

Suzhou Novosense Microelectronics Co., Ltd.

Underlying Financial statements

**For the years ended December 31, 2022, 2023 and 2024
and six months ended June 30, 2025**



KPMG
8th Floor, Prince's Building
Central, Hong Kong
G P O Box 50, Hong Kong
Telephone +852 2522 6022
Fax +852 2845 2588
Internet kpmg.com/cn

Independent auditor's report
to the directors of Suzhou Novosense Microelectronics Co., Ltd.
(incorporated in the People's Republic of China with limited liability)

Opinion

We have audited the consolidated financial statements of Suzhou Novosense Microelectronics Co., Ltd. ("the Company") and its subsidiaries ("the Group") set out on pages 4 to 125, which comprise the consolidated statements of financial position of the Group and the statements of financial position of the Company as at December 31, 2022, 2023 and 2024, and June 30, 2025, the consolidated statements of profit or loss, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 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 December 31, 2022, 2023 and 2024 and June 30, 2025 and of the Group's consolidated financial performance and the Group's consolidated cash flows for each of the years ended December 31, 2022, 2023 and 2024 and the six months ended June 30, 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 People's Republic of China, 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, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the six months ended June 30, 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 HKSAAs 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

Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

November 28, 2025

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

(Expressed in Renminbi (“RMB”))

		Year ended December 31,			Six months ended June 30,	
	Note	2022	2023	2024	2024	2025
		RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
					(unaudited)	
Revenue	4	1,670,393	1,310,927	1,960,274	848,871	1,523,665
Cost of sales		(860,119)	(866,865)	(1,410,928)	(597,092)	(1,022,993)
Gross profit		810,274	444,062	549,346	251,779	500,672
Other net income	5	119,944	158,195	98,529	41,023	41,680
Selling and marketing expenses		(69,980)	(117,444)	(188,942)	(85,471)	(109,975)
Administrative expenses		(169,111)	(245,083)	(286,872)	(139,516)	(143,234)
Research and development expenses		(403,812)	(521,614)	(539,992)	(319,220)	(361,282)
Impairment loss on trade receivables		(6,711)	(574)	(13,466)	(8,052)	(3,743)
Profit/(loss) from operations		280,604	(282,458)	(381,397)	(259,457)	(75,882)
Finance costs	6(a)	(7,454)	(6,383)	(16,435)	(8,279)	(11,328)
Share of losses and provision for impairment of associates	16	(20,002)	(8,219)	(6,323)	(1,605)	(2,392)
Profit/(loss) before taxation	6	253,148	(297,060)	(404,155)	(269,341)	(89,602)
Income tax	7	(3,027)	(8,275)	1,277	4,090	11,592
Profit/(loss) for the year/period		<u>250,121</u>	<u>(305,335)</u>	<u>(402,878)</u>	<u>(265,251)</u>	<u>(78,010)</u>
Attributable to:						
Equity shareholders of the Company		250,574	(305,335)	(402,878)	(265,251)	(78,010)
Non-controlling interests		(453)	–	–	–	–
Profit/(loss) for the year/period		<u>250,121</u>	<u>(305,335)</u>	<u>(402,878)</u>	<u>(265,251)</u>	<u>(78,010)</u>
Earnings/(loss) per share						
Basic and Diluted (RMB)	10	<u>1.93</u>	<u>(2.16)</u>	<u>(2.86)</u>	<u>(1.88)</u>	<u>(0.55)</u>

The accompanying notes form part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Expressed in Renminbi (“RMB”))

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
				(unaudited)	
Profit/(loss) for the year/period	<u>250,121</u>	<u>(305,335)</u>	<u>(402,878)</u>	<u>(265,251)</u>	<u>(78,010)</u>
Other comprehensive income for the year/period					
Item that is or may be reclassified subsequently to profit or loss:					
Exchange differences on translation of:					
– financial statements of overseas subsidiaries	<u>–</u>	<u>106</u>	<u>(749)</u>	<u>(378)</u>	<u>2,424</u>
Total comprehensive income for the year/period	<u>250,121</u>	<u>(305,229)</u>	<u>(403,627)</u>	<u>(265,629)</u>	<u>(75,586)</u>
Attributable to:					
Equity shareholders of the Company	250,574	(305,229)	(403,627)	(265,629)	(75,586)
Non-controlling interests	<u>(453)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Total comprehensive income for the year/period	<u>250,121</u>	<u>(305,229)</u>	<u>(403,627)</u>	<u>(265,629)</u>	<u>(75,586)</u>

The accompanying notes form part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

CO 3rd Sch 31

(Expressed in Renminbi (“RMB”))

		As at December 31,			As at
	Note	2022	2023	2024	June 30,
		RMB '000	RMB '000	RMB '000	2025
					RMB '000
Non-current assets					
Property, plant and equipment	11	544,023	1,284,570	1,523,589	1,587,087
Right-of-use assets	12	25,008	23,239	16,440	15,702
Intangible assets	13	28,128	45,019	390,732	359,442
Goodwill	14	—	—	504,142	504,142
Interests in associates	16	95,717	74,998	96,675	104,283
Financial assets measured at fair value through profit or loss (“FVPL”)	17	52,500	155,543	290,129	327,626
Time deposits	22(f)	50,000	50,000	—	80,214
Other non-current assets	18	304,545	200,513	137,840	18,520
Deferred tax assets	28(b)	26,579	23,577	25,876	39,969
		<u>1,126,500</u>	<u>1,857,459</u>	<u>2,985,423</u>	<u>3,036,985</u>
Current assets					
Inventories and contract costs	19	605,471	827,794	832,556	1,053,456
Contract assets	20(a)	—	—	285	285
Trade and other receivables	21	389,707	470,231	646,981	923,755
Financial assets measured at FVPL	17	3,463,590	2,249,639	2,080,083	1,808,649
Time deposits	22(f)	—	—	94,334	50,000
Restricted bank deposits	22(e)	568	—	20,835	23,606
Cash and cash equivalents	22(a)	1,264,617	1,751,191	1,013,079	713,114
		<u>5,723,953</u>	<u>5,298,855</u>	<u>4,688,153</u>	<u>4,572,865</u>
Current liabilities					
Trade and other payables	23	266,149	287,059	627,878	584,874
Contract liabilities	20(b)	22,279	16,500	16,136	18,756
Interest-bearing borrowings	24	21,350	264,100	62,382	69,565
Lease liabilities	25	16,438	15,554	7,822	7,644
Current taxation	28(a)	458	324	3,666	4,520
Refund liabilities from right of return	29	—	—	39,178	36,650
		<u>326,674</u>	<u>583,537</u>	<u>757,062</u>	<u>722,009</u>
Net current assets		<u>5,397,279</u>	<u>4,715,318</u>	<u>3,931,091</u>	<u>3,850,856</u>
Total assets less current liabilities		<u>6,523,779</u>	<u>6,572,777</u>	<u>6,916,514</u>	<u>6,887,841</u>

		As at December 31,			As at
	Note	2022	2023	2024	June 30,
		RMB '000	RMB '000	RMB '000	2025
					RMB '000
Non-current liabilities					
Interest-bearing borrowings	24	7,008	330,422	791,421	808,684
Lease liabilities	25	5,743	6,119	6,434	6,485
Payable for acquisition of subsidiaries	30(b)	—	—	55,037	34,978
Deferred income	26	12,514	16,425	31,244	36,603
Deferred tax liabilities	28(b)	—	—	48,516	45,452
Refund liabilities from right of return	29	—	12,289	4,393	5,031
Financial liability measured at FVPL	30(b)	—	—	32,355	32,792
		<u>25,265</u>	<u>365,255</u>	<u>969,400</u>	<u>970,025</u>
NET ASSETS		6,498,514	6,207,522	5,947,114	5,917,816
CAPITAL AND RESERVES					
Share capital	31	101,064	142,529	142,529	142,529
Treasury shares	31	—	(200,106)	(14,907)	(14,907)
Reserves	31	<u>6,396,430</u>	<u>6,264,079</u>	<u>5,814,722</u>	<u>5,785,424</u>
Total equity attributable to equity shareholders of the Company		6,497,494	6,206,502	5,942,344	5,913,046
Non-controlling interests		<u>1,020</u>	<u>1,020</u>	<u>4,770</u>	<u>4,770</u>
TOTAL EQUITY		<u>6,498,514</u>	<u>6,207,522</u>	<u>5,947,114</u>	<u>5,917,816</u>

Approved and authorized for issue by the Board of Directors on 28 November 2025.



Wang Shengyang
Chairman of the Board



Sheng Yun
Executive Director

The accompanying notes form part of the consolidated financial statements.

