shares outstanding. Accordingly, diluted earnings/(loss) per share were equal to basic earnings/(loss) per share.

11 PROPERTY, PLANT AND EQUIPMENT

Reconciliation of carrying amount

The Group:

	Machinery and equipment RMB'000	Office equipment and others RMB'000	Vehicles RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
Cost:						
At 1 January 2022	251,087	4,289	683	17,282	51,788	325,129
Additions	708	876	1,078	—	249,428	252,090
Disposals	(10,716)	(191)	—	—	—	(10,907)
Transfers within property, plant and equipment	118,519	—	—	2,761	(121,280)	—
At 31 December 2022 and 1 January 2023	359,598	4,974	1,761	20,043	179,936	566,312
Additions	2,873	520	—	—	1,052,428	1,055,821
Disposals	(11)	(1)	—	—	—	(12)
Transfers within property, plant and equipment	812,641	1,066	—	50,121	(863,828)	—
At 31 December 2023 and 1 January 2024	1,175,101	6,559	1,761	70,164	368,536	1,622,121
Additions	1,320	200	—	126	1,067,942	1,069,588
Disposals	(3,175)	(155)	—	(1,221)	—	(4,551)
Transfers within property, plant and equipment	154,259	6,800	—	3,830	(164,889)	—
At 31 December 2024 and 1 January 2025	1,327,505	13,404	1,761	72,899	1,271,589	2,687,158
Additions	280	15	—	—	214,781	215,076
Disposals	—	(10)	—	—	—	(10)
Transfers within property, plant and equipment	3,997	53	—	4,442	(8,492)	—
At 31 May 2025	1,331,782	13,462	1,761	77,341	1,477,878	2,902,224

	Machinery and equipment RMB'000	Office equipment and others RMB'000	Vehicles RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
Accumulated depreciation:						
At 1 January 2022	(117,670)	(2,381)	(444)	(8,852)	—	(129,347)
Charge for the year (<i>Note 6(c)</i>)	(27,374)	(670)	(115)	(3,272)	—	(31,431)
Written back on disposals	9,619	143	—	—	—	9,762
At 31 December 2022 and 1 January 2023	(135,425)	(2,908)	(559)	(12,124)	—	(151,016)
Charge for the year (<i>Note 6(c)</i>)	(70,956)	(789)	(255)	(8,018)	—	(80,018)
Written back on disposals	8	1	—	—	—	9
At 31 December 2023 and 1 January 2024	(206,373)	(3,696)	(814)	(20,142)	—	(231,025)
Charge for the year (<i>Note 6(c)</i>)	(107,309)	(1,826)	(250)	(11,035)	—	(120,420)
Written back on disposals	2,787	147	—	91	—	3,025
At 31 December 2024 and 1 January 2025	(310,895)	(5,375)	(1,064)	(31,086)	—	(348,420)
Charge for the period (<i>Note 6(c)</i>)	(52,433)	(809)	(105)	(5,070)	—	(58,417)
Written back on disposals	—	10	—	—	—	10
At 31 May 2025	<u>(363,328)</u>	<u>(6,174)</u>	<u>(1,169)</u>	<u>(36,156)</u>	<u>—</u>	<u>(406,827)</u>
Net book value:						
At 31 December 2022	<u>224,173</u>	<u>2,066</u>	<u>1,202</u>	<u>7,919</u>	<u>179,936</u>	<u>415,296</u>
At 31 December 2023	<u>968,728</u>	<u>2,863</u>	<u>947</u>	<u>50,022</u>	<u>368,536</u>	<u>1,391,096</u>
At 31 December 2024	<u>1,016,610</u>	<u>8,029</u>	<u>697</u>	<u>41,813</u>	<u>1,271,589</u>	<u>2,338,738</u>
At 31 May 2025	<u>968,454</u>	<u>7,288</u>	<u>592</u>	<u>41,185</u>	<u>1,477,878</u>	<u>2,495,397</u>

As at 31 December 2022, 2023 and 2024 and 31 May 2025, certain property, plant and equipment of the Group with net book value amounting to Nil, RMB564,952,000, RMB802,155,000 and RMB772,604,000 were secured for bank loans and other borrowings granted to the Group.

The Company:

	Machinery and equipment RMB'000	Office equipment and others RMB'000	Vehicles RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
Cost:						
At 1 January 2022	234,399	2,468	272	12,383	48,138	297,660
Additions	657	579	1,077	—	232,967	235,280
Disposals	(10,716)	(189)	—	—	—	(10,905)
Transfers within property, plant and equipment	112,098	—	—	1,036	(113,134)	—
At 31 December 2022 and 1 January 2023	336,438	2,858	1,349	13,419	167,971	522,035
Additions	2,855	428	—	—	1,032,161	1,035,444
Disposals	(10)	—	—	—	—	(10)
Transfers within property, plant and equipment	782,656	1,066	—	47,874	(831,596)	—
At 31 December 2023 and 1 January 2024	1,121,939	4,352	1,349	61,293	368,536	1,557,469
Additions	1,319	200	—	—	1,061,673	1,063,192
Disposals	(3,175)	(153)	—	(1,221)	—	(4,549)
Transfers within property, plant and equipment	148,914	6,787	—	3,830	(159,531)	—
At 31 December 2024 and 1 January 2025	1,268,997	11,186	1,349	63,902	1,270,678	2,616,112
Additions	279	15	—	—	205,739	206,033
Disposals	—	(9)	—	—	—	(9)
Transfers within property, plant and equipment	2,163	48	—	3,249	(5,460)	—
At 31 May 2025	1,271,439	11,240	1,349	67,151	1,470,957	2,822,136

	Machinery and equipment RMB'000	Office equipment and others RMB'000	Vehicles RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
Accumulated depreciation:						
At 1 January 2022	(116,071)	(1,692)	(65)	(5,627)	—	(123,455)
Charge for the year	(25,511)	(301)	(102)	(2,255)	—	(28,169)
Written back on disposals	9,619	140	—	—	—	9,759
At 31 December 2022 and 1 January 2023	(131,963)	(1,853)	(167)	(7,882)	—	(141,865)
Charge for the year	(66,641)	(372)	(255)	(6,559)	—	(73,827)
Written back on disposals	8	—	—	—	—	8
At 31 December 2023 and 1 January 2024	(198,596)	(2,225)	(422)	(14,441)	—	(215,684)
Charge for the year	(101,904)	(1,409)	(250)	(10,228)	—	(113,791)
Written back on disposals	2,787	147	—	91	—	3,025
At 31 December 2024 and 1 January 2025	(297,713)	(3,487)	(672)	(24,578)	—	(326,450)
Charge for the period	(50,088)	(757)	(105)	(4,625)	—	(55,575)
Written back on disposals	—	10	—	—	—	10
At 31 May 2025	<u>(347,801)</u>	<u>(4,234)</u>	<u>(777)</u>	<u>(29,203)</u>	<u>—</u>	<u>(382,015)</u>
Net book value:						
At 31 December 2022	<u>204,475</u>	<u>1,005</u>	<u>1,182</u>	<u>5,537</u>	<u>167,971</u>	<u>380,170</u>
At 31 December 2023	<u>923,343</u>	<u>2,127</u>	<u>927</u>	<u>46,852</u>	<u>368,536</u>	<u>1,341,785</u>
At 31 December 2024	<u>971,284</u>	<u>7,699</u>	<u>677</u>	<u>39,324</u>	<u>1,270,678</u>	<u>2,289,662</u>
At 31 May 2025	<u>923,638</u>	<u>7,006</u>	<u>572</u>	<u>37,948</u>	<u>1,470,957</u>	<u>2,440,121</u>

12 RIGHT-OF-USE ASSETS

Reconciliation of carrying amount

The Group:

	Leasehold land RMB'000	Leased property RMB'000	Total RMB'000
Cost:			
At 1 January 2022	—	16,830	16,830
Additions	78,153	6,202	84,355
Disposals	—	(99)	(99)
At 31 December 2022 and 1 January 2023	78,153	22,933	101,086
Additions	72,258	45,643	117,901
At 31 December 2023 and 1 January 2024	150,411	68,576	218,987
Additions	—	4,577	4,577
Disposals	—	(7,901)	(7,901)
At 31 December 2024, 1 January 2025 and 31 May 2025	150,411	65,252	215,663
Accumulated depreciation:			
At 1 January 2022	—	(1,663)	(1,663)
Charge for the year (Note 6(c))	(131)	(2,771)	(2,902)
Written back on disposals	—	78	78
At 31 December 2022 and 1 January 2023	(131)	(4,356)	(4,487)
Charge for the year (Note 6(c))	(2,767)	(6,356)	(9,123)
At 31 December 2023 and 1 January 2024	(2,898)	(10,712)	(13,610)
Charge for the year (Note 6(c))	(3,008)	(7,387)	(10,395)
Written back on disposals	—	4,192	4,192
At 31 December 2024 and 1 January 2025	(5,906)	(13,907)	(19,813)
Charge for the period (Note 6(c))	(1,253)	(2,945)	(4,198)
At 31 May 2025	(7,159)	(16,852)	(24,011)
Net book value:			
At 31 December 2022	78,022	18,577	96,599
At 31 December 2023	147,513	57,864	205,377
At 31 December 2024	144,505	51,345	195,850
At 31 May 2025	143,252	48,400	191,652

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	As at 31 December			As at 31 May	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Ownership interests in leasehold land and buildings held for own use, carried at depreciated cost in Chinese Mainland, with remaining lease term of between 10 and 50 years	78,022	147,513	144,505	143,252	
Other properties leased for own use, carried at depreciated cost	18,577	57,864	51,345	48,400	
	<u>96,599</u>	<u>205,377</u>	<u>195,850</u>	<u>191,652</u>	

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

	As at 31 December			As at 31 May	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Depreciation charge of right-of-use assets by class of underlying assets:					
Ownership interests in leasehold land and buildings	131	2,767	3,008	1,253	1,253
Other properties leased for own use	2,771	6,356	7,387	3,272	2,945
	<u>2,902</u>	<u>9,123</u>	<u>10,395</u>	<u>4,525</u>	<u>4,198</u>
Interest on lease liabilities (Note 6(a))	790	2,287	2,739	1,180	1,052
Expense relating to short-term leases	1,584	4,868	4,101	1,675	1,276

Details of total cash outflow for leases is set out in Note 18(d) and the maturity analysis of lease liabilities is set out in Note 23.

The Group has obtained the right to use certain leasehold land in Chinese Mainland. Lump sum payments were made upfront to acquire these land use right interests from their previous registered owners, and there are no ongoing payments to be made under the terms of the land lease.