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

CO 3rd Sch 31

(Expressed in Renminbi (“RMB”))

		As at December 31,			As at
	Note	2022	2023	2024	June 30,
		RMB '000	RMB '000	RMB '000	2025
					RMB '000
Non-current assets					
Property, plant and equipment	11	489,389	727,077	820,780	879,456
Right-of-use assets		6,199	10,487	14,391	15,096
Intangible assets	13	24,710	41,477	58,324	49,037
Interests in subsidiaries	15	228,016	543,683	1,631,100	1,712,696
Interests in an associate	16	14,847	8,638	4,001	2,848
Financial assets measured at FVPL	17	30,000	60,000	64,456	65,386
Time deposits	22(f)	50,000	50,000	–	80,214
Other non-current assets	18	302,747	199,272	132,574	14,743
Deferred tax assets		22,609	24,059	24,635	43,267
		<u>1,168,517</u>	<u>1,664,693</u>	<u>2,750,261</u>	<u>2,862,743</u>
Current assets					
Inventories and contract costs	19(a)	594,892	812,644	692,286	915,009
Trade and other receivables	21	415,905	567,012	805,595	1,141,410
Financial assets measured at FVPL	17	3,463,590	2,249,639	2,080,083	1,808,649
Time deposits	22(f)	–	–	94,334	40,000
Restricted bank deposits		–	–	20,835	23,606
Cash and cash equivalents	22(a)	<u>1,174,036</u>	<u>1,587,348</u>	<u>804,676</u>	<u>464,433</u>
		<u>5,648,423</u>	<u>5,216,643</u>	<u>4,497,809</u>	<u>4,393,107</u>
Current liabilities					
Trade and other payables	23	217,398	240,571	505,067	548,969
Contract liabilities		21,301	7,952	9,488	12,561
Interest-bearing borrowings	24	21,350	243,188	40,029	40,029
Lease liabilities		2,065	7,350	5,558	6,838
Refund liabilities from right of return		–	–	27,717	31,382
		<u>262,114</u>	<u>499,061</u>	<u>587,859</u>	<u>639,779</u>
Net current assets		<u>5,386,309</u>	<u>4,717,582</u>	<u>3,909,950</u>	<u>3,753,328</u>
Total assets less current liabilities		<u>6,554,826</u>	<u>6,382,275</u>	<u>6,660,211</u>	<u>6,616,071</u>

		As at December 31,			As at
	Note	2022	2023	2024	June 30,
		RMB '000	RMB '000	RMB '000	2025
					RMB '000
Non-current liabilities					
Interest-bearing borrowings	24	7,008	—	432,317	460,339
Lease liabilities		78	4,332	6,434	6,384
Payable for acquisition of subsidiaries	30(b)	—	—	42,395	34,978
Deferred income		12,514	16,425	27,649	32,462
Refund liabilities from right of return		—	12,289	4,393	5,031
Financial liability measured at FVPL	30(b)	—	—	32,355	32,792
		19,600	33,046	545,543	571,986
NET ASSETS		6,535,226	6,349,229	6,114,668	6,044,085
CAPITAL AND RESERVES					
Share capital	31	101,064	142,529	142,529	142,529
Treasury shares	31	—	(200,106)	(14,907)	(14,907)
Reserves	31	6,434,162	6,406,806	5,987,046	5,916,463
TOTAL EQUITY		6,535,226	6,349,229	6,114,668	6,044,085

Approved and authorized for issue by the Board of Directors on 28 November 2025.


 Wang Shengyang
 Chairman of the Board


 Sheng Yun
 Executive Director

The accompanying notes form part of the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Expressed in Renminbi (“RMB”))

	Note	Attributable to equity shareholders of the Company				Non-controlling interests RMB'000	Total equity RMB'000
		Share capital RMB'000	Capital reserve RMB'000	PRC statutory reserve RMB'000	Retained profits RMB'000		
Balance at January 1, 2022		75,798	199,877	27,514	246,501	5,976	555,666
Changes in equity for 2022:							
Profit for the year		—	—	—	250,574	(453)	250,121
Total comprehensive income		—	—	—	250,574	(453)	250,121
Issue of ordinary shares by initial public offering on STAR Market of Shanghai Stock Exchange (“A Share Listing”), net of transaction costs	31(c)	25,266	5,555,981	—	—	—	5,581,247
Capital contribution from non-controlling interests		—	—	—	—	1,020	1,020
Equity-settled share-based transactions	27	—	196,705	—	—	—	196,705
Appropriation to statutory reserves		—	—	29,303	(29,303)	—	—
Dividends declared	31(b)	—	—	—	(80,851)	—	(80,851)
Tax effect from equity-settled share-based transactions	28(b)	—	129	—	—	—	129
Disposal of a subsidiary		—	—	—	—	(5,523)	(5,523)
Balance at December 31, 2022 and January 1, 2023		101,064	5,952,692	56,817	386,921	1,020	6,498,514

Attributable to equity shareholders of the Company									
Note	Share capital RMB'000	Treasury shares RMB'000	Capital reserve RMB'000	Exchange reserve RMB'000	PRC statutory reserve RMB'000	Retained profits RMB'000	Sub total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at January 1, 2023	101,064	—	5,952,692	—	56,817	386,921	6,497,494	1,020	6,498,514
Changes in equity for 2023:									
Loss for the year	—	—	—	—	—	(305,335)	(305,335)	—	(305,335)
Other comprehensive income	—	—	—	106	—	—	106	—	106
Total comprehensive income	—	—	—	106	—	(305,335)	(305,229)	—	(305,229)
Issue of ordinary shares for equity-settled share-based transactions	31(c) 1,039	—	69,602	—	—	—	70,641	—	70,641
Purchase of own shares	31(d) —	(200,106)	—	—	—	—	(200,106)	—	(200,106)
Equity-settled share-based transactions	27 —	—	221,073	—	—	—	221,073	—	221,073
Capital reserve converted into share capital	31(c) 40,426	—	(40,426)	—	—	—	—	—	—
Dividends declared	31(b) —	—	—	—	—	(80,851)	(80,851)	—	(80,851)
Tax effect from equity-settled share-based transactions	28(b) —	—	3,480	—	—	—	3,480	—	3,480
Balance at December 31, 2023 and January 1, 2024	142,529	(200,106)	6,206,421	106	56,817	735	6,206,502	1,020	6,207,522

Attributable to equity shareholders of the Company									
Note	Share capital RMB '000	Treasury shares RMB '000	Capital reserve RMB '000	Exchange reserve RMB '000	PRC statutory reserve RMB '000	Retained profits/ (accumulated losses) RMB '000	Sub total RMB '000	Non-controlling interests RMB '000	Total equity RMB '000
Balance at January 1, 2024	142,529	(200,106)	6,206,421	106	56,817	735	6,206,502	1,020	6,207,522
Changes in equity for 2024:									
Loss for the year	–	–	–	–	–	(402,878)	(402,878)	–	(402,878)
Other comprehensive income	–	–	–	(749)	–	–	(749)	–	(749)
Total comprehensive income	–	–	–	(749)	–	(402,878)	(403,627)	–	(403,627)
Capital contribution from non-controlling interests	–	–	–	–	–	–	–	3,750	3,750
Settlement of equity-settled share-based transactions	31(d)	–	185,199	(113,233)	–	–	71,966	–	71,966
Equity-settled share-based transactions	27	–	–	70,895	–	–	70,895	–	70,895
Tax effect from equity-settled share-based transactions	28(b)	–	–	(3,392)	–	–	(3,392)	–	(3,392)
Balance at December 31, 2024 and January 1, 2025	<u>142,529</u>	<u>(14,907)</u>	<u>6,160,691</u>	<u>(643)</u>	<u>56,817</u>	<u>(402,143)</u>	<u>5,942,344</u>	<u>4,770</u>	<u>5,947,114</u>

The accompanying notes form part of the consolidated financial statements.

Attributable to equity shareholders of the Company

	<i>Note</i>	PRC							Total equity
		Share capital	Treasury shares	Capital reserve	Exchange reserve	statutory reserve	Accumulated losses	Non-controlling interests	
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Balance at January 1, 2025		142,529	(14,907)	6,160,691	(643)	56,817	(402,143)	5,942,344	5,947,114
Changes in equity for period ended June 30, 2025:									
Loss for the period		—	—	—	—	—	(78,010)	(78,010)	(78,010)
Other comprehensive income		—	—	—	2,424	—	—	2,424	2,424
Total comprehensive income		—	—	—	2,424	—	(78,010)	(75,586)	(75,586)
Equity-settled share-based transactions	27	—	—	42,839	—	—	—	42,839	42,839
Tax effect from equity-settled share-based transactions	28(b)	—	—	3,449	—	—	—	3,449	3,449
Balance at June 30, 2025		142,529	(14,907)	6,206,979	1,781	56,817	(480,153)	5,913,046	5,917,816

(unaudited)

Attributable to equity shareholders of the Company

					PRC	Retained			
		Share	Treasury	Capital	Exchange	statutory	profits/	Non-controlling	
	Note	capital	shares	reserve	reserve	reserve	(accumulated	Sub total	Total equity
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	losses)	RMB'000	RMB'000
Balance at January 1, 2024		142,529	(200,106)	6,206,421	106	56,817	735	6,206,502	1,020
Changes in equity for period ended June 30, 2024:									
Loss for the period		-	-	-	-	-	(265,251)	(265,251)	-
Other comprehensive income		-	-	-	(378)	-	-	(378)	-
Total comprehensive income		-	-	-	(378)	-	(265,251)	(265,629)	-
Equity-settled share-based transactions	27	-	-	147,309	-	-	-	147,309	-
Tax effect from equity-settled share-based transactions		-	-	(3,608)	-	-	-	(3,608)	-
Balance at June 30, 2024		142,529	(200,106)	6,350,122	(272)	56,817	(264,516)	6,084,574	1,020

The accompanying notes form part of the consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENTS

(Expressed in Renminbi (“RMB”))

	Note	As at December 31,			Six months ended June 30,	
		2022	2023	2024	2024	2025
		RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
					(unaudited)	
Operating activities						
Cash (used in)/generated from operations	22(b)	(198,489)	(137,482)	96,441	8,806	(306,403)
Income tax paid	28(a)	(30,342)	(1,927)	(1,387)	(408)	(1,262)
Net cash (used in)/generated from operating activities		(228,831)	(139,409)	95,054	8,398	(307,665)
Investing activities						
Payment for the purchase of property, plant and equipment and intangible assets		(397,543)	(890,496)	(397,026)	(179,152)	(144,376)
Proceeds from disposal of property, plant and equipment		—	13	51	14	—
Proceeds from disposal of a subsidiary		40,226	—	—	—	—
Acquisition of subsidiaries, net of cash acquired	30(c)	—	—	(740,432)	—	(60,176)
Payment for the purchase of associates		(81,000)	(15,500)	(28,000)	(20,000)	(10,000)
Proceeds from disposal of an associate		—	—	30,000	30,000	—
Loans paid to an associate		(500)	—	—	—	—
Loans repaid by an associate		—	509	—	—	—
Payment for the purchase of time deposits		(50,000)	—	(40,000)	—	(130,000)
Proceeds from disposal of time deposits		—	—	—	—	95,175
Payment for the purchase of financial asset measured at FVPL		(12,530,225)	(13,088,043)	(9,694,750)	(4,872,000)	(4,809,000)
Proceeds from disposal of financial asset measured at FVPL		8,997,770	14,222,545	9,734,138	5,856,639	5,055,483
Investment income received	5	49,653	66,613	36,187	15,324	15,134
Dividends received from investments in financial asset measured at FVPL	5	—	367	37	—	940
Net cash (used in)/generated from investing activities		(3,971,619)	296,008	(1,099,795)	830,825	13,180

	Note	As at December 31,			Six months ended June 30,	
		2022	2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
					(unaudited)	
Financing activities						
Issue of ordinary shares by initial public offering on A Share Listing, net of transaction costs		5,567,781	–	–	–	–
Cash receipts from capital contributions from non-controlling interests of a subsidiary		1,020	–	3,750	–	–
Capital element of lease rentals paid	22(c)	(13,216)	(14,834)	(17,009)	(10,195)	(4,408)
Interest element of lease rentals paid	22(c)	(1,062)	(999)	(847)	(478)	(318)
Deposit element and value-added tax of lease rentals paid		(3,515)	(2,637)	(1,721)	–	(385)
Proceeds from deposit element of lease rentals		–	–	705	–	–
Payment for repurchase of shares	31(d)	–	(200,106)	–	–	–
Proceeds from bank loans	22(c)	355,467	744,100	495,430	–	45,198
Repayment of bank loans	22(c)	(435,744)	(183,157)	(279,863)	(161,371)	(31,722)
Repayment of capital investment	30(a)	–	–	(5,599)	–	–
Proceeds from shares issued for equity-settled share-based transactions	31(c)	–	70,641	–	–	–
Proceeds from settlement of equity-settled share-base transaction	31(d)	–	–	71,966	–	–
Payment for listing expense		–	–	–	–	(15,712)
Dividends paid to equity shareholders of the Company	31(b)	(80,851)	(80,851)	–	–	–
Net cash generated from/(used in) financing activities		<u>5,389,880</u>	<u>332,157</u>	<u>266,812</u>	<u>(172,044)</u>	<u>(7,347)</u>
Net increase/(decrease) in cash and cash equivalents		1,189,430	488,756	(737,929)	667,179	(301,832)
Cash and cash equivalents at January 1		77,738	1,264,617	1,751,191	1,751,191	1,012,215
Effect of foreign exchange rate changes		<u>(2,551)</u>	<u>(2,182)</u>	<u>(1,047)</u>	<u>(525)</u>	<u>2,584</u>
Cash and cash equivalents at December 31 or June 30	22(a)	<u>1,264,617</u>	<u>1,751,191</u>	<u>1,012,215</u>	<u>2,417,845</u>	<u>712,967</u>

The accompanying notes form part of the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Expressed in Renminbi unless otherwise indicated)

1 BASIS OF PREPARATION AND PRESENTATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

Suzhou Novosense Microelectronics Co., Ltd. (蘇州納芯微電子股份有限公司), hereinafter referred to as the “**Company**”, was established in Suzhou City, Jiangsu Province, People’s Republic of China (the “**PRC**”) on May 17, 2013 as a limited liability company under the PRC Company Law. In March 2016, the Company was converted into a joint stock limited liability company. In April 2022, the Company’s A shares were listed on the STAR Market of the Shanghai Stock Exchange under the stock code 688052.

During the years ended December 31, 2022, 2023 and 2024 and the six months ended 30 June, 2025 (the “**Track Record Period**”), the Company and its subsidiaries (together, “**the Group**”) are principally engaged in design, research and development (R&D) of various types of chip products.

In October 2024, the Company and its subsidiary, Suzhou Naxing Venture Capital Management Co., Ltd. (蘇州納星創業投資管理有限公司), completed the acquisition of 100% equity interest of Shanghai MagnTek Microelectronics Inc. (上海麥歌恩微電子股份有限公司) (“**Shanghai MagnTek**”) and its subsidiaries (together, the “**MagnTek**”) and its shareholding platforms, Shanghai Lairui Enterprise Management Partnership (Limited Partnership) (上海萊睿企業管理合夥企業(有限合夥)) (“**Shanghai Lairui**”) and Shanghai Liuci Enterprise Management Partnership (Limited Partnership) (上海留詞企業管理合夥企業(有限合夥)) (“**Shanghai Liuci**”) (collectively as the “**MagnTek Group**”). Immediately before the acquisition by the Group: (i) the MagnTek was held as to 62.68% by QST Corporation Limited (上海矽睿科技股份有限公司) (“**QST**”), 17.56% by Shanghai Lairui and 19.76% by Shanghai Liuci; (ii) the partnership interests of Shanghai Lairui were held by QST and twenty-seven individuals; and (iii) the partnership interests of Shanghai Liuci were held by four individuals.

The financial statement of the Company and the subsidiaries of the Group for which there are statutory requirements were prepared in accordance with the relevant accounting rules and regulations applicable to entities in the countries in which they were incorporated and/or established. The statutory financial statements of the Company for the years ended December 31, 2022, 2023 and 2024 were prepared in accordance with the Accounting Standard for Business Enterprises issued by the Ministry of Finance of the PRC and audited by Pan-China Certified Public Accountants (天健會計師事務所 (特殊普通合夥)). Information about the statutory financial statements of the subsidiaries within the Group are set out in Note 15.

The consolidated financial statements have been prepared in accordance with all applicable IFRS Accounting Standards as issued by the International Accounting Standards Board (“**IASB**”). Further details of the material accounting policy information adopted are set out in Note 2.

The IASB has issued a number of new and revised IFRS Accounting Standards. For the purpose of preparing this consolidated financial statements, the Group has adopted all applicable new and revised IFRS Accounting Standards to the Track Record Period, except for any new standards or interpretations that are not yet effective for the Track Record Period. The Group has not applied any new standard or interpretation that is not yet effective during the Track Record Period. The revised and new accounting standards and interpretations issued but not yet effective are set out in Note 38.

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 consolidated cash flow statement for the six months ended June 30, 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 RMB and all values are rounded to the nearest thousand (RMB’000) except when otherwise indicated.

2 MATERIAL ACCOUNTING POLICIES INFORMATION

(a) Basis of measurement

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis except the financial assets and liabilities measured at FVPL, the financial assets measured at FVOCI and contingent liabilities assumed in business combination are stated at their fair values as explained in Note 2(f) and Note 2(s)(ii).

(b) Use of estimates and judgements

The preparation of 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 to, 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. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealized income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealized losses resulting from intra-group transactions are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

For each business combination, the Group can elect to measure any non-controlling interests (“NCI”) either at fair value or at the NCI’s proportionate share of the subsidiary’s net identifiable assets. NCI are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. NCI in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between NCI and the equity shareholders of the Company. Loans from holders of NCI and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with Notes 2(o) or 2(p) depending on the nature of the liability.

Changes in the Group’s interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in that former subsidiary is measured at fair value when control is lost.

In the Company’s statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 2(j)), unless it is classified as held for sale (or included in a disposal Group classified as held for sale).

(d) Associates and joint ventures

An associate is an entity in which the Group or the Company has significant influence, but not control or joint control, over the financial and operating policies.

A joint venture is an arrangement whereby the Group or Company and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

An investment in an associate or a joint venture is accounted for under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group’s share of the acquisition-date fair values of the investee’s identifiable net assets over the cost of the investment (if any). The cost of the investment includes purchase price, other costs directly attributable to the acquisition of the investment, and any direct investment into the associate or a joint venture that forms part of the Group’s equity investment. Thereafter, the investment is adjusted for the post acquisition

change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see Note 2(f)(ii)). Any acquisition date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated statement of profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of profit or loss and other comprehensive income.

When the Group's share of losses exceeds its interest in the associate or the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method, together with any other long-term interests that in substance form part of the Group's net investment in the associate or the joint venture.

Unrealized profits and losses resulting from transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in the investee, except where unrealized losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

In all other cases, when the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see Note 2(f)(ii)).

(e) Business combination and goodwill

The Group accounts for the business combination using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. Business combination is accounted for using the acquisition method as at the acquisition date when control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquires includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The consideration transferred in acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction cost are expensed as incurred.

Goodwill represents the excess of

- (i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over
- (ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on acquisition of businesses is measured at cost less accumulated impairment losses and is tested annually for impairment (see Note 2(j)(ii)).

On disposal of a cash generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(f) Other investments in securities

The Group's policies for investments in securities, other than investments in subsidiaries, associates and joint ventures, are set out below:

Investments in securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. 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 for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see Note 32(e). These investments are subsequently accounted for as follows, depending on their classification.

(i) Non-equity investments

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

- Amortized 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(t)(iii)), 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 amortized cost. The difference between the fair value and the amortized cost is recognised in OCI. When the investment is derecognised, the amount accumulated in OCI is recycled from equity to profit or loss.
- Fair value through profit or loss (“FVPL”) if the investment does not meet the criteria for being measured at amortized 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(t)(ii)).