As at 31 December 2022, 2023 and 2024 and 31 May 2025, certain leasehold land of the Group with net book value amounting to Nil, Nil, RMB144,505,000 and RMB143,252,000 were secured for bank loans granted to the Group.

The Company:

	Leasehold land <i>RMB'000</i>	Leased property <i>RMB'000</i>	Total <i>RMB'000</i>
Cost:			
At 1 January 2022	—	11,994	11,994
Additions	78,153	3,363	81,516
Disposals	—	(99)	(99)
At 31 December 2022 and 1 January 2023	78,153	15,258	93,411
Additions	72,258	45,643	117,901
At 31 December 2023 and 1 January 2024	150,411	60,901	211,312
Disposals	—	(226)	(226)
At 31 December 2024, 1 January 2025 and 31 May 2025	150,411	60,675	211,086
Accumulated depreciation:			
At 1 January 2022	—	(1,341)	(1,341)
Charge for the year	(131)	(1,463)	(1,594)
Written back on disposals	—	78	78
At 31 December 2022 and 1 January 2023	(131)	(2,726)	(2,857)
Charge for the year	(2,767)	(4,708)	(7,475)
At 31 December 2023 and 1 January 2024	(2,898)	(7,434)	(10,332)
Charge for the year	(3,008)	(6,165)	(9,173)
Written back on disposals	—	226	226
At 31 December 2024 and 1 January 2025	(5,906)	(13,373)	(19,279)
Charge for the period	(1,253)	(2,564)	(3,817)
At 31 May 2025	(7,159)	(15,937)	(23,096)
Net book value:			
At 31 December 2022	78,022	12,532	90,554
At 31 December 2023	147,513	53,467	200,980
At 31 December 2024	144,505	47,302	191,807
At 31 May 2025	143,252	44,738	187,990

13 INTANGIBLE ASSETS

The Group:

	Software <i>RMB'000</i>
Cost:	
At 1 January 2022, 31 December 2022 and 1 January 2023	715
Additions	<u>229</u>
At 31 December 2023 and 1 January 2024	944
Additions	<u>3,598</u>
At 31 December 2024 and 1 January 2025	4,542
Additions	<u>84</u>
At 31 May 2025	<u>4,626</u>
Accumulated amortisation:	
At 1 January 2022	(318)
Charge for the year (<i>Note 6(c)</i>)	<u>(143)</u>
At 31 December 2022 and 1 January 2023	(461)
Charge for the year (<i>Note 6(c)</i>)	<u>(171)</u>
At 31 December 2023 and 1 January 2024	(632)
Charge for the year (<i>Note 6(c)</i>)	<u>(458)</u>
At 31 December 2024 and 1 January 2025	(1,090)
Charge for the period (<i>Note 6(c)</i>)	<u>(359)</u>
At 31 May 2025	<u>(1,449)</u>
Net book value:	
At 31 December 2022	<u>254</u>
At 31 December 2023	<u>312</u>
At 31 December 2024	<u>3,452</u>
At 31 May 2025	<u>3,177</u>

The amortisation charges during the Track Record Period are included in “administrative and other operating expenses” in the consolidated statements of profit or loss and other comprehensive income.

The Company:

Software
RMB'000

Cost:

At 1 January 2022, 31 December 2022, 1 January 2023, 31 December 2023 and 1 January 2024	423
Additions	<u>3,597</u>
At 31 December 2024 and 1 January 2025	4,020
Additions	<u>84</u>
At 31 May 2025	<u>4,104</u>

Accumulated amortisation:

At 1 January 2022	(250)
Charge for the year	<u>(85)</u>
At 31 December 2022 and 1 January 2023	(335)
Charge for the year	<u>(66)</u>
At 31 December 2023 and 1 January 2024	(401)
Charge for the year	<u>(354)</u>
At 31 December 2024 and 1 January 2025	(755)
Charge for the period	<u>(315)</u>
At 31 May 2025	<u>(1,070)</u>

Net book value:

At 31 December 2022	<u>88</u>
At 31 December 2023	<u>22</u>
At 31 December 2024	<u>3,265</u>
At 31 May 2025	<u>3,034</u>

14 SUBSIDIARIES

(a) Particulars of principal subsidiary

During the Track Record Period and as at the date of the issue of the consolidated financial statements, the Company has direct or indirect interests in the following principal subsidiary:

Company name	Place and date of establishment	Particulars of issued and paid-up capital	Effective interest held by the Group				31 May 2025	At the date of the issue of the consolidated financial statements	Principal activities and place of operation
			As at 31 December						
			2022	2023	2024				
Directly held by the Company									
Dongguan South Semiconductor Technology Co., Ltd. 東莞南方半導體科技有限公司 (note)	The PRC/ 23 November 2016	RMB 92,000,000	59.29%	59.29%	59.29%	59.29%	59.29%	Inspection and sale of devices in Dongguan, Guangdong Province, the PRC	

Notes:

- (a) The official name of this entity is in Chinese. The English translation is for identification purposes only. The entity is a limited liability company established in the PRC. The financial statements of this entity for the years ended 31 December 2022, 2023 and 2024 were prepared in accordance with the Accounting Standards for Business Enterprises applicable to the enterprises in the PRC (the PRC GAAP) and audited by RSM China Certified Public Accountants LLP Shenzhen Branch (容誠會計師事務所(特殊普通合伙)深圳分所).
- (b) A subsidiary, Guangdong Zhuhai Runfu Technology Co., Ltd. was established in Zhuhai, the PRC, on 30 December 2024, with paid-in capital of RMB22,000,000. The company has not commenced business as at 31 May 2025.

(b) **Material non-controlling interest (the “NCI”)**

The following table lists out the information relating to Dongguan South Semiconductor Technology Co., Ltd., the only subsidiary of the Group which has a material NCI. The summarised financial information presented below represents the amounts before any inter-company elimination.

	Year ended 31 December			Five months ended
	2022	2023	2024	31 May
	RMB'000	RMB'000	RMB'000	2025
				RMB'000
NCI percentage	40.71%	40.71%	40.71%	40.71%
Current assets	34,624	23,980	18,452	27,318
Non-current assets	48,308	56,105	54,550	60,880
Current liabilities	29,312	33,469	45,049	68,613
Non-current liabilities	17,585	15,992	16,480	15,456
Net assets	36,035	30,624	11,473	4,129
Carrying amount of NCI	9,806	12,467	4,670	1,681
Revenue	25,195	8,722	6,628	(4,364)
Loss and total comprehensive income	(10,161)	(13,626)	(19,151)	(7,344)
Loss allocated to NCI	(4,137)	(5,554)	(7,797)	(2,989)
Cash flows from operating activities	18,659	9,803	4,239	(1,425)
Cash flows from investing activities	(21,244)	(16,241)	(6,106)	(2,019)
Cash flows from financing activities	4,444	7,351	(2,199)	(824)

15 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

The Group:

	<i>Note</i>	As at 31 December		As at 31 May	
		2022	2023	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000
Non-current					
Prepayments for purchase of property, plant and equipment					
— third parties		219,065	347,154	194,855	85,560
— related parties	32(d)	—	15,285	11,445	11,445
Others		225	19,763	27,010	27,579
		<u>219,290</u>	<u>382,202</u>	<u>233,310</u>	<u>124,584</u>
Current					
Prepayments for materials and expenses		215,400	51,451	28,864	56,090
Other deposits and receivables		863	2,056	6,404	1,798
Value added tax recoverable		<u>26,861</u>	<u>39,301</u>	<u>84,038</u>	<u>18,821</u>
		243,124	92,808	119,306	76,709
Less: loss allowance		<u>(195)</u>	<u>(333)</u>	<u>(333)</u>	<u>(365)</u>
		<u>242,929</u>	<u>92,475</u>	<u>118,973</u>	<u>76,344</u>
		<u>462,219</u>	<u>474,677</u>	<u>352,283</u>	<u>200,928</u>

The Company:

	As at 31 December			As at 31 May
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current				
Prepayments for purchase of property, plant and equipment				
— third parties	213,319	346,212	194,809	63,955
— related parties	—	15,285	11,445	11,445
Others	—	19,598	26,811	27,380
	<u>213,319</u>	<u>381,095</u>	<u>233,065</u>	<u>102,780</u>
Current				
Prepayments for materials and expenses	215,227	51,294	28,858	53,648
Other deposits and receivables	18,882	25,830	42,541	47,509
Value added tax recoverable	<u>23,443</u>	<u>39,284</u>	<u>83,756</u>	<u>17,474</u>
	257,552	116,408	155,155	118,631
Less: loss allowance	<u>(136)</u>	<u>(207)</u>	<u>(280)</u>	<u>(313)</u>
	<u>257,416</u>	<u>116,201</u>	<u>154,875</u>	<u>118,318</u>
	<u>470,735</u>	<u>497,296</u>	<u>387,940</u>	<u>221,098</u>

All of the prepayments, deposits and other receivables (including amounts due from related parties) are expected to be recovered or recognised as expense within one year, except for non-current prepayments which mainly represent deposits paid to suppliers for the purchases of property, plant and equipment.

16 INVENTORIES

(a) Inventories in the consolidated statements of financial position comprises:

The Group:

	As at 31 December			As at 31 May
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Raw materials	38,868	267,932	129,988	24,322
Semi-finished products and work in progress	24,694	42,377	23,922	48,441
Finished goods	<u>26,325</u>	<u>84,239</u>	<u>29,489</u>	<u>26,187</u>
	<u>89,887</u>	<u>394,548</u>	<u>183,399</u>	<u>98,950</u>

The Company:

	As at 31 December			As at 31 May
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Raw materials	30,163	265,459	129,217	23,793
Semi-finished products and work in progress	24,694	42,377	23,922	48,441
Finished goods	<u>14,472</u>	<u>72,609</u>	<u>21,247</u>	<u>18,254</u>
	<u>69,329</u>	<u>380,445</u>	<u>174,386</u>	<u>90,488</u>

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

The Group:

	As at 31 December			Five months ended 31 May	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Carrying amount of inventories sold	333,371	931,836	577,537	271,561	230,275
Reversal of inventory write-down from returns (<i>note</i>)	—	—	—	—	(34,159)
Write down of inventories	<u>14,711</u>	<u>21,301</u>	<u>315,122</u>	<u>52,320</u>	<u>3,175</u>
	<u>348,082</u>	<u>953,137</u>	<u>892,659</u>	<u>323,881</u>	<u>199,291</u>

Note: The reversal of write-down of inventories during the five months ended 31 May 2025 arose from the return of certain inventories to a supplier due to quality issues. The purchase cost of such returned inventories was RMB52,278,000, which was written down by RMB34,159,000 as at 31 December 2024. Both the cost of inventories and related write-down were derecognised upon returning to a supplier.