(g) Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses (see Note 2(j)(ii)). The cost of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to working condition and location for its intended use. Subsequent expenditure relating to an item of property, plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that the future economic benefits, in excess of the original assessed standard of performance of the existing asset, will flow to the Group. All other subsequent expenditure is recognised as an expense in profit or loss in the period in which it is incurred.

Construction in progress represents buildings and various machinery, plant and equipment under construction and pending installation, and is stated at cost less impairment losses (see Note 2(j)(ii)). Cost comprises direct costs of construction as well as interest charges during the periods of construction.

Construction in progress is transferred to property, plant and equipment when the asset is substantially ready for its intended use. No depreciation is provided in respect of construction in progress.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal. Any related revaluation surplus is transferred from the revaluation reserve to retained profits and is not reclassified to profit or loss.

Depreciation is calculated to write off the cost or valuation 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 current and comparative periods are as follows:

– General equipment	3 – 5 years
– Special equipment	3 – 10 years
– Motor vehicles	4 years
– Buildings	30 years
– Leasehold improvements	short of useful lives or lease term

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(h) Intangible assets (other than goodwill)

Expenditure on research activities is recognised in profit or loss as incurred. Development expenditure is capitalized 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. Capitalized development expenditure is subsequently measured at cost less accumulated amortization and any accumulated impairment losses.

Other intangible assets, including patents, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses (see Note 2(j)(ii)).

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

The estimated useful lives for the current and comparative periods are as follows:

– Software	5 – 10 years
– Intellectual properties	5 years
– Non-patented technologies	5 years
– Patents	10 years

Amortization methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

(i) Lease

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.

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 such as laptops and office furniture. When the Group enters into a lease in respect of a low-value item, the Group decides whether to capitalize the lease on a lease-by-lease basis. If not capitalized, the associated lease payments are recognised in profit or loss on a systematic basis over the lease term.

Where the lease is capitalized, 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 amortized 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 capitalized 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(g) and 2(j)(ii)). Depreciation is calculated using the straight-line method over unexpired term of lease.

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 amortized cost (see Notes 2(f)(i), 2(t)(iii) and 2(j)(i)). 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.

The lease liability is also remeasured when there is a lease modification, which means a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract, if such modification is not accounted for as a separate lease. In this case, the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the consolidated statement of financial position, 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.

(j) Credit losses and impairment of assets

(i) Credit losses from financial instruments and contract assets

The Group recognises a loss allowance for expected credit losses (ECLs) on financial assets measured at amortized cost (including cash and cash equivalents, trade and other receivables, contract assets and loans to associates).

Financial assets measured at fair value, including bills receivables measured at FVOCI (non-recycling) and equity securities measured at FVPL, are not subject to the ECL assessment.

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.

For undrawn loan commitments, expected cash shortfalls are measured as the difference between (i) the contractual cash flows that would be due to the Group if the holder of the loan commitment draws down on the loan and (ii) the cash flows that the Group expects to receive if the loan is drawn down.

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

- fixed-rate financial assets, trade and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof;
- variable-rate financial assets: current effective interest rate;
- loan commitments: current risk-free rate adjusted for risks specific to the cash flows.

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

In measuring ECLs, the Group take into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are the 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 the 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 (including loan commitments issued) 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 receivables and contract assets 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 (including a loan commitment) 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.

For loan commitments, the date of initial recognition for the purpose of assessing ECLs is considered to be the date that the Group becomes a party to the irrevocable commitment. In assessing whether there has been a significant increase in credit risk since initial recognition of a loan commitment, the Group considers changes in the risk of default occurring on the loan to which the loan commitment relates.

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 realizing security (if any is held).

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.

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 or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganization; 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 or contract 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

Internal and external sources of information are reviewed at the end of reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

- Property, plant and equipment;
- Construction in process;
- Intangible assets;
- Right-of-use assets;
- Goodwill;
- Interest in associates and joint ventures;
- Investment in subsidiaries.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

– *Calculation of recoverable amount*

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit). A portion of the carrying amount of a corporate asset (for example, head office building) is allocated to an individual cash-generating unit if the allocation can be done on a reasonable and consistent basis, or to the smallest group of cash-generating units if otherwise.

– *Recognition of impairment losses*

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

– *Reversals of impairment losses*

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favorable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the assets carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credit to profit or loss in the year in which the reversals are recognised.

(k) Inventories and contract costs

(i) Inventories

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

Inventories are carried at the lower of cost and net realizable value as follows:

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

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

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised.

The amount of any write-down of inventories to net realizable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(ii) contract costs

Contract costs are either the incremental costs of obtaining a contract with a customer or the costs to fulfil a contract with a customer which are not capitalized as inventory (see Note 2(k)(i)), property, plant and equipment (see Note 2(g)) or intangible assets (see Note 2(h)).

Incremental costs of obtaining a contract, e.g. sales commissions, are capitalized if the costs relate to revenue which will be recognised in a future reporting period and the costs are expected to be recovered. Other costs of obtaining a contract are expensed when incurred.

Costs to fulfil a contract are capitalized if the costs relate directly to an existing contract or to a specifically identifiable anticipated contract; generate or enhance resources that will be used to provide goods or services in the future; and are expected to be recovered. Otherwise, costs of fulfilling a contract, which are not capitalized as inventory, property, plant and equipment or intangible assets, are expensed as incurred.

Capitalized contract costs are stated at cost less accumulated amortization and impairment losses. Impairment losses are recognised to the extent that the carrying amount of the contract cost asset exceeds the net of (i) remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates, less (ii) any costs that relate directly to providing those goods or services that have not yet been recognised as expenses.

Amortization of capitalized contract costs is recognised in profit or loss when the revenue to which the asset relates is recognised (see Note 2(t)(i)).

(l) Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue (see Note 2(t)(i)) before being unconditionally entitled to the consideration under the terms in the contract. Contract assets are assessed for ECLs (see Note 2(j)(i)) and are reclassified to receivables when the right to the consideration becomes unconditional (see Note 2(m)).

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see Note 2(t)(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 latter cases, a corresponding receivable is also recognised (see Note 2(m)).

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

(m) 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. All receivables are subsequently stated at amortized cost (see Note 2(j)(i)).

(n) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other 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. Cash and cash equivalents are assessed for ECL (see Note 2(j)(i)).

(o) 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 amortized cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(p) Interest-bearing borrowings

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

(q) 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.

Obligations for contributions to defined contribution retirement plans are expensed as the related service is provided.

(ii) Share-based payments

The Company grant the restricted share units (“RSUs”) as incentives and rewards to eligible participants who contribute to the success of the Group’s operations. Employees (including directors) of the Group receive remuneration in the form of such share-based payments, whereby employees render services in exchange for equity instruments (“**equity-settled transactions**”).

The cost of equity-settled transactions with employees is measured by reference to the fair value of the RSUs at the grant date. The fair value of RSUs granted is recognised as expenses with a corresponding increase in capital reserve within equity. The fair value is measured at grant date using the RSUs model, taking into account the terms and conditions upon which the RSUs were granted. Service and non-market performance conditions are not taken into account when determining the grant date fair value of RSUs, but the likelihood of the conditions being met is assessed as part of the Group’s best estimate of the number of RSUs that will ultimately vest.

Where the grantees have to meet vesting conditions before becoming unconditionally entitled to the RSUs, the total estimated fair value of the RSUs is expensed over the vesting period, taking into account the probability that the RSUs will vest. During the vesting period, the number of RSUs 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 of the review, unless the original 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 equity-settled share-based payments award that vest with a corresponding adjustment to the capital reserve.

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

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

(iii) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring.

(r) 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 a business combination, or items recognised directly in equity or in other comprehensive income (“OCI”).

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year 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, associates and joint venture 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;
- taxable temporary differences arising on the initial recognition of goodwill; 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 Organization 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 realized; 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.

(s) Provisions and contingent liabilities

(i) Provision and contingent liabilities

Provisions are recognised when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

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.

(ii) *Contingent liabilities assumed in business combinations*

Contingent liabilities assumed in a business combination which are present obligations at the date of acquisition are initially recognised at fair value, provided the fair value can be reliably measured. After their initial recognition at fair value, such contingent liabilities are recognised at the higher of the amount initially recognised, less accumulated amortisation where appropriate, and the amount that would be determined in accordance with Note 2(s)(i).

(t) *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.

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. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

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

(i) *Sales of goods and provision of services*

(a) *Sale of chip products*

Revenue is recognised when the Group transfers the control over the chip products to customers (i.e. goods accepted by customers) or satisfies the performance obligation in the contract.

(b) *Provision of services*

Revenue of management services is recognised over time during the contract period beginning on the date that the service is made available to the customer. Revenue of other services is recognised when the customer passes the acceptance and the development results are submitted.

(ii) *Dividends*

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

(iii) *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 amortized cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(iv) *Government grants*

Government grants are recognised in the statement 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 related to assets shall be recognised as deferred income in the balance sheet and recorded in other net income in a reasonable and systematic manner within the service life of the relevant assets. Government grants related to income, those to be used as compensation for future expenses or losses shall be recognised as deferred income and shall be recorded in other net income in the period in which the relevant expenses or losses are recognised; other government grants shall be recorded in other net income directly.

(u) 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. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

(v) 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 capitalized as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

(w) 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.

(x) Segment reporting

Operating segments, and the amounts of each segment item reported in the 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.

3 ACCOUNTING JUDGEMENTS AND ESTIMATES

Notes 27 and 32(e) contains information about the assumptions and risk factors relating to fair value of equity-settled share-based transactions and other financial assets. Other key sources of estimation uncertainty are as follows:

(i) Net realisable value of inventories

Net realizable value of inventories 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. Special consideration is given to estimate the selling price of those technically obsolete and/or slow-moving inventory items.

Management reassesses these estimations at the end of reporting period to ensure inventory is shown at the lower of cost and net realizable value.

(ii) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Further details are given in Note 14.

(iii) Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

(i) Disaggregation of revenue

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

	Year ended December 31,			Six months ended June 30,	
	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					
Disaggregated by major products or service lines					
– Sensor Products	111,110	165,754	273,981	91,816	413,028
– Signal Chain Chips	1,045,665	705,306	963,251	454,838	585,789
– Power Management Chips	509,762	427,808	703,171	299,417	519,443
– Others	3,856	12,059	19,871	2,800	5,405
	<u>1,670,393</u>	<u>1,310,927</u>	<u>1,960,274</u>	<u>848,871</u>	<u>1,523,665</u>

Disaggregation of revenue from contracts with customers by the timing of revenue recognition is as follows:

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Disaggregated by timing of revenue recognition					
Point in time	1,670,393	1,308,367	1,951,780	847,739	1,520,731
Over time	–	2,560	8,494	1,132	2,934
	<u>1,670,393</u>	<u>1,310,927</u>	<u>1,960,274</u>	<u>848,871</u>	<u>1,523,665</u>

(ii) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date

The Group has also applied the practical expedient in paragraph 121(a) of IFRS 15 to its sales contracts for chip products that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts for sales of chip products that had an original expected duration of one year or less.

(b) Segment reporting

IFRS 8, *Operating Segments*, requires identification and disclosure of operating segment information based on internal financial reports that are regularly reviewed by the Group's chief operating decision maker for the purpose of resources allocation and performance assessment. On this basis, the Group has determined that it only has one operating segment which is the sales of chip products.

(i) **Geographic information**

The following table sets out information about the geographical location of the Group's revenue from external customers. All of its non-current assets and capital expenditure were located/incurred in Chinese Mainland. The geographical location of customers is based on the location at which the goods were sold or the services were provided.

	Year ended December 31,			Six months ended June 30,	
	2022 RMB'000	2023 RMB'000	2024 RMB'000	2024 RMB'000 (unaudited)	2025 RMB'000
Chinese Mainland	1,500,882	1,149,028	1,654,860	718,084	1,353,293
Other countries and regions	169,511	161,899	305,414	130,787	170,372
	<u>1,670,393</u>	<u>1,310,927</u>	<u>1,960,274</u>	<u>848,871</u>	<u>1,523,665</u>

(ii) **Information about major customers**

Revenue from each major customer which accounted for 10% or more of the Group's revenue during the Track Record Period is set out below:

	Year ended December 31,			Six months ended June 30,	
	2022 RMB'000	2023 RMB'000	2024 RMB'000	2024 RMB'000 (unaudited)	2025 RMB'000
Customer A	216,703	217,040	N/A*	N/A*	N/A*
Customer B	N/A*	N/A*	N/A*	86,898	N/A*

* Less than 10% of the Group's revenue in the respective year/period.

5 **OTHER NET INCOME**

	Year ended December 31,			Six months ended June 30,	
	2022 RMB'000	2023 RMB'000	2024 RMB'000	2024 RMB'000 (unaudited)	2025 RMB'000
Bank interest income	23,208	36,794	38,121	16,931	3,944
Investment income on wealth management products	49,653	66,613	36,187	15,324	15,134
Changes in fair value of financial assets measured at FVPL	13,695	3,639	4,417	3,441	12,547
Government grants (Note)	15,681	17,053	11,260	3,883	5,353
Net profits on disposal a subsidiary or an associate	9,674	2,000	—	—	—
Interest income on capacity deposit	6,129	6,226	4,591	2,295	1,382
Net foreign exchange gain/(loss)	2,331	(2,078)	(602)	(1,603)	(1,238)
Value-added tax deduction	—	26,694	5,398	—	6,503
Dividend income from investment in a financial asset measured at FVPL	—	367	37	—	940
Changes in fair value of contingent consideration payable	—	—	(145)	—	(438)
Net (losses)/profits on disposal of property, plant and equipment, intangible assets and right-of-use assets	(384)	441	(1,025)	(175)	(4,865)
Others	(43)	446	290	927	2,418
	<u>119,944</u>	<u>158,195</u>	<u>98,529</u>	<u>41,023</u>	<u>41,680</u>

Note: Government grants primarily comprise subsidies received from the government for the encouragement of research and development projects.

6 PROFIT/(LOSS) BEFORE TAXATION

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

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
(a) Finance costs					
Interest on					
– loans (Note 22(c))	6,392	5,384	15,588	7,801	11,010
– lease liabilities (Note 22(c))	1,062	999	847	478	318
	<u>7,454</u>	<u>6,383</u>	<u>16,435</u>	<u>8,279</u>	<u>11,328</u>
	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
(b) Staff costs					
Salaries, wages and other benefits	319,646	423,679	641,240	275,705	423,308
Contributions to defined contribution retirement plan (Note)	18,526	32,607	45,388	20,570	28,823
Equity-settled share-based transactions (Note 27)	196,705	221,073	70,895	147,309	42,839
	<u>534,877</u>	<u>677,359</u>	<u>757,523</u>	<u>443,584</u>	<u>494,970</u>

Note: Defined contribution retirement plans

Employees of the Company and its subsidiaries are required to participate in a defined contribution retirement scheme administered and operated by the local municipal government. The Company and its subsidiaries contributes funds which are calculated on certain percentages of the average employee salary as agreed by the local municipal government to the scheme to fund the retirement benefits of the employees.

The Group has no other material obligation for the payment of retirement benefits associated with the scheme beyond the annual contributions described above.

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
(c) Other items					
Depreciation charge					
– owned property, plant and equipment (Note 11)	42,949	77,789	116,636	50,886	83,412
– right-of-use assets (Note 12)	14,731	17,104	16,377	9,475	5,019
	<u>57,680</u>	<u>94,893</u>	<u>133,013</u>	<u>60,361</u>	<u>88,431</u>
Amortisation cost of intangible assets (Note 13)	7,819	12,987	24,512	8,075	28,572
Research and development expense (Note)	403,812	521,614	539,992	319,220	361,282
Cost of inventories (Note 19)	860,119	866,865	1,410,928	597,092	1,022,993

Note:

During the years ended December 31, 2022, 2023 and 2024 and six months ended June 30, 2024 and 2025, research and development expense include staff cost, depreciation expense and amortization expense of RMB365,214,000, RMB443,438,000, RMB433,315,000, RMB276,069,000 (unaudited) and RMB308,744,000, respectively, which amounts are also included in the respective total amounts disclosed separately above.

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

(a) Taxation in the consolidated statement of profit or loss and other comprehensive income represents

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Current tax					
Provision for the year/period	26,805	1,793	4,124	831	2,116
Deferred tax					
Origination and reversal of temporary differences (Note 28(b))	(23,778)	6,482	(5,401)	(4,921)	(13,708)
	3,027	8,275	(1,277)	(4,090)	(11,592)

Notes:

- (i) According to the Corporate Income Tax Law of China (the “**Tax Law**”), the Group’s subsidiaries in the PRC are subject to statutory income tax rate of 25%, except for those which are entitled to a preferential tax rate applicable to advanced and new technology enterprises of 15%. The Company obtained the certificate of high-technology enterprise in 2021 and renewed in 2024 and it subject to income tax rate at 15% in the Track Record Period. The Company’s subsidiaries Shanghai MagnTek Microelectronics Inc. (上海麥歌恩微電子股份有限公司) obtained the certificate of high-technology enterprise in 2024, and is subject to income tax rate at 15% in the Track Record Period. The Company’s subsidiaries MagnTek Electronics (Shanghai) Co., Ltd. (麥歌恩電子(上海)有限公司), Shenzhen Magen Technology Co., Ltd. (深圳麥歌恩科技有限公司) and Chongqing QstMagnTek Microelectronics Co., Ltd. (重慶睿歌微電子有限公司) obtained the certificate of high-technology enterprise in 2022, and are subject to income tax rate at 15% from the acquisition date to December 31, 2024. Shenzhen MagnTek Technology Co., Ltd. (深圳麥歌恩科技有限公司), Shenzhen MagnTek Microelectronics Co., Ltd. (深圳麥歌恩微電子有限公司) and Chongqing QstMagnTek Microelectronics Co., Ltd.(重慶睿歌微電子有限公司) qualified as small low-profit enterprises and were subject to income tax rate at 20% for the six months ended June 30, 2025.
- (ii) The provision for Hong Kong Profits Tax was taxed at 8.25% on taxable income for the first Hong Kong dollar 2,000,000 and the remaining taxable income was taxed at 16.5%.
- (iii) Taxation of subsidiaries are charged at the prevailing rates of respectively in the relevant countries and are calculated on a stand-alone basis.