17 TRADE AND BILLS RECEIVABLES

The Group:

Note	As at 31 December			As at 31 May
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables				
— third parties	184,228	306,557	156,777	339,407
— related parties	32(d) —	—	1,954	4,174
	<u>184,228</u>	<u>306,557</u>	<u>158,731</u>	<u>343,581</u>
Bills receivables				
— third parties	12,254	55,343	45,232	37,552
— related parties	32(d) —	—	—	1,182
	<u>12,254</u>	<u>55,343</u>	<u>45,232</u>	<u>38,734</u>
Less: loss allowance	<u>(2,049)</u>	<u>(11,477)</u>	<u>(56,425)</u>	<u>(42,312)</u>
	<u>194,433</u>	<u>350,423</u>	<u>147,538</u>	<u>340,003</u>

The Company:

	As at 31 December			As at 31 May
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables				
— third parties	178,010	301,611	150,330	331,436
— related parties	4	—	—	—
	<u>178,014</u>	<u>301,611</u>	<u>150,330</u>	<u>331,436</u>
Bills receivables — third parties	12,254	53,910	44,439	37,528
Less: loss allowance	<u>(1,986)</u>	<u>(10,475)</u>	<u>(55,587)</u>	<u>(40,969)</u>
	<u>188,282</u>	<u>345,046</u>	<u>139,182</u>	<u>327,995</u>

The Group and the Company derecognised the bills receivables issued by the major banks or the banks with qualified rating when the bill receivables are transferred to others through endorsement to suppliers or discounting to other banks. As at 31 December 2022, 2023 and 2024 and 31 May 2025, bills receivables of Nil, RMB2,750,000, RMB8,261,000 and RMB790,000 were transferred but not derecognised.

Aging analysis

As of the end of each reporting period, the aging analysis of trade and bill receivables, based on the revenue recognition date and net of loss allowance, is as follows:

The Group:

	As at 31 December			As of 31 May
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
0-90 days	161,239	299,443	119,429	275,100
91-180 days	29,666	42,940	16,209	43,020
181-270 days	3,449	175	6,780	13,413
271-365 days	79	267	2,008	5,704
Over 1 year	—	7,598	3,112	2,766
	<u>194,433</u>	<u>350,423</u>	<u>147,538</u>	<u>340,003</u>

The Company:

	As at 31 December			As of 31 May
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
0-90 days	157,546	294,586	114,693	267,633
91-180 days	27,255	42,676	15,906	41,378
181-270 days	3,404	—	6,684	13,311
271-365 days	77	186	1,899	5,673
Over 1 year	—	7,598	—	—
	<u>188,282</u>	<u>345,046</u>	<u>139,182</u>	<u>327,995</u>

Trade receivables are due within 15 to 180 days from the date of billing. Further details on the Group's credit policy and credit risk arising from trade receivables are set out in Note 30(a).

18 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents comprise:

The Group:

	As at 31 December			As at 31 May
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Cash at bank and on hand	467,785	209,646	152,399	122,680
Less: Restricted cash				
— Deposits pledged for issuing bank acceptance	—	—	(2,438)	—
— Deposits pledged for letters of credit	(3,308)	(21,039)	(2,116)	(5)
— Deposits pledged for letters of guarantee	—	—	(33,268)	(27,326)
	<u>(3,308)</u>	<u>(21,039)</u>	<u>(37,822)</u>	<u>(27,331)</u>
Cash and cash equivalents in the consolidated statements of financial position and the consolidated cash flow statements	<u>464,477</u>	<u>188,607</u>	<u>114,577</u>	<u>95,349</u>

The Company:

	As at 31 December			As at 31 May
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Cash at bank and on hand	463,897	204,844	151,664	119,361
Less: Restricted cash				
— Deposits pledged for issuing bank acceptance	—	—	(2,438)	—
— Deposits pledged for letters of credit	(3,308)	(21,039)	(2,116)	(5)
— Deposits pledged for letters of guarantee	—	—	(33,268)	(27,326)
	<u>(3,308)</u>	<u>(21,039)</u>	<u>(37,822)</u>	<u>(27,331)</u>
Cash and cash equivalents in the statements of financial position of the Company	<u>460,589</u>	<u>183,805</u>	<u>113,842</u>	<u>92,030</u>

(b) Reconciliation of profit/(loss) before taxation to cash (used in)/generated from operations:

		Years ended 31 December			Five months ended 31 May	
	Note	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(unaudited)	
Profit/(loss) before taxation		3,746	111,009	(589,188)	(136,912)	11,590
Adjustments for:						
Depreciation	6(c)	34,333	89,141	130,815	55,862	62,615
Amortisation of intangible assets	6(c)	143	171	458	120	359
Provision/(reversal of provision) for impairment losses on financial assets	6(c)	910	9,566	45,040	42,787	(14,081)
Interest income	5	(1,413)	(3,379)	(1,081)	(383)	(98)
Finance costs	6(a)	7,516	19,876	34,551	12,057	19,870
Write-down of/(reversal of write down) of inventories	16(b)	14,711	21,301	315,122	52,320	(30,984)
Loss/(gain) on disposals of property, plant and equipment	5	1,145	3	(85)	8	—
Equity settled share-based payment expenses	6(b)	7,911	17,231	23,166	6,818	10,874
Changes in working capital:						
(Increase)/decrease in inventories		(10,438)	(325,962)	(103,973)	(96,899)	115,433
(Increase)/decrease in trade and bills receivables		(117,691)	(165,418)	157,845	46,401	(178,352)
(Increase)/decrease in prepayments, deposits and other receivables		(213,229)	152,211	(22,261)	128,349	45,856
(Decrease)/increase in trade and bills payables		(14,343)	157,670	(53,181)	(26,844)	(29,102)
Increase/(decrease) in other payables and accruals		48,098	6,658	(2,420)	26,514	1,109
Increase/(decrease) in deferred income		1,258	(2,633)	5,195	2,163	44,045
(Decrease)/increase in contract liabilities		(24,843)	(51)	(2,269)	(2,486)	1,958
Cash (used in)/generated from operations		<u>(262,186)</u>	<u>87,394</u>	<u>(62,266)</u>	<u>109,875</u>	<u>61,092</u>

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

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

	Bank loans and other borrowings	Loans from related parties	Lease liabilities	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Note 22)</i>	<i>(Note 20)</i>	<i>(Note 23)</i>	
Balance at 1 January 2022	<u>162,208</u>	<u>17,074</u>	<u>16,354</u>	<u>195,636</u>
Changes from financing cash flows:				
Proceeds from bank loans and other borrowings	248,767	—	—	248,767
Repayment of bank loans and other borrowings	(413,444)	(17,074)	—	(430,518)
Capital element of lease rentals paid	—	—	(2,352)	(2,352)
Interest element of lease rentals paid	—	—	(790)	(790)
Interest paid	<u>(3,770)</u>	<u>(487)</u>	<u>—</u>	<u>(4,257)</u>
Total changes from financing cash flows	<u>(168,447)</u>	<u>(17,561)</u>	<u>(3,142)</u>	<u>(189,150)</u>
Other changes:				
Interests incurred during the year	6,239	487	790	7,516
Increase in lease liabilities	<u>—</u>	<u>—</u>	<u>6,202</u>	<u>6,202</u>
Total other changes	<u>6,239</u>	<u>487</u>	<u>6,992</u>	<u>13,718</u>
Balance at 31 December 2022	<u>—</u>	<u>—</u>	<u>20,204</u>	<u>20,204</u>

	Bank loans and other borrowings <i>RMB'000</i> <i>(Note 22)</i>	Lease liabilities <i>RMB'000</i> <i>(Note 23)</i>	Total <i>RMB'000</i>
Balance at 1 January 2023	<u>—</u>	<u>20,204</u>	<u>20,204</u>
Changes from financing cash flows:			
Proceeds from bank loans and other borrowings	1,153,606	—	1,153,606
Repayment of bank loans and other borrowings	(370,414)	—	(370,414)
Capital element of lease rentals paid	—	(5,372)	(5,372)
Interest element of lease rentals paid	—	(2,287)	(2,287)
Interest paid	<u>(19,371)</u>	<u>—</u>	<u>(19,371)</u>
Total changes from financing cash flows	<u>763,821</u>	<u>(7,659)</u>	<u>756,162</u>
Other changes:			
Interests incurred during the year	17,589	2,287	19,876
Capitalised borrowing costs	2,308	—	2,308
Increase in lease liabilities	<u>—</u>	<u>47,313</u>	<u>47,313</u>
Total other changes	<u>19,897</u>	<u>49,600</u>	<u>69,497</u>
Balance at 31 December 2023	<u>783,718</u>	<u>62,145</u>	<u>845,863</u>

	Bank loans and other borrowings <i>RMB'000</i> <i>(Note 22)</i>	Lease liabilities <i>RMB'000</i> <i>(Note 23)</i>	Total <i>RMB'000</i>
Balance at 1 January 2024	<u>783,718</u>	<u>62,145</u>	<u>845,863</u>
Changes from financing cash flows:			
Proceeds from bank loans and other borrowings	1,413,052	—	1,413,052
Repayment of bank loans and other borrowings	(487,867)	—	(487,867)
Capital element of lease rentals paid	—	(7,427)	(7,427)
Interest element of lease rentals paid	—	(2,739)	(2,739)
Interest paid	<u>(56,677)</u>	<u>—</u>	<u>(56,677)</u>
Total changes from financing cash flows	<u>868,508</u>	<u>(10,166)</u>	<u>858,342</u>
Other changes:			
Interests incurred during the year	31,812	2,739	34,551
Capitalised borrowing costs	10,141	—	10,141
Increase in lease liabilities	—	4,577	4,577
Decrease in lease liabilities due to disposal of leased assets	<u>—</u>	<u>(4,190)</u>	<u>(4,190)</u>
Total other changes	<u>41,953</u>	<u>3,126</u>	<u>45,079</u>
Balance at 31 December 2024	<u><u>1,694,179</u></u>	<u><u>55,105</u></u>	<u><u>1,749,284</u></u>

	Bank loans and other borrowings <i>RMB'000</i> <i>(Note 22)</i>	Lease liabilities <i>RMB'000</i> <i>(Note 23)</i>	Total <i>RMB'000</i>
Balance at 1 January 2025	1,694,179	55,105	1,749,284
Changes from financing cash flows:			
Proceeds from bank loans and other borrowings	495,563	—	495,563
Repayment of bank loans and other borrowings	(332,413)	—	(332,413)
Capital element of lease rentals paid	—	(2,611)	(2,611)
Interest element of lease rentals paid	—	(1,052)	(1,052)
Interest paid	(30,951)	—	(30,951)
Total changes from financing cash flows	132,199	(3,663)	128,536
Other changes:			
Interests incurred during the period	18,818	1,052	19,870
Capitalised borrowing costs	7,693	—	7,693
Total other changes	26,511	1,052	27,563
Balance at 31 May 2025	1,852,889	52,494	1,905,383