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

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Profit/(loss) before taxation	253,148	(297,060)	(404,155)	(269,341)	(89,602)
Income tax expenses calculated at applicable tax rate	37,972	(44,559)	(60,623)	(40,401)	(13,440)
Effect of different tax rates applicable to subsidiaries	1,918	(8,337)	(7,962)	(4,526)	(3,807)
Effect of adjustment to income tax of prior periods	3	163	(145)	—	—
Effect of using deductible losses for which deferred tax assets were previously not recognised	—	—	(1,214)	—	(3,130)
Effect of non-deductible expenses	3,259	37,219	8,903	25,939	1,217
Effect of deductible temporary differences or deductible losses unrecognised in the current period	4,741	83,625	150,428	48,199	16,122
Effect of additional deduction on expenses	(44,866)	(59,836)	(90,664)	(33,301)	(8,554)
Actual tax expense/(benefit)	3,027	8,275	(1,277)	(4,090)	(11,592)

8 DIRECTORS' EMOLUMENTS

Directors' and supervisors' emoluments as recorded in the financial statements are set out below:

Year ended December 31, 2022

	Note	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement scheme contributions RMB'000	Sub-Total RMB'000	Share-based payments (Note xvi) RMB'000	Total RMB'000
Chairman								
Mr. Wang Shengyang	(i)	–	1,359	–	43	1,402	1,594	2,996
Executive directors								
Mr. Sheng Yun	(ii)	–	1,555	–	63	1,618	–	1,618
Mr. Wang Yifeng	(iii)	–	1,187	–	43	1,230	–	1,230
Mr. Jiang Chaoshang	(iv)	–	1,093	–	43	1,136	1,383	2,519
Mr. Wu Jie	(v) (xiv)	–	–	–	–	–	–	–
Mr. Yin Yifeng	(vi) (xv)	–	–	–	–	–	–	–
Independent non-executive directors								
Mr. Hong Zhiliang	(vii)	70	–	–	–	70	–	70
Ms. Chen Xichan	(viii)	70	–	–	–	70	–	70
Mr. Wang Ruwei	(ix)	70	–	–	–	70	–	70
Supervisors								
Mr. Chen Qihui	(x)	–	1,485	–	63	1,548	–	1,548
Ms. Yan Fei	(xi)	–	1,257	–	63	1,320	–	1,320
Mr. Wang Longxiang	(xii) (xiv)	–	–	–	–	–	–	–
		210	7,936	–	318	8,464	2,977	11,441

Year ended December 31, 2023

		Directors'	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-Total	Share-based payments (Note xvi)	Total
	Note	fees						
		RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
Chairman								
Mr. Wang Shengyang	(i)	–	1,104	–	46	1,150	1,594	2,744
Executive directors								
Mr. Sheng Yun	(ii)	–	1,228	–	68	1,296	–	1,296
Mr. Wang Yifeng	(iii)	–	1,042	–	46	1,088	–	1,088
Mr. Jiang Chaoshang	(iv)	–	956	–	52	1,008	1,141	2,149
Mr. Wu Jie	(v) (xiv)	–	–	–	–	–	–	–
Mr. Yin Yifeng	(vi) (xiv)	–	–	–	–	–	–	–
Independent non-executive directors								
Mr. Hong Zhiliang	(vii)	78	–	–	–	78	–	78
Ms. Chen Xichan	(viii)	78	–	–	–	78	–	78
Mr. Wang Ruwei	(ix)	78	–	–	–	78	–	78
Supervisors								
Ms. Yan Fei	(xi)	–	1,142	–	68	1,210	–	1,210
Mr. Wang Longxiang	(xii) (xiv)	–	–	–	–	–	–	–
Ms. Jiang Yilan	(xiii)	–	272	–	32	304	–	304
		234	5,744	–	312	6,290	2,735	9,025

Year ended December 31, 2024

		Directors'	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-Total	Share-based payments (Note xvi)	Total
	Note	fees						
		RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
Chairman								
Mr. Wang Shengyang	(i)	–	1,051	–	47	1,098	1,495	2,593
Executive directors								
Mr. Sheng Yun	(ii)	–	1,217	–	71	1,288	–	1,288
Mr. Wang Yifeng	(iii)	–	1,047	–	47	1,094	–	1,094
Mr. Jiang Chaoshang	(iv)	–	1,060	–	71	1,131	99	1,230
Mr. Wu Jie	(v) (xiv)	–	–	–	–	–	–	–
Mr. Yin Yifeng	(vi) (xiv)	–	–	–	–	–	–	–
Independent non-executive directors								
Mr. Hong Zhiliang	(vii)	80	–	–	–	80	–	80
Ms. Chen Xichan	(viii)	80	–	–	–	80	–	80
Mr. Wang Ruwei	(ix)	80	–	–	–	80	–	80
Supervisors								
Ms. Yan Fei	(xi)	–	1,156	–	71	1,227	–	1,227
Mr. Wang Longxiang	(xii) (xiv)	–	–	–	–	–	–	–
Ms. Jiang Yilan	(xiii)	–	339	–	46	385	–	385
		240	5,870	–	353	6,463	1,594	8,057

APPENDIX I

ACCOUNTANTS' REPORT

Six months ended June 30, 2024 (unaudited)

	Note	Directors' fees RMB '000	Salaries, allowances and benefits in kind RMB '000	Discretionary bonuses RMB '000	Retirement scheme contributions RMB '000	Sub-Total RMB '000	Share-based payments (Note xvi) RMB '000	Total RMB '000
Chairman								
Mr. Wang Shengyang	(i)	–	454	–	23	477	797	1,274
Executive directors								
Mr. Sheng Yun	(ii)	–	517	–	35	552	–	552
Mr. Wang Yifeng	(iii)	–	453	–	23	476	–	476
Mr. Jiang Chaoshang	(iv)	–	426	–	35	461	564	1,025
Mr. Wu Jie	(v) (xiv)	–	–	–	–	–	–	–
Mr. Yin Yifeng	(vi) (xiv)	–	–	–	–	–	–	–
Independent non-executive directors								
Mr. Hong Zhiliang	(vii)	40	–	–	–	40	–	40
Ms. Chen Xichan	(viii)	40	–	–	–	40	–	40
Mr. Wang Ruwei	(ix)	40	–	–	–	40	–	40
Supervisors								
Ms. Yan Fei	(xi)	–	478	–	35	513	–	513
Mr. Wang Longxiang	(xii) (xiv)	–	–	–	–	–	–	–
Ms. Jiang Yilan	(xiii)	–	139	–	23	162	–	162
		120	2,467	–	174	2,761	1,361	4,122

Six months ended June 30, 2025

		Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-Total	Share-based payments (Note xvi)	Total
	Note	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
Chairman								
Mr. Wang Shengyang	(i)	–	554	–	23	577	153	730
Executive directors								
Mr. Sheng Yun	(ii)	–	568	–	35	603	–	603
Mr. Wang Yifeng	(iii)	–	471	–	23	494	–	494
Mr. Jiang Chaoshang	(iv)	–	471	–	35	506	108	614
Mr. Wu Jie	(v) (xiv)	–	–	–	–	–	–	–
Mr. Yin Yifeng	(vi) (xiv)	–	–	–	–	–	–	–
Independent non-executive directors								
Mr. Hong Zhiliang	(vii)	40	–	–	–	40	–	40
Ms. Chen Xichan	(viii)	40	–	–	–	40	–	40
Mr. Wang Ruwei	(ix)	40	–	–	–	40	–	40
Ms. Du Linlin	(xv)	20	–	–	–	20	–	20
Supervisors								
Ms. Yan Fei	(xi)	–	566	–	35	601	–	601
Mr. Wang Longxiang	(xii) (xiv)	–	–	–	–	–	–	–
Ms. Jiang Yilan	(xiii)	–	170	–	23	193	–	193
		140	2,800	–	174	3,114	261	3,375

Notes:

- (i) Mr. Wang Shengyang was appointed as a Chairman of the Board of the Company on August 20, 2020.
- (ii) Mr. Sheng Yun was appointed as an executive director of the Company on August 20, 2020.
- (iii) Mr. Wang Yifeng was appointed as an executive director of the Company on August 20, 2020.
- (iv) Mr. Jiang Chaoshang was appointed as an executive director of the Company on November 29, 2020.
- (v) Mr. Wu Jie was appointed as an executive director of the Company on August 20, 2020.
- (vi) Mr. Yin Yifeng was appointed as an executive director of the Company on August 20, 2020 and resigned from the Company on March 27, 2025.
- (vii) Mr. Hong Zhiliang was appointed as a non-executive director of the Company on August 20, 2020.
- (viii) Ms. Chen Xichan was appointed as a non-executive director of the Company on August 20, 2020.
- (ix) Mr. Wang Ruwei was appointed as a non-executive director of the Company on August 20, 2020.
- (x) Mr. Chen Qihui was appointed as a supervisor of the Company on August 20, 2020, and resigned on July 16, 2023.
- (xi) Ms. Yan Fei was appointed as a supervisor of the Company on August 20, 2020.

- (xii) Mr. Wang Longxiang was appointed as a supervisor of the Company on August 20, 2020.
- (xiii) Ms. Jiang Yilan was appointed as a supervisor of the Company on July 17, 2023.
- (xiv) The emoluments of Mr. Wu Jie, Mr. Yin Yifeng, and Mr. Wang Longxiang in relation to his services rendered for the Group were borne by the holding company and not allocated to the Group as management of the Company considers there is no reasonable basis for such allocation during the Track Record Period.
- (xv) Ms. Du Linlin was appointed as a non-executive director of the Company on April 11, 2025.
- (xvi) These represent the estimated value of share-based payment granted to the directors under the Company's share-based payment scheme as set out in Note 27. The value of these share-based payment is measured according to the Group's accounting policies for share-based payment transactions as set out in Note 2(q)(ii) and, in accordance with that policy, includes adjustments to reverse amounts accrued in previous years where grants of equity instruments are forfeited prior to vesting. The details of these benefits in kind, including the principal terms and number of share-based payment granted, are disclosed in Note 27.