	Bank loans and other borrowings <i>RMB'000</i> <i>(Note 22)</i>	Lease liabilities <i>RMB'000</i> <i>(Note 23)</i>	Total <i>RMB'000</i>
(Unaudited)			
Balance at 1 January 2024	783,718	62,145	845,863
Changes from financing cash flows:			
Proceeds from bank loans and other borrowings	297,200	—	297,200
Repayment of bank loans and other borrowings	(175,424)	—	(175,424)
Capital element of lease rentals paid	—	(3,330)	(3,330)
Interest element of lease rentals paid	—	(1,180)	(1,180)
Interest paid	(20,693)	—	(20,693)
Total changes from financing cash flows	101,083	(4,510)	96,573
Other changes:			
Interests incurred during the period	10,877	1,180	12,057
Capitalised borrowing costs	3,279	—	3,279
Total other changes	14,156	1,180	15,336
Balance at 31 May 2024	898,957	58,815	957,772

(d) Total cash outflow for leases

Amounts included in the consolidated cash flow statements for leases comprises the following:

	Year ended 31 December			Five months ended 31 May	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Within operating cash flows	1,584	4,868	4,101	1,675	1,276
Within financing cash flows	<u>3,142</u>	<u>7,659</u>	<u>10,166</u>	<u>4,510</u>	<u>3,663</u>
	<u>4,726</u>	<u>12,527</u>	<u>14,267</u>	<u>6,185</u>	<u>4,939</u>

(e) Major non-cash transactions

During the years ended 31 December 2022, 2023 and 2024 and five months ended 31 May 2024 and 2025, the Group endorsed bills receivables of Nil, RMB2,750,000, RMB8,261,000, RMB19,500,000 (unaudited) and RMB790,000 for settlement of purchase of inventories and property, plant and equipment. Such transactions were considered as non-cash transactions.

19 TRADE AND BILLS PAYABLES

The Group:

	As at 31 December			As at 31 May
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	53,023	210,964	134,244	129,614
Bills payables	<u>—</u>	<u>—</u>	<u>24,506</u>	<u>—</u>
	<u>53,023</u>	<u>210,964</u>	<u>158,750</u>	<u>129,614</u>

The Company:

	As at 31 December			As at 31 May
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	50,136	209,869	131,883	123,772
Bills payables	<u>—</u>	<u>—</u>	<u>24,506</u>	<u>—</u>
	<u>50,136</u>	<u>209,869</u>	<u>156,389</u>	<u>123,772</u>

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

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

The Group:

	As at 31 December			As at 31 May
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	35,015	208,796	154,457	126,102
1 year to 2 years	589	1,655	2,234	1,397
Over 2 years	<u>17,419</u>	<u>513</u>	<u>2,059</u>	<u>2,115</u>
	<u>53,023</u>	<u>210,964</u>	<u>158,750</u>	<u>129,614</u>

20 OTHER PAYABLES AND ACCRUALS

The Group:

	Note	As at 31 December			As at 31 May
		2022	2023	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000
Salaries, wages, bonus and benefits payable		18,154	17,516	10,900	12,302
Other tax payable		688	700	624	256
Other payables and accruals		63,183	240,002	296,515	179,147
Amounts due to related parties (ii)	32(d)	<u>—</u>	<u>6,042</u>	<u>15,690</u>	<u>15,722</u>
		<u>82,025</u>	<u>264,260</u>	<u>323,729</u>	<u>207,427</u>

The Company:

	As at 31 December			As at 31 May
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Salaries, wages, bonus and benefits payable	17,340	16,966	10,309	11,794
Other tax payable	553	667	582	236
Other payables and accruals	58,418	235,356	292,599	167,482
Amounts due to related parties (ii)	<u>—</u>	<u>6,042</u>	<u>15,690</u>	<u>15,722</u>
	<u>76,311</u>	<u>259,031</u>	<u>319,180</u>	<u>195,234</u>

Notes:

- (i) All other payables and accruals (excluding loans from related parties) are expected to be settled within one year or are repayable on demand.
- (ii) Amounts due to related parties are unsecured, interest-free and repayable on demand.

21 CONTRACT LIABILITIES

Contract liabilities represent receipts in advance from customers before the delivery of the goods recognised. Movement of contract liabilities are as follows:

The Group:

	Year ended 31 December			As at 31 May
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Balance at the beginning of the year/ period	29,040	4,197	4,146	1,877
Decrease in contract liabilities as a result of recognising revenue during the year/period that was included in the contract liabilities at the beginning of the year/period	(26,571)	(2,937)	(2,842)	(256)
Increase in contract liabilities as a result of billing in advance of sales activities	<u>1,728</u>	<u>2,886</u>	<u>573</u>	<u>2,214</u>
Balance at the end of the year/period	<u>4,197</u>	<u>4,146</u>	<u>1,877</u>	<u>3,835</u>

The amounts of contract liabilities expected to be recognised as income after more than one year are RMB2,469,000, RMB1,260,000, RMB1,630,000 and RMB1,578,000 as at 31 December 2022, 2023 and 2024 and 31 May 2025. All of the other contract liabilities are expected to be recognised as income within one year.

The Company:

	Year ended 31 December			As at 31 May
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Balance at the beginning of the year/ period	24,565	4,124	4,010	1,728
Decrease in contract liabilities as a result of recognising revenue during the year/period that was included in the contract liabilities at the beginning of the year/period	(22,096)	(2,864)	(2,795)	(239)
Increase in contract liabilities as a result of billing in advance of sales activities	<u>1,655</u>	<u>2,750</u>	<u>513</u>	<u>29</u>
Balance at the end of the year/period	<u>4,124</u>	<u>4,010</u>	<u>1,728</u>	<u>1,518</u>

22 BANK LOANS AND OTHER BORROWINGS

The maturity profile for the interest-bearing bank loans and other borrowings of the Group and the Company at the end of each reporting period is as follows:

The Group and the Company:

	As at 31 December			As at 31 May
	2022 RMB'000	2023 RMB'000	2024 RMB'000	2025 RMB'000
Current				
Short-term bank loans and other borrowings	—	134,171	350,827	209,007
Current portion of long-term bank loans and other borrowings	<u>—</u>	<u>164,789</u>	<u>283,732</u>	<u>299,284</u>
	—	298,960	634,559	508,291
Non-current				
Long-term bank loans and other borrowings	<u>—</u>	<u>484,758</u>	<u>1,059,620</u>	<u>1,344,598</u>
	<u>—</u>	<u>783,718</u>	<u>1,694,179</u>	<u>1,852,889</u>

(a) The analysis of the repayment schedule of bank loans is as follows:

	As at 31 December			As at 31 May
	2022 RMB'000	2023 RMB'000	2024 RMB'000	2025 RMB'000
Within 1 year or on demand	-----	-----	-----	-----
	—	180,592	431,320	282,473
After 1 year but within 2 years	—	—	72,715	116,214
After 2 years but within 5 years	—	232,108	239,667	363,387
After 5 years	<u>—</u>	<u>21,543</u>	<u>514,267</u>	<u>664,626</u>
	<u>—</u>	<u>253,651</u>	<u>826,649</u>	<u>1,144,227</u>
	<u>—</u>	<u>434,243</u>	<u>1,257,969</u>	<u>1,426,700</u>

(b) The analysis of the repayment schedule of other borrowings is as follows:

	As at 31 December			As at 31 May
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year or on demand	—	118,368	203,239	225,818
After 1 year but within 2 years	—	188,051	168,005	120,863
After 2 years but within 5 years	—	43,056	64,966	79,508
	—	231,107	232,971	200,371
	—	349,475	436,210	426,189

In July 2023, the Group signed sale and leaseback agreements with SPDB Financial Leasing Co., Ltd. (“SPDB”) to sell and lease back certain machinery and equipment amounting to RMB200,000,000 to SPDB. The rent will be paid by instalments within the next three years. It is considered as a mortgage loan in substance with an annual effective interest rate of LPR rate plus 30 basis points.

In May 2023, the Group signed sale and leaseback agreements with CCB Financial Leasing Co., Ltd. (“CCB”) to sell and lease back certain machinery and equipment amounting to RMB120,000,000 to CCB. The rent will be paid by instalments within the next four years. It is considered as a mortgage loan in substance with an annual effective interest rate of LPR rate minus 15 basis points.

In July 2023, August 2023, March 2024, April 2024, May 2024 and July 2024, the Group signed sale and leaseback agreements with Agricultural Bank of China Financial Leasing Co., Ltd. (“ABC”) to sell and lease back certain machinery and equipment amounting to RMB30,000,000, RMB35,000,000, RMB35,000,000, RMB38,000,000, RMB22,000,000 and RMB40,000,000 to ABC respectively. The rents will be paid by instalments within the next three years. It is considered as a mortgage loan in substance with an annual effective interest rate of LPR rate minus 20 basis points.

In September 2024, October 2024 and January 2025, the Group signed sale and leaseback agreements with Industrial Bank Financial Leasing Co., Ltd. (“Industrial Bank Financial Leasing Corporation”) to sell and lease back certain machinery and equipment amounting to RMB50,000,000, RMB50,000,000 and RMB90,000,000 to Industrial Bank Financial Leasing Corporation respectively. The rent will be paid by instalments within the next four years. It is considered as a mortgage loan in substance with an annual effective interest rate of LPR rate minus 25 basis points.

(c) Assets pledged as security and covenants for bank loans and other borrowings

At the end of each reporting period, the bank loans and other borrowings were secured and guaranteed as follows:

	As at 31 December			As at 31 May
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Bank loans				
— Unsecured and unguaranteed	—	—	210,988	306,756
— Unsecured and guaranteed	—	340,093	314,488	242,322
— Secured and guaranteed	—	94,623	732,493	877,622
	—	434,716	1,257,969	1,426,700
Other borrowings				
— Secured and unguaranteed	—	243,341	240,670	280,740
— Secured and guaranteed	—	105,661	195,540	145,449
	—	349,002	436,210	426,189
	—	783,718	1,694,179	1,852,889

As at 31 December 2022, 2023 and 2024 and 31 May 2025, certain bank loans and other borrowings granted to the Group were guaranteed by related parties. The details have been disclosed in Note 32(e). The directors of the Company confirm that all of the guarantees by related parties will either be replaced by a corporate guarantee of the Company or be fully released prior to or upon the listing of the Company in the Main Board of the Stock Exchange.