During the Track Record Period, no director or chief executive has waived or agreed to waive any emoluments and no amounts were paid or payable by the Group to the directors and the chief executive 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 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, nil, nil, nil, 1 (unaudited) and nil are directors whose emoluments are disclosed in Note 8 during the years ended December 31, 2022, 2023 and 2024 and six months ended June 30, 2024 and 2025, respectively. The aggregate of the emoluments in respect of the remaining individuals are as follows:

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Salaries and other emoluments	13,586	12,485	15,081	2,381	4,290
Retirement scheme contributions	240	320	334	102	117
Equity-settled share-based transactions	25,240	32,687	18,274	2,977	2,106
	39,066	45,492	33,689	5,460	6,513

The emoluments of the 5, 5, 5, 4 (unaudited) and 5 individuals with the highest emoluments are within the following bands:

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	<i>Number of individuals</i>	<i>Number of individuals</i>	<i>Number of individuals</i>	<i>Number of individuals (unaudited)</i>	<i>Number of individuals</i>
HKD500,001 – HKD1,000,000	–	–	–	–	1
HKD1,000,001 – HKD1,500,000	–	–	–	3	3
HKD1,500,001 – HKD2,000,000	–	–	–	–	–
HKD2,000,001 – HKD2,500,000	–	–	–	1	1
HKD2,500,001 – HKD3,000,000	–	–	–	–	–
HKD3,000,001 – HKD3,500,000	–	–	–	–	–
HKD3,500,001 – HKD4,000,000	–	–	–	–	–
HKD4,000,001 – HKD4,500,000	–	–	–	–	–
HKD4,500,001 – HKD5,000,000	1	–	–	–	–
HKD5,000,001 – HKD6,000,000	1	–	1	–	–
HKD6,000,001 – HKD7,000,000	–	–	1	–	–
HKD7,000,001 – HKD7,500,000	1	–	–	–	–
HKD7,500,001 – HKD8,000,000	1	2	2	–	–
HKD9,000,001 – HKD9,500,000	1	–	1	–	–
HKD10,500,001 – HKD11,000,000	–	1	–	–	–
HKD11,500,001 – HKD12,000,000	–	1	–	–	–
HKD12,000,001 – HKD12,500,000	–	1	–	–	–

10 EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The basic earnings/(loss) per share for the Track Record Period is calculated by dividing the profit/(loss) attributable to the equity shareholders of the Company by the weighted average number of ordinary shares in issue for the Track Record Period as follows:

As disclosed in Note 31(c), the capital reserve was converted into share capital on the basis of four new shares for every 10 shares. Accordingly, the weighted average number of ordinary shares has been adjusted retrospectively from January 1, 2022.

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Profit/(loss) for the year/period attributable to equity shareholders of the Company for the year/(period)	250,574	(305,335)	(402,878)	(265,251)	(78,010)

Weighted average number of ordinary shares

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	'000	'000	'000	'000	'000
				(unaudited)	
Issued ordinary shares at January 1	75,798	101,064	142,529	142,529	142,529
Effect of capital reserve converted into share capital (Note 31(c))	37,057	40,426	—	—	—
Effect of ordinary shares issued (Note 31(c))	16,844	493	—	—	—
Effect of treasury shares held (Note 31(d))	—	(357)	(1,342)	(1,587)	(118)
Weighted average number of ordinary shares at December 31 or June 30	<u>129,699</u>	<u>141,626</u>	<u>141,187</u>	<u>140,942</u>	<u>142,411</u>

(b) Diluted earnings per share

For the years ended December 31, 2023 and 2024 and six months ended June 30, 2024 and 2025, the restricted shares (Note 27) were not included in the calculation of diluted loss per share because their inclusion would have been anti-dilutive. The Company does not have other potential ordinary shares and therefore the amount of diluted loss per share is the same as basic loss per share for those years/periods.

For the year ended December 31, 2022, the diluted earnings per share is calculated by dividing the above profit attributable to the equity shareholders of the Company by the weighted average number of ordinary shares after adjusting the effect of dilutive potential ordinary shares in respect of the Company's equity-settled share-based payment schemes for the Track Record Period as follows:

Weighted average number of ordinary shares (diluted):

	Year ended December 31, 2022 '000
Weighted average number of ordinary shares at December 31	129,699
Effect of deemed issue of restricted shares under the Company's restricted shares incentive scheme for 2022 (<i>Note 27</i>)	203
Weighted average number of ordinary shares at December 31 (diluted)	129,902

11 PROPERTY, PLANT AND EQUIPMENT

Reconciliation of carrying amount

The Group

	General equipment RMB '000	Special equipment RMB '000	Motor vehicles RMB '000	Buildings RMB '000	Construction in process RMB '000	Leasehold improvements RMB '000	Total RMB '000
Cost:							
At January 1, 2022	9,367	202,038	256	–	34,548	7,191	253,400
Additions	14,394	140,614	10	–	213,028	7,843	375,889
Transfer from construction in progress	–	55,277	–	–	(55,277)	–	–
Disposal of a subsidiary	(750)	(7,789)	(256)	–	(943)	(2,279)	(12,017)
At December 31, 2022 and January 1, 2023	23,011	390,140	10	–	191,356	12,755	617,272
Additions	5,687	96,917	–	–	719,078	10,243	831,925
Transfer from construction in progress	1,731	196,847	–	–	(200,165)	1,587	–
Transfer to intangible assets	–	–	–	–	(13,008)	–	(13,008)
Disposals	(101)	(747)	–	–	–	–	(848)
At December 31, 2023 and January 1, 2024	30,328	683,157	10	–	697,261	24,585	1,435,341
Additions	13,525	62,427	–	–	219,641	13,904	309,497
Transfer from construction in progress	12,038	109,689	–	734,871	(858,861)	2,263	–
Transfer to intangible assets	–	–	–	–	(13,144)	–	(13,144)
Acquisition of subsidiaries	356	57,543	–	–	2,070	471	60,440
Disposals	(2,732)	(7,599)	–	–	–	–	(10,331)
At December 31, 2024 and January 1, 2025	53,515	905,217	10	734,871	46,967	41,223	1,781,803
Additions	1,194	46,791	–	–	98,943	619	147,547
Transfer from construction in progress	687	79,424	–	5,639	(86,231)	481	–
Disposals	(1,061)	(1,603)	–	–	–	–	(2,664)
At June 30, 2025	54,335	1,029,829	10	740,510	59,679	42,323	1,926,686
Accumulated amortisation and depreciation:							
At January 1, 2022	(3,434)	(28,949)	(244)	–	–	–	(32,627)
Charge for the year	(4,084)	(34,513)	–	–	–	(4,352)	(42,949)
Disposals of a subsidiary	378	1,705	244	–	–	–	2,327
At December 31, 2022 and January 1, 2023	(7,140)	(61,757)	–	–	–	(4,352)	(73,249)
Charge for the year	(7,454)	(63,552)	(3)	–	–	(6,780)	(77,789)
Written back on disposals	100	167	–	–	–	–	267
At December 31, 2023 and January 1, 2024	(14,494)	(125,142)	(3)	–	–	(11,132)	(150,771)
Charge for the year	(7,943)	(94,356)	(3)	(4,601)	–	(9,733)	(116,636)
Written back on disposals	2,436	6,757	–	–	–	–	9,193
At December 31, 2024 and January 1, 2025	(20,001)	(212,741)	(6)	(4,601)	–	(20,865)	(258,214)

	General equipment RMB '000	Special equipment RMB '000	Motor vehicles RMB '000	Buildings RMB '000	Construction in process RMB '000	Leasehold improvements RMB '000	Total RMB '000
Charge for the period	(5,865)	(59,593)	(1)	(12,658)	–	(5,295)	(83,412)
Written back on disposals	1,052	975	–	–	–	–	2,027
At June 30, 2025	(24,814)	(271,359)	(7)	(17,259)	–	(26,160)	(339,599)
Net book value:							
At June 30, 2025	29,521	758,470	3	723,251	59,679	16,163	1,587,087
At December 31, 2024	33,514	692,476	4	730,270	46,967	20,358	1,523,589
At December 31, 2023	15,834	558,015	7	–	697,261	13,453	1,284,570
At December 31, 2022	15,871	328,383	10	–	191,356	8,403	544,023

Property, plant and equipment with net book value of nil, RMB466,976,000, RMB545,121,000 and RMB538,247,000 were secured for bank loans as at December 31, 2022, 2023, 2024 and June 30, 2025, respectively.