The Group's bank loans and other borrowings were secured by certain assets of the Group. An analysis of the carrying value of these assets is as follows:

	As at 31 December			As at 31 May
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Property, plant and equipment (Note 11)	—	564,952	802,155	772,604
Leasehold land (Note 12)	—	—	144,505	143,252
	—	564,952	946,660	915,856

Further details of the Group's management of liquidity risk are set out in Note 30(b). As at 31 December 2022, 2023 and 2024 and 31 May 2025, the directors of the Company confirmed that none of the covenants relating to drawn down facilities had been breached.

23 LEASE LIABILITIES

At the end of each reporting period, the lease liabilities were repayable as follows:

The Group:

	As at 31 December			As at 31 May
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	4,014	8,103	6,351	6,476
After 1 year but within 2 years	3,237	7,348	6,624	6,879
After 2 years but within 5 years	8,143	19,648	21,817	21,728
After 5 years	4,810	27,046	20,313	17,411
	<u>16,190</u>	<u>54,042</u>	<u>48,754</u>	<u>46,018</u>
	<u>20,204</u>	<u>62,145</u>	<u>55,105</u>	<u>52,494</u>

The Company:

	As at 31 December			As at 31 May
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	2,029	5,322	5,560	5,672
After 1 year but within 2 years	1,573	5,560	5,833	5,950
After 2 years but within 5 years	5,077	18,370	19,270	19,658
After 5 years	4,810	27,046	20,313	17,410
	<u>11,460</u>	<u>50,976</u>	<u>45,416</u>	<u>43,018</u>
	<u>13,489</u>	<u>56,298</u>	<u>50,976</u>	<u>48,690</u>

24 FINANCIAL INSTRUMENTS ISSUED TO INVESTORS

Pursuant to the agreements between the Company, its certain shareholders and the investors, the investors would have the right but not the obligation to request the Company and/or the controlling shareholder of the Company to purchase all or part of the shares of the Company held by them, upon the occurrence of any of the redemption events, including but not limited to: (i) a material breach on the agreement by the Company or the controlling shareholders, of any of their representations, warranties or undertakings under the agreement; (ii) a change in control of the Company (“a **Change-in-Control Event**”), or the controlling shareholders depart from the Company within 5 years from the investment without reasonable reason; (iii) the main business of the Company changes significantly without written agreement of investors (the “**Redemption Right**”).

The redemption price of the shares shall equal to the higher of (i) the consideration paid by the investors plus an annual rate of return of 8% for the period from the payment date of the consideration up to the redemption date less all distributed dividends; or (ii) the fair market price of the original issue shares at the date of the redemption.

As the occurrence of the redemption events such as a Change-in-Control Event is beyond the control of the Company, the Company recognised a financial liability for its obligation to redeem its own equity instrument, i.e. the paid-in capitals issued to investors. As described in Note 2(m), the financial instruments issued to investors is measured at the present value of the redemption amount. The subsequent changes in the carrying amount of the financial instruments issued to investors was recorded in profit or loss as “changes in the carrying amount of financial instruments issued to investors”.

The movement of the financial instruments issued to investors are set out below:

The Group and the Company:

	Year ended 31 December 2022 RMB'000
At the beginning of the year	224,934
Reclassification of financial instruments issued to investors to equity	<u>(224,934)</u>
At the end of the year	<u><u>—</u></u>

On January 31, 2022 and August 31, 2022, the Company entered into supplementary investment agreements with investors, pursuant to which the investors agreed to waive the obligation of the Company from the Redemption Right on 31 January 2022 and August 31 2022, respectively. Upon the Company's redemption obligation termination on 31 January 2022 and 31 August 2022, respectively, entire carrying amount of the financial instruments issued to investors recognised was classified to equity.

25 DEFERRED INCOME

Deferred income represented unamortised conditional government grants for compensating the Group and Company for the cost of assets and will be recognised in profit or loss over the useful lives of these assets.

26 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(a) Deferred tax assets and liabilities recognised:

(i) Movement of each component of deferred tax assets and liabilities

The components of deferred tax assets/(liabilities) recognised in the consolidated statements of financial position and the statements of financial position of the Company and the movements during the year/period are as follows:

	Inventory provision RMB'000	Credit loss allowance RMB'000	Deferred income RMB'000	Unused tax losses RMB'000	Unrealised intra-group profit RMB'000	Lease liabilities RMB'000	Right-of-use assets RMB'000	Total RMB'000
Balance at 1 January 2022	4,326	161	1,801	26,689	(100)	1,634	(1,598)	32,913
Credited/(charged) to profit or loss (Note 7(a))	1,162	157	(184)	(2,105)	8	312	(282)	(932)
Balance at 31 December 2022 and 1 January 2023	5,488	318	1,617	24,584	(92)	1,946	(1,880)	31,981
Credited/(charged) to profit or loss (Note 7(a))	226	1,424	(405)	(16,635)	2	6,401	(6,140)	(15,127)
Balance at 31 December 2023 and 1 January 2024	5,714	1,742	1,212	7,949	(90)	8,347	(8,020)	16,854
Credited/(charged) to profit or loss (Note 7(a))	45,176	6,638	747	36,263	(14)	(799)	925	88,936
Balance at 31 December 2024 and 1 January 2025	50,890	8,380	1,959	44,212	(104)	7,548	(7,095)	105,790
(Charged)/credited to profit or loss (Note 7(a))	(26,499)	(2,188)	6,709	19,861	—	(343)	385	(2,075)
Balance at 31 May 2025	24,391	6,192	8,668	64,073	(104)	7,205	(6,710)	103,715

(ii) Reconciliation to the consolidated statements of financial position

	As at 31 December		As at 31 May	
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Net deferred tax assets recognised in the consolidated statements of financial position	32,074	16,944	105,894	103,819
Net deferred tax liabilities recognised in the consolidated statements of financial position	(93)	(90)	(104)	(104)
	31,981	16,854	105,790	103,715

(b) Deferred tax assets not recognised

As of 31 December 2022, 2023 and 2024 and 31 May 2025, the Group has not recognised deferred tax assets in respect of cumulative tax losses of RMB30,978,000, RMB53,203,000, RMB75,940,000, RMB74,915,000 and temporary difference of RMB23,835,000, RMB42,519,000, RMB68,352,000 and RMB87,272,000 respectively as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. These tax losses will be expired within 10 years.

27 EMPLOYEE RETIREMENT BENEFITS

Defined contribution retirement plans

The Group mainly participates in the social insurance schemes for its employees in Chinese Mainland.

The employees of the Company and its subsidiaries in Chinese Mainland are members of the state-managed retirement benefits schemes operated by the PRC government. They are required to contribute a certain percentage of their payroll to the retirement benefits schemes to fund the benefits. The only obligations of the Group with respect to the retirement benefits schemes is to make the required contributions under the schemes.

28 EQUITY-SETTLED SHARE-BASED TRANSACTIONS

Pursuant to a resolution of the board of directors of the Group approved in January 2022, a share award scheme (the “2022 Share Award Scheme”) was adopted for purpose of providing incentives to the selected employees of the Group.

Under the 2022 Share Award Scheme, 66 employees of the Group were granted with a total of 7,299,360 restricted shares (after consideration of capitalisation issue as disclosed Note 29(c)(iii)) of the Group in January 2022 (the “First Batch”) through 2 employees’ share incentive platforms.

In November 2022 (the “Second Batch”), 43 employees were granted with the total of 1,724,574 restricted shares (after consideration of capitalisation issue as disclosed Note 29(c)(iii)) through 3 employees’ share incentive platforms.

In November 2023 (the “Third Batch”), additional 48,127 restricted shares were granted to certain employees.

In September 2024 (the “Fourth Batch”), additional 107,485 restricted shares were granted to certain employees.

(a) The terms and conditions of the grants are as follows:

Once the vesting conditions underlying the respective restricted shares are met, the restricted shares are considered duly and validly issued to the holder, with restrictions on transfer of such entitlements at any time during a period subject to the listing rule commencing on the date on which the shares of the Company are publicly issued (the “Lock-up Period”).

Where the conditions for unlocking as required by the scheme are fulfilled within the unlocking period, the restricted shares shall be unlocked in four tranches, on the condition that employees remain in service (the “Service Period”). If the employees leave the Group before the end of the Service Period or does not meet the following assessment criteria the awarded shares will be forfeited. The terms are as follows: (1) sign the performance appraisal letter according to the requirements of the general manager; (2) has worked in the Company or subsidiary companies for more than 3 years; (3) others in accordance with relevant laws and regulations.

25% restricted shares would vest on the first anniversary after the Lock-up Period, and the remaining of the shares shall be vested on straight-line basis at the anniversary years over a period of the remaining three years.

(b) Movements in the number of restricted shares granted to employees are as follows:

	Numbers of restricted shares (Note)
Outstanding as at 1 January 2022	—
Granted during the year	<u>9,023,934</u>
Outstanding as at 31 December 2022 and 1 January 2023	9,023,934
Granted during the year	481,277
Forfeited during the year	<u>(737,957)</u>
Outstanding as at 31 December 2023 and 1 January 2024	8,767,254
Granted during the year	107,485
Forfeited during the year	<u>(283,954)</u>
Outstanding as at 31 December 2024 and 1 January 2025	8,590,785
Forfeited during the period	<u>(490,000)</u>
Outstanding as at 31 May 2025	<u>8,100,785</u>

Note: In December 2022, the Company issued 250,000,000 shares (approximately 2.21 shares for each share in issue) by converting RMB250,000,000 from capital reserve to share capital. Accordingly, the number of restricted shares has been adjusted after consideration of capitalisation issue as disclosed in Note 29(c)(iii).

The weighted-average subscription price per restricted share is ranged of RMB4.42–RMB5.61. No restricted share was vested as at 31 December 2022, 2023 and 2024 and 31 May 2025.

Fair value of restricted shares granted to the selected employees of the First Batch are measured using the guideline transaction method by the directors of the Company.

The directors have used the income approach to determine the fair value of the restricted shares of the Second Batch, the Third Batch and the Fourth Batch. The discounted cash flow derived by management considered the Group's future business plan, specific business and financial risks, the stage of development of the Group's operations and economic and competitive elements affecting the Group's business, industry and market.

(c) Fair value of restricted shares and assumptions

The fair value of services received in return for restricted shares granted is measured by reference to the fair value of restricted shares granted. Key valuation assumptions used to determine the fair value of the restricted shares are as follows.

	First Batch
Fair value at measurement date (after consideration of capitalisation issue as disclosed in Note 29(c)(iii)) (<i>RMB</i>)	9.65%
Expected volatility	61.31%–70.07%
Expected dividend yield	0%
Risk-free interest rate	2.22%–2.38%

The expected volatility is referenced to the average of daily historical share price volatility of comparable companies operating in similar industry of the Company. No dividends are expected based on the historical record.

	Second Batch	Third Batch	Fourth Batch
Fair value at measurement date (after consideration of capitalisation issue as disclosed in Note 29(c)(iii)) (<i>RMB</i>)	36.32	33.32	30.31
Weighted average cost of capital (“WACC”)	12.29%	10.69%	10.33%
Market premium	6.0%	5.5%	5.5%
Risk-free interest rate	3.5%	3.5%	3.5%

Changes in the subjective input assumption could materially affect the fair value estimate.

(d) Equity settled share-based transactions expenses recognised in the consolidated statements of profit or loss and other comprehensive income during the Track Record Period:

Share-based payment expense of RMB7,911,000, RMB17,231,000, RMB23,166,000, RMB6,818,000 (unaudited) and RMB10,874,000 are recognised as staff costs (Note 6(b)) in the consolidated statements of profit or loss and other comprehensive income for the years ended 31 December 2022, 2023 and 2024 and five months ended 31 May 2024 and 2025 respectively.

29 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

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

	Paid-in capital RMB'000	Share capital RMB'000	Capital reserve RMB'000	PRC statutory reserve RMB'000	Other reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 1 January 2022	97,704	—	268,984	—	(70,000)	(347,368)	(50,680)
Changes in equity for 2022:							
Profit and total comprehensive income for the year	—	—	—	—	—	13,018	13,018
Reclassification of financial instruments issued to investors as equity (Note 24)	—	—	—	—	224,934	—	224,934
Deemed contribution from shareholders	—	—	4,715	—	—	—	4,715
Capital injection from investors before conversion into a joint stock company (Note 29(b))	11,270	—	891,730	—	—	—	903,000
Conversion into a joint stock company (Note 29(c))	(108,974)	108,974	(181,326)	—	—	181,326	—
Equity settled share-based transactions (Note 28)	—	—	7,911	—	—	—	7,911
Conversion of capital reserve into share capital (Note 29(c)(iii))	—	250,000	(250,000)	—	—	—	—
Appropriation to statutory reserve (Note 29(e)(ii))	—	—	—	241	—	(241)	—
Capital injection from investors after conversion into a joint stock company (Note 29(c))	—	4,224	486,776	—	—	—	491,000

	Paid-in capital RMB'000	Share capital RMB'000	Capital reserve RMB'000	PRC statutory reserve RMB'000	Other reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
At 31 December 2022 and 1 January 2023	—	363,198	1,228,790	241	154,934	(153,265)	1,593,898
Changes in equity for 2023:							
Profit and total comprehensive income for the year	—	—	—	—	—	108,840	108,840
Appropriation to statutory reserve (Note 29(e)(ii))	—	—	—	10,884	—	(10,884)	—
Equity-settled share-based transactions (Note 28)	—	—	17,231	—	—	—	17,231
At 31 December 2023 and 1 January 2024	—	363,198	1,246,021	11,125	154,934	(55,309)	1,719,969
Changes in equity for 2024:							
Loss and total comprehensive income for the year	—	—	—	—	—	(481,231)	(481,231)
Equity settled share-based transactions (Note 28)	—	—	23,166	—	—	—	23,166
At 31 December 2024 and 1 January 2025	—	363,198	1,269,187	11,125	154,934	(536,540)	1,261,904
Profit and total comprehensive income for the period	—	—	—	—	—	16,849	16,849
Equity settled share-based transactions (Note 28)	—	—	10,874	—	—	—	10,874
At 31 May 2025	—	363,198	1,280,061	11,125	154,934	(519,691)	1,289,627
(Unaudited)							
At 1 January 2024	—	363,198	1,246,021	11,125	154,934	(55,309)	1,719,969
Changes in equity for the five months ended 31 May 2024:							
Loss and total comprehensive income for the period	—	—	—	—	—	(117,849)	(117,849)
Equity settled share-based transactions (note 28)	—	—	6,818	—	—	—	6,818
At 31 May 2024	—	363,198	1,252,839	11,125	154,934	(173,158)	1,608,938

(b) Paid-in capital

The paid-in capital of the Group represents the paid-in capital of the Company before it was converted into a joint stock company with limited liability.

	Paid-in capital <i>RMB'000</i>
At 1 January 2022	97,704
Capital contribution from investors (<i>note</i>)	11,270
Conversion into a joint stock limited liability company (<i>Note 29(c)(i)</i>)	<u>(108,974)</u>
At 31 December 2022, 2023 and 2024 and 31 May 2025	<u>—</u>

Note: In January, March and August 2022, the Company entered into investment agreements with several investors, pursuant to which, the investors agreed to make a total investment of RMB903,000,000 in the Company as consideration of subscription for the Company's paid-in capital of RMB11,270,000.

(c) Share capital

	<i>Number of shares</i>	<i>RMB'000</i>
Ordinary shares, issued and fully paid:		
At 1 January 2022	—	—
Issuance of new shares upon conversion into a joint stock limited liability company (i)	108,974	108,974
Capital contribution from investors (ii)	4,224	4,224
Conversion of capital reserve into share capital (iii)	<u>250,000</u>	<u>250,000</u>
At 31 December 2022, 2023 and 2024 and 31 May 2025	<u>363,198</u>	<u>363,198</u>

Notes:

- (i) On 8 November 2022, the Company was converted into a joint stock company with limited liability under the PRC Company Law. The net assets of the Company as of the conversion base date were converted into 108,974,000 ordinary shares with par value of RMB1 each. The excess of net assets converted over nominal value of the ordinary shares was credited to the Company's capital reserve.
- (ii) In December 2022, the Company entered into investment agreements with several investors, pursuant to which, the investors subscribed for 4,224,000 ordinary shares of the Company at a consideration of RMB491,000,000. The excess of the consideration of RMB491,000,000, over the increase in the share capital of RMB4,224,000, amounting to RMB486,776,000 was credited to capital reserve.
- (iii) In December 2022, the share capital of the Company was increased to RMB250,000,000 by way of conversion of capital reserve into share capital.

- (iv) Special rights granted by Mr. Li Xiguang, Dongguan Dinghong Investment Consulting Center, Dongguan Runsheng Investment Consulting Center and Dongguan Wanghe Investment Consulting Center (“**Certain Controlling Shareholders**”): In connection with the pre-IPO investments, certain investors who participated in pre-IPO investments (“**Pre-IPO investors**”) had been granted certain special rights (as defined in the HISTORY, DEVELOPMENT AND CORPORATE STRUCTURE section on page 151 to this prospectus) against the Certain Controlling Shareholders including, among others, share redemption rights.

The directors of the Company have confirmed that (i) the Company does not have any obligation to fulfil the abovementioned special rights granted by the Certain Controlling Shareholders, including the share redemption rights; and (ii) the Company has not provided any guarantee for the abovementioned special rights granted by the Certain Controlling Shareholders in the event of a default by the Certain Controlling Shareholders. Accordingly, no financial liability has been recorded in the consolidated financial statements with respect to these special rights granted to the Pre-IPO investors by the Certain Controlling Shareholders.

(d) Dividends

No dividends have been declared by the Company during the Track Record Period.

(e) Nature and purpose of reserves

(i) Capital reserve

The capital reserve mainly comprises (i) the portion of the grant date fair value of restricted shares granted to the directors and employees of the Group that has been recognised in accordance with the accounting policy adopted for share-based payments and (ii) the excess of the contributions from the shareholders of the Company over the total paid-in capital or ordinary shares issued.

(ii) PRC statutory reserve

According to the PRC laws, the PRC subsidiaries of the Group and the Company are required to set up two statutory reserve funds which are general reserve fund and staff general fund. General reserve fund was set up by appropriating at least 10% of the entity’s annual profit after taxation, as determined under PRC regulations, until the balance of the fund equals to 50% of the entity’s registered capital. This fund can be used to make up previous years’ losses or to convert into paid-in capital. Transfer from retained earnings to staff general fund is made at the discretion of the board of directors of the entities.

PRC statutory reserve in the Group’s consolidated statements of changes in equity represented the amount allocated for the Company and relevant subsidiaries.

(iii) Other reserve

Other reserve mainly represents the recognition of financial instruments issued to investors.

As disclosed in Note 24, the financial instruments issued to investors did not meet the definition of equity for the Company. Therefore, the Company identified the financial instruments as liabilities and reclassified from other reserve to current liabilities. On 31 January 2022, the corresponding liabilities were reclassified from current liabilities to equity since the investors agreed to waive the obligation of the Company from the redemption right.

(f) Capital management

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

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

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

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

30 FINANCIAL RISK MANAGEMENT AND FAIR VALUES

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables and other receivables. The Group's exposure to credit risk arising from cash and cash equivalents, restricted cash and bills receivable are limited because the counterparties are banks and financial institutions with sound credit ratings, for which the Group considers to have low credit risk.

Trade receivables and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers.

As of 31 December 2022, 2023 and 2024 and 31 May 2025, 26%, 35%, 10% and 14% of the total trade receivables was due from the Group's largest customer in each year/period during the Track Record Period respectively, and 54%, 82%, 22% and 59% of the total trade receivables was due from the Group's five largest customers in each year/period during the Track Record Period respectively.

In respect of trade receivables, individual credit evaluations focus on the customer's past history of making payments when due and current ability to pay and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade and bills receivables are due within 15 to 180 days from the date of invoice. Normally, the Group does not obtain collateral from customers.

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

As at 31 December 2023, 2024 and 31 May 2025, the loss allowance of trade receivables is determined as below:

	As at 31 December 2023			
	Expected loss	Gross carrying	Loss allowance	Net balance
	rates %	amount RMB'000	RMB'000	RMB'000
Trade receivables for which the loss allowance is measured on an individual basis	50%	15,195	(7,597)	7,598
Trade receivables for which the loss allowance is measured using a provision matrix		<u>291,362</u>	<u>(2,947)</u>	<u>288,415</u>
		<u>306,557</u>	<u>(10,544)</u>	<u>296,013</u>
	As at 31 December 2024			
	Expected loss	Gross carrying	Loss allowance	Net balance
	rates %	amount RMB'000	RMB'000	RMB'000
Trade receivables for which the loss allowance is measured on an individual basis	76%	72,661	(55,149)	17,512
Trade receivables for which the loss allowance is measured using a provision matrix		<u>86,070</u>	<u>(1,276)</u>	<u>84,794</u>
		<u>158,731</u>	<u>(56,425)</u>	<u>102,306</u>
	As at 31 May 2025			
	Expected loss	Gross carrying	Loss allowance	Net balance
	rates %	amount RMB'000	RMB'000	RMB'000
Trade receivables for which the loss allowance is measured on an individual basis	39%	96,129	(37,320)	58,809
Trade receivables for which the loss allowance is measured using a provision matrix		<u>247,452</u>	<u>(4,989)</u>	<u>242,463</u>
		<u>343,581</u>	<u>(42,309)</u>	<u>301,272</u>

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables which are assessed collectively as at the end of the reporting periods:

As at 31 December 2022			
	Expected loss	Gross carrying	Loss allowance
	rates	amount	
	%	RMB'000	RMB'000
0-90 days	0.40%	151,995	612
91-180 days	2.06%	27,841	573
181-270 days	7.33%	3,722	273
271-365 days	20.20%	99	20
Over 1 year	100.00%	571	571
		<u>184,228</u>	<u>2,049</u>

As at 31 December 2023			
	Expected loss	Gross carrying	Loss allowance
	rates	amount	
	%	RMB'000	RMB'000
0-90 days	0.37%	245,935	902
91-180 days	3.96%	44,712	1,772
181-270 days	17.06%	211	36
271-365 days	44.14%	478	211
Over 1 year	100.00%	26	26
		<u>291,362</u>	<u>2,947</u>

As at 31 December 2024			
	Expected loss	Gross carrying	Loss allowance
	rates	amount	
	%	RMB'000	RMB'000
0-90 days	0.20%	69,808	138
91-180 days	1.19%	7,630	91
181-270 days	4.45%	6,833	304
271-365 days	22.35%	1,360	304
Over 1 year	100.00%	439	439
		<u>86,070</u>	<u>1,276</u>

As at 31 May 2025			
	Expected loss	Gross carrying	Loss allowance
	rates	amount	
	%	RMB'000	RMB'000
0-90 days	0.31%	205,903	629
91-180 days	1.67%	25,227	422
181-270 days	6.66%	7,272	484
271-365 days	20.93%	7,077	1,481
Over 1 year	100.00%	1,973	1,973
		<u>247,452</u>	<u>4,989</u>

These rates are adjusted to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Loss allowance made for bills receivables as of 31 December 2022, 2023 and 2024 and five months ended 31 May 2025 was Nil, RMB933,000, Nil and RMB3,000. These bills receivables are issued by customers who are experiencing unexpected economic difficulties. The Group expects that the amounts of the bill receivables will partially or entirely have difficulty to be recovered and has recognised impairment losses.

Loss allowances of trade receivables

Movement in the loss allowance account in respect of trade receivables during the years ended 31 December 2022, 2023 and 2024 and five months ended 31 May 2025 is as follows:

	As at 31 December			As at 31 May
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of the year/period	1,024	2,049	10,544	56,425
Transfer from bills receivable	—	—	933	—
Impairment loss/(reversal of impairment loss) during the year/period	1,025	8,495	45,040	(14,116)
Amounts written off	—	—	(92)	—
At the end of the year/period	<u>2,049</u>	<u>10,544</u>	<u>56,425</u>	<u>42,309</u>

Loss allowances of other receivables

Loss allowances in respect of other receivables are recorded using an allowance account unless the Group is satisfied that there is no reasonable expectation of further recoveries in which case the receivables are written off.

The movement in the loss allowances in respect of other receivables during the years ended 31 December 2022, 2023 and 2024 and five months ended 31 May 2025 is as follows.

	As at 31 December			As at 31 May
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of the year/period	310	195	333	333
(Reversal of impairment loss)/ impairment loss during the year/ period	<u>(115)</u>	<u>138</u>	<u>—</u>	<u>32</u>
At the end of the year/period	<u>195</u>	<u>333</u>	<u>333</u>	<u>365</u>

(b) Liquidity risk

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

The consolidated financial statements have been prepared assuming the Group will continue as a going concern notwithstanding the net current liabilities of RMB217,666,000 of the Group as at 31 May 2025. The directors are of the opinion that the Group will have necessary liquid funds to finance its working capital and capital expenditure requirements.

The following table details the remaining contractual maturities as at the end of the reporting periods of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates on, if floating, based on rates current at the end of the reporting periods) and the earliest date the Group can be required to pay.

For borrowings subject to repayment on demand clause which can be exercised at the bank's sole discretion, the maturity analysis shows the cash outflow based on expected repayment dates with reference to the schedule of repayments set out in the banking facilities letter.

As at 31 December 2022						
	Within 1 year or on demand RMB'000	More than 1 year but within 2 years RMB'000	More than 2 years but within 5 years RMB'000	More than 5 years RMB'000	Total contractual undiscounted cash flow RMB'000	Carrying amount RMB'000
Trade and bills payables	53,023	—	—	—	53,023	53,023
Other payables and accruals	82,025	—	—	—	82,025	82,025
Lease liabilities	4,107	3,712	9,368	5,149	22,336	20,204
	<u>139,155</u>	<u>3,712</u>	<u>9,368</u>	<u>5,149</u>	<u>157,384</u>	<u>155,252</u>
As at 31 December 2023						
	Within 1 year or on demand RMB'000	More than 1 year but within 2 years RMB'000	More than 2 years but within 5 years RMB'000	More than 5 years RMB'000	Total contractual undiscounted cash flow RMB'000	Carrying amount RMB'000
Trade and bills payables	210,964	—	—	—	210,964	210,964
Other payables and accruals	264,260	—	—	—	264,260	264,260
Bank loans and other borrowings	321,687	217,834	288,698	23,668	851,887	783,718
Lease liabilities	9,746	9,749	24,880	29,674	74,049	62,145
	<u>806,657</u>	<u>227,583</u>	<u>313,578</u>	<u>53,342</u>	<u>1,401,160</u>	<u>1,321,087</u>

As at 31 December 2024						
	Within 1 year or on demand RMB'000	More than 1 year but within 2 years RMB'000	More than 2 years but within 5 years RMB'000	More than 5 years RMB'000	Total contractual undiscounted cash flow RMB'000	Carrying amount RMB'000
Trade and bills payables	158,750	—	—	—	158,750	158,750
Other payables and accruals	323,729	—	—	—	323,729	323,729
Bank loans and other borrowings	674,450	282,373	328,659	596,802	1,882,284	1,694,179
Lease liabilities	8,793	8,847	26,161	21,814	65,615	55,105
	<u>1,165,722</u>	<u>291,220</u>	<u>354,820</u>	<u>618,616</u>	<u>2,430,378</u>	<u>2,231,763</u>
As at 31 May 2025						
	Within 1 year or on demand RMB'000	More than 1 year but within 2 years RMB'000	More than 2 years but within 5 years RMB'000	More than 5 years RMB'000	Total contractual undiscounted cash flow RMB'000	Carrying amount RMB'000
Trade and bills payables	129,614	—	—	—	129,614	129,614
Other payables and accruals	207,427	—	—	—	207,427	207,427
Bank loans and other borrowings	642,339	311,408	371,331	714,576	2,039,654	1,852,889
Lease liabilities	8,793	8,886	25,734	18,882	62,295	52,494
	<u>988,173</u>	<u>320,294</u>	<u>397,065</u>	<u>733,458</u>	<u>2,438,990</u>	<u>2,242,424</u>

(c) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises primarily from the Group's bank loans and other borrowings. Bank loans and other borrowings issued at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The Group does not use financial derivatives to hedge against the interest rate risk. However, if interest rate fluctuates significantly, appropriate measures would be taken to manage interest risk exposure. The Group's interest rate profile as monitored by management is set out in (i) below.

(i) Interest rate profile

The following table details the interest rate profile of the Group at the end of the reporting periods.

	As at 31 December 2022		As at 31 December 2023		As at 31 December 2024		As at 31 May 2025	
	Effective interest rate	Amount RMB'000	Effective interest rate	Amount RMB'000	Effective interest rate	Amount RMB'000	Effective interest rate	Amount RMB'000
Fixed rate instruments:								
Bank loans and other borrowings	—	—	2.85%–5.00%	347,694	2.52%–3.65%	269,362	2.52%–3.65%	253,120
Lease liabilities	4.75%–4.90%	20,204	4.75%–4.90%	62,145	3.95%–4.90%	55,105	3.95%–4.90%	52,494
		20,204		409,839		324,467		305,614
Variable rate instruments:								
Bank loans and other borrowings	—	—	3.45%–4.65%	436,024	2.70%–4.40%	1,424,817	2.70%–4.40%	1,599,769
		20,204		845,863		1,749,284		1,905,383

(ii) Sensitivity analysis

As at 31 December 2022, 2023 and 2024 and 31 May 2025, it is estimated that a general increase/decrease of 1% in interest rates, with all other variables held constant, would have increase/decrease the Group's profit/(loss) after taxation and accumulated losses by Nil, RMB4,360,000, RMB14,248,000 and RMB15,998,000 respectively.

The sensitivity analysis above indicates the instantaneous change in the Group's profit/(loss) after taxation that would arise assuming that the change in interest rates had occurred at the end of the reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments the Group held at the end of the reporting periods, the impact on the Group's profit/(loss) after taxation is estimated as an annualised impact on interest expense of such a change in interest rates. The analysis is performed on the same basis during the Track Record Period.

(d) Foreign currency risk

The Group is exposed to foreign currency risk primarily through sales and purchases which give rise to receivables, payables, and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily United States Dollars ("USD"), Euro ("EUR") and Japanese Yen ("JPY").

(i) Exposure to currency risk

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

The Group's exposures to foreign currencies are as follows:

	As at 31 December									As at 31 May		
	2022			2023			2024			2025		
	USD	EUR	JPY	USD	EUR	JPY	USD	EUR	JPY	USD	EUR	JPY
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cash and cash equivalents	231	—	—	67,187	—	—	1,436	—	—	4,288	—	—
Trade and bills receivables	8,885	—	—	107,544	10	—	1,818	—	—	88	—	—
Prepayments, deposits and other receivables	55,668	700	—	81,971	19,593	19,272	78,134	97	19,272	59,325	—	2,115
Trade and bills payables	(4,440)	—	(507)	(28,427)	(3,192)	(2,544)	(26,852)	(5,244)	(3,225)	(21,585)	(2,904)	(3,225)
	60,344	700	(507)	228,275	16,411	16,728	54,536	(5,147)	16,047	42,116	(2,904)	(1,110)

(ii) *Sensitivity analysis*

A 5% strengthening of RMB against the following currencies at the reporting date is estimated that a general decrease/increase the profit/(loss) after taxation (and accumulated losses) by the amounts shown below. This analysis assumes that all other variables, including interest rates, remain constant.

	Year ended 31 December			Five months ended 31 May
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
USD	3,017	11,414	2,727	2,106
EUR	35	821	(257)	(145)
JPY	(25)	836	(55)	(68)

A 5% weakening of RMB against the above currencies would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' profit/(loss) after tax and equity measured in the respective functional currencies, translated into RMB at the exchange rate ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency. The analysis is performed on the same basis during the Track Record Period.

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

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 December 2022, 2023 and 2024 and 31 May 2025.

31 COMMITMENTS

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

	As at 31 December			As at 31 May
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Contracted for acquisition of property, plant and equipment	909,938	1,499,269	1,187,807	1,099,368
Authorised but not contracted for: — acquisition of property, plant and equipment	413,016	575,362	10,175	—
Total	<u>1,322,954</u>	<u>2,074,631</u>	<u>1,197,982</u>	<u>1,099,368</u>

32 MATERIAL RELATED PARTY TRANSACTIONS

(a) Name and relationship with related parties

During the Track Record Period, the directors are of the view that the following are related parties of the Group:

Name of related party	Relationship with the Group
Mr. Li Xiguang 李錫光	Executive directors
Mr. Au Yeung Chung 歐陽忠	Non-executive director
Mr. Zhuang Shuguang 莊樹廣	Supervisor
Mr. Yuan Yi 袁毅	Supervisor
Ms. Li Yongmei 李詠梅	Vice general manager
Ms. Tang Lijun 唐麗君	A close family member of Mr. Au Yeung Chung
Ms. Su Qin 蘇琴	A close family member of Mr. Li Xiguang
Ms. Zhang Rihuan 張日歡	A close family member of Mr. Zhuang Shuguang
Ms. Liang Ruinan 梁瑞南	A close family member of Mr. Yuan Yi
Mr. Jiang Dacai 姜達才	Non-executive director
Dongguan Jintian Real Estate Co., Ltd.* 東莞市金田置業有限公司	An entity controlled by Mr. Au Yeung Chung
Dongguan Gaotian Real Estate Development Co., Ltd.* 東莞市高田房地產開發有限公司	An entity controlled by Mr. Au Yeung Chung

Name of related party	Relationship with the Group
Dongguan Juyuan Microelectronics Co., Ltd.* (deregistered in June 2023) 東莞市巨源微電子有限公司	An entity controlled by Mr. Li Xiguang
Dongguan Baohong Technology Co., Ltd.* (deregistered in May 2023) 東莞市寶泓科技有限公司	An entity controlled by close relatives of Mr. Zhuang Shuguang
Dongguan Hongying Semiconductor Co., Ltd.* (deregistered in December 2022) 東莞宏盈半導體有限公司	An entity controlled by Ms. Li Yongmei
Dongguan Jintian Paper Co., Ltd.* 東莞市金田紙業有限公司	An entity controlled by Mr. Au Yeung Chung
Dongguan Yuebao Digital Disc Company Limited* 東莞市粵寶數碼光盤有限公司	An entity commonly owned by Mr. Li Xiguang and Mr. Au Yeung Chung
Dongguan Jiazhi Investment Service Center (Limited Partnership)* (deregistered in January 2023) 東莞市佳智投資服務中心(有限合夥)	An entity controlled by Mr. Li Xiguang
Guangdong Simiaotang Health Management Co., Ltd.* 廣東思邈堂健康管理有限公司	An entity controlled by Ms. Su Qin
Shenzhen Brilliant Technology Co., Ltd.* 深圳市卓瑞源科技有限公司	An entity which has significant influence by Mr. Au Yeung Chung
Shanghai Xianpu Gas Technology Co., Ltd.* 上海先普氣體技術有限公司	An entity which has significant influence by Mr. Jiang Dacai
Beijing Tesidi Semiconductor Equipment Co., Ltd.* 北京特思迪半導體設備有限公司	An entity which has significant influence by Mr. Jiang Dacai
* The official names of these entities are in Chinese. The English translation of the names are for identification purpose only.	

(b) Key management personnel remuneration

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

	Year ended 31 December			Five months ended 31 May	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Salaries and other emoluments	3,413	7,545	6,847	2,889	2,856
Discretionary bonuses	2,833	484	1,290	—	—
Share-based payments	2,817	7,288	8,165	2,329	4,425
Retirement scheme contributions	201	245	282	114	132
	<u>9,264</u>	<u>15,562</u>	<u>16,584</u>	<u>5,332</u>	<u>7,413</u>

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

In addition to the related party information disclosed elsewhere in the consolidated financial statements, the Group entered into the following material related party transactions.

(c) Transactions with related parties

Transactions with related parties are carried out based on terms agreed with the counterparties in ordinary course of business. Apart from disclosures made in other parts of the consolidated financial statements, the Group entered into the following material related party transactions during the Track Record Period.

	Year ended 31 December			Five months ended 31 May	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Sale of goods to related parties					
Shenzhen Brilliant Technology Co., Ltd.	<u>—</u>	<u>—</u>	<u>208</u>	<u>—</u>	<u>101</u>
Provision of service to related parties					
Beijing Tesidi Semiconductor Equipment Co., Ltd.	<u>—</u>	<u>—</u>	<u>27</u>	<u>16</u>	<u>—</u>
Dongguan Jintian Paper Co., Ltd.	<u>594</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Dongguan Juyuan Microelectronics Co., Ltd.	<u>2</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<u>596</u>	<u>—</u>	<u>27</u>	<u>16</u>	<u>—</u>

	Year ended 31 December			Five months ended 31 May	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Purchases of goods from					
Dongguan Juyuan Microelectronics Co., Ltd.	9,083	—	—	—	—
Guangdong Simiaotang Health Management Co., Ltd.	—	49	—	—	2
Shanghai Xianpu Gas Technology Co., Ltd.	—	2,115	3,740	30	—
Beijing Tesidi Semiconductor Equipment Co., Ltd.	—	10,763	11,549	11,540	23
Dongguan Baohong Technology Co., Ltd.	8,928	—	—	—	—
	<u>18,011</u>	<u>12,927</u>	<u>15,289</u>	<u>11,570</u>	<u>25</u>
Rental income from					
Dongguan Juyuan Microelectronics Co., Ltd.	<u>33</u>	<u>19</u>	<u>—</u>	<u>—</u>	<u>—</u>
Lease expenses to					
Dongguan Yuebao Digital Disc Company Limited	<u>1,910</u>	<u>4,820</u>	<u>7,860</u>	<u>3,275</u>	<u>3,275</u>
Interest income from					
Mr. Li Xiguang	<u>20</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Interest expense to					
Dongguan Jintian Paper Co., Ltd.	285	—	—	—	—
Mr. Au Yeung Chung	123	—	—	—	—
Mr. Yuan Yi	26	—	—	—	—
Mr. Zhuang Shuguang	<u>53</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<u>487</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

(d) Balances with related parties

	As at 31 December			As at 31 May
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills receivables				
Shenzhen Brilliant Technology Co., Ltd.	—	—	1,954	5,356
Prepayments, deposits and other receivables				
Beijing Tesidi Semiconductor Equipment Co., Ltd.	—	15,285	11,445	11,445
Other payables and accruals				
<u>Amounts due to related parties</u>				
Shanghai Xianpu Gas Technology Co., Ltd	—	1,968	4,565	4,577
Beijing Tesidi Semiconductor Equipment Co., Ltd	—	4,074	11,125	11,145
	—	6,042	15,690	15,722

Note: All balances with related parties are trade in nature.

(e) Guarantees provided by related parties

	As at 31 December			As at 31 May
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Bank loans and other borrowings granted to the Group with guarantees by related parties	915,739	3,240,164	6,210,000	6,490,000

Note: Certain facilities granted to the Group were guaranteed by certain directors, supervisors and related parties.

As at 31 December 2022, 2023 and 2024 and 31 May 2025, certain of the Group's bank loans and other borrowings were guaranteed by related parties. All such guarantees will be replaced by a corporate guarantee of the Company or released prior to or upon Listing.

33 CONTROLLING PARTIES

Mr. Li Xiguang and Mr. Au Yeung Chung are acting in concert with each other pursuant to the acting-in-concert agreement. Dongguan Tianyu Gongchuang Investment Consulting Co., Ltd. (東莞市天域共創投資諮詢有限公司) (“Tianyu Gongchuang”), Dongguan Dinghong Investment Consulting Center (Limited Partnership) (東莞市鼎弘投資諮詢中心(有限合夥)) (“Dinghong Investment”), Dongguan Runsheng Investment Consulting Center (Limited Partnership) (東莞市潤生投資諮詢中心(有限合夥)) (“Runsheng Investment”), and Dongguan Wanghe Investment Consulting Center (Limited Partnership) (東莞市旺和投資諮詢中心(有限合夥)) (“Wanghe Investment”) are entities controlled by Mr. Li. Tianyu Gongchuang is owned as to 99% by Mr. Li Xiguang and 1% by Ms. Su Qin. In light of the above, Mr. Li Xiguang, Mr. Au Yeung Chung, Ms. Su Qin, Tianyu Gongchuang, Dinghong Investment, Runsheng Investment and Wanghe Investment are considered to be the Group’s immediate and ultimate controlling parties.

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

Up to the date of the issue of the consolidated financial statements, the IASB has issued a number of new or amended standards, which are not yet effective for the Track Record Period and which have not been adopted in the consolidated financial statements.

	Effective for accounting periods beginning on or after
Amendments to IFRS 9 and IFRS 7, <i>Contracts Referencing Nature-dependent Electricity</i>	1 January 2026
Amendments to IFRS 9 and IFRS 7: <i>Amendments to the Classification and Measurement of Financial Instruments</i>	1 January 2026
Annual Improvements to IFRS Accounting Standards — Volume 11	1 January 2026
IFRS 18 <i>Presentation and Disclosure in Financial Statements</i>	1 January 2027
IFRS 19, <i>Subsidiaries without Public Accountability: Disclosures</i>	1 January 2027
Amendments to IFRS 10 and IAS 28, <i>Sale or contribution of assets between an investor and its associate or joint venture</i>	To be determined

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

IFRS 18, *Presentation and disclosure in financial statements*

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

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

The Group does not plan to early adopt IFRS18 will impact the presentation of financial statements and is not expected to have significant impact on the financial performance and positions of the Group.

35 SIGNIFICANT NON-ADJUSTING EVENTS AFTER THE TRACK RECORD PERIOD

There was no material non-adjusting event after the Track Record Period up to the date of the issue of the consolidated financial statements.