The Company

	General equipment <i>RMB '000</i>	Special equipment <i>RMB '000</i>	Buildings <i>RMB '000</i>	Construction in process <i>RMB '000</i>	Leasehold improvements <i>RMB '000</i>	Total <i>RMB '000</i>
Cost:						
At January 1, 2022	5,292	194,839	–	32,709	2,347	235,187
Additions	3,699	139,906	–	188,574	1,353	333,532
Transfer from construction in progress	–	54,909	–	(54,909)	–	–
Disposals	(202)	(13,422)	–	–	–	(13,624)
At December 31, 2022 and January 1, 2023	8,789	376,232	–	166,374	3,700	555,095
Additions	3,998	88,652	–	245,692	4,161	342,503
Transfer from construction in progress	–	187,438	–	(187,438)	–	–
Transfer to intangible assets	–	–	–	(12,921)	–	(12,921)
Disposals	(31)	(29,618)	–	–	–	(29,649)
At December 31, 2023 and January 1, 2024	12,756	622,704	–	211,707	7,861	855,028
Additions	7,216	56,245	–	130,460	5,823	199,744
Transfer from construction in progress	4,816	95,141	186,705	(286,662)	–	–
Transfer to intangible assets	–	–	–	(12,214)	–	(12,214)
Disposals	(837)	(6,527)	–	–	–	(7,364)
At December 31, 2024 and January 1, 2025	23,951	767,563	186,705	43,291	13,684	1,035,194
Additions	1,142	37,642	–	84,547	148	123,479
Transfer from construction in progress	687	78,495	3,154	(82,336)	–	–
Disposals	(972)	(9,897)	–	–	–	(10,869)
At June 30, 2025	24,808	873,803	189,859	45,502	13,832	1,147,804
Accumulated amortisation and depreciation:						
At January 1, 2022	(2,215)	(27,484)	–	–	–	(29,699)
Charge for the year	(1,827)	(33,779)	–	–	(1,536)	(37,142)
Disposals	165	970	–	–	–	1,135
At December 31, 2022 and January 1, 2023	(3,877)	(60,293)	–	–	(1,536)	(65,706)
Charge for the year	(2,965)	(59,944)	–	–	(1,898)	(64,807)
Written back on disposals	30	2,532	–	–	–	2,562
At December 31, 2023 and January 1, 2024	(6,812)	(117,705)	–	–	(3,434)	(127,951)
Charge for the year	(3,479)	(84,840)	(1,556)	–	(3,158)	(93,033)
Written back on disposals	777	5,793	–	–	–	6,570
At December 31, 2024 and January 1, 2025	(9,514)	(196,752)	(1,556)	–	(6,592)	(214,414)

	General equipment <i>RMB'000</i>	Special equipment <i>RMB'000</i>	Buildings <i>RMB'000</i>	Construction in process <i>RMB'000</i>	Leasehold improvements <i>RMB'000</i>	Total <i>RMB'000</i>
Charge for the period	(2,664)	(51,529)	(3,299)	–	(1,927)	(59,419)
Written back on disposals	969	4,516	–	–	–	5,485
At June 30, 2025	(11,209)	(243,765)	(4,855)	–	(8,519)	(268,348)
Net book value:						
At June 30, 2025	13,599	630,038	185,004	45,502	5,313	879,456
At December 31, 2024	14,437	570,811	185,149	43,291	7,092	820,780
At December 31, 2023	5,944	504,999	–	211,707	4,427	727,077
At December 31, 2022	4,912	315,939	–	166,374	2,164	489,389

12 RIGHT-OF-USE ASSETS

	Leasehold land <i>RMB '000</i>	Buildings <i>RMB '000</i>	Total <i>RMB '000</i>
Cost:			
At January 1, 2022	4,676	24,856	29,532
Additions	–	16,025	16,025
Disposals	–	(81)	(81)
At December 31, 2022 and January 1, 2023	4,676	40,800	45,476
Additions	–	24,727	24,727
Disposals	–	(24,092)	(24,092)
At December 31, 2023 and January 1, 2024	4,676	41,435	46,111
Additions	–	10,999	10,999
Acquisition of subsidiaries	–	828	828
Disposals	–	(28,549)	(28,549)
At December 31, 2024 and January 1, 2025	4,676	24,713	29,389
Additions	–	4,281	4,281
Disposals	–	(306)	(306)
At June 30, 2025	4,676	28,688	33,364
Accumulated depreciation:			
At January 1, 2022	(156)	(5,662)	(5,818)
Charge for the year	(468)	(14,263)	(14,731)
Disposals	–	81	81
At December 31, 2022	(624)	(19,844)	(20,468)
Charge for the year	(468)	(16,636)	(17,104)
Disposals	–	14,700	14,700
At December 31, 2023 and January 1, 2024	(1,092)	(21,780)	(22,872)
Charge for the year	(468)	(15,909)	(16,377)
Disposals	–	26,300	26,300
At December 31, 2024 and January 1, 2025	(1,560)	(11,389)	(12,949)
Charge for the period	(234)	(4,785)	(5,019)
Disposals	–	306	306
At June 30, 2025	(1,794)	(15,868)	(17,662)

	Leasehold land <i>RMB'000</i>	Buildings <i>RMB'000</i>	Total <i>RMB'000</i>
Net book value:			
At June 30, 2025	2,882	12,820	15,702
At December 31, 2024	3,116	13,324	16,440
At December 31, 2023	3,584	19,655	23,239
At December 31, 2022	4,052	20,956	25,008

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

	Year ended December 31,			Six months ended June 30,	
	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>
				<i>(unaudited)</i>	
Depreciation charge of right-of-use assets by class of underlying asset:					
Leasehold land	468	468	468	234	234
Buildings	14,263	16,636	15,909	9,241	4,785
	14,731	17,104	16,377	9,475	5,019
Interest on lease liabilities	1,062	999	847	478	318
Expense relating to short-term leases	2,320	6,929	10,054	3,685	5,013

Details of total cash outflow for leases, the maturity analysis of lease liabilities and the future cash outflows arising from leases that are not yet commenced are set out in Note 25.

Notes:

(i) Leasehold land

The Group has obtained land use right in the PRC with a lease period of 10 years when granted.

(ii) Buildings

The Group has obtained the right to use properties and land through tenancy agreements. The leases typically run for an initial period of 2 to 3 years.

13 INTANGIBLE ASSETS
The Group

	Software RMB '000	Intellectual properties RMB '000	Non-patented technologies RMB '000	Patents RMB '000 Note(ii)	Total RMB '000
Cost:					
At January 1, 2022	15,981	–	6,917	–	22,898
Additions	22,420	649	–	–	23,069
Disposals	(753)	–	–	–	(753)
Disposals of a subsidiary	–	–	(6,917)	–	(6,917)
At December 31, 2022 and January 1, 2023	37,648	649	–	–	38,297
Additions	13,605	3,265	–	–	16,870
Transfer from construction in progress	13,008	–	–	–	13,008
At December 31, 2023 and January 1, 2024	64,261	3,914	–	–	68,175
Additions	29,983	–	–	–	29,983
Transfer from construction in progress	13,144	–	–	–	13,144
Acquisition of subsidiaries	4,828	–	–	322,270	327,098
Disposals	(14)	–	–	–	(14)
At December 31, 2024 and January 1, 2025	112,202	3,914	–	322,270	438,386
Additions	1,510	–	–	–	1,510
Disposals	(6,230)	–	–	–	(6,230)
At June 30, 2025	107,482	3,914	–	322,270	433,666
Accumulated amortisation:					
At January 1, 2022	(3,152)	–	(2,442)	–	(5,594)
Charge for the year	(7,316)	(70)	(433)	–	(7,819)
Disposals	369	–	–	–	369
Disposals of a subsidiary	–	–	2,875	–	2,875
At December 31, 2023	(10,099)	(70)	–	–	(10,169)
Charge for the year	(12,245)	(742)	–	–	(12,987)
At December 31, 2023 and January 1, 2024	(22,344)	(812)	–	–	(23,156)
Charge for the year	(18,345)	(796)	–	(5,371)	(24,512)
Disposals	14	–	–	–	14
At December 31, 2024 and January 1, 2025	(40,675)	(1,608)	–	(5,371)	(47,654)

	Software <i>RMB '000</i>	Intellectual properties <i>RMB '000</i>	Non-patented technologies <i>RMB '000</i>	Patents <i>RMB '000</i> <i>Note(ii)</i>	Total <i>RMB '000</i>
Charge for the period	(12,060)	(398)	–	(16,114)	(28,572)
Disposals	2,002	–	–	–	2,002
At June 30, 2025	(50,733)	(2,006)	–	(21,485)	(74,224)
Net book value:					
At June 30, 2025	56,749	1,908	–	300,785	359,442
At December 31, 2024	71,527	2,306	–	316,899	390,732
At December 31, 2023	41,917	3,102	–	–	45,019
At December 31, 2022	27,549	579	–	–	28,128

Notes:

- (i) Intangible assets represent software, intellectual properties, non-patented technologies and patents acquired by the Group in connection with the acquisition of the MagnTek Group. The amortization charge for the Track Record Period is included in “Cost of sales”, “Selling and marketing expenses”, “Administrative expense” and “Research and development expense” in the consolidated statement of profit or loss.
- (ii) Patents were acquired through the business combination of MagnTek Group. They are recognised at fair value at the date of acquisition and is subsequently amortized on a straight-line basis over 10 years.

The Company

	Software RMB'000	Intellectual properties RMB'000	Total RMB'000
Cost:			
At January 1, 2022	15,753	–	15,753
Additions	18,669	649	19,318
Disposals	(753)	–	(753)
At December 31, 2022 and January 1, 2023	33,669	649	34,318
Additions	12,383	3,265	15,648
Disposals	(85)	–	(85)
Transfer from construction in progress	12,921	–	12,921
At December 31, 2023 and January 1, 2024	58,888	3,914	62,802
Additions	21,136	–	21,136
Transfer from construction in progress	12,214	–	12,214
At December 31, 2024 and January 1, 2025	92,238	3,914	96,152
Additions	861	–	861
At June 30, 2025	93,099	3,914	97,013
Accumulated amortisation:			
At January 1, 2022	(3,133)	–	(3,133)
Charge for the year	(6,774)	(70)	(6,844)
Disposals	369	–	369
At December 31, 2022 and January 1, 2023	(9,538)	(70)	(9,608)
Charge for the year	(10,978)	(742)	(11,720)
Disposals	3	–	3
At December 31, 2023 and January 1, 2024	(20,513)	(812)	(21,325)
Charge for the year	(15,707)	(796)	(16,503)
At December 31, 2024 and January 1, 2025	(36,220)	(1,608)	(37,828)
Charge for the period	(9,750)	(398)	(10,148)
At June 30, 2025	(45,970)	(2,006)	(47,976)

	Software RMB'000	Intellectual properties RMB'000	Total RMB'000
Net book value:			
At June 30, 2025	47,129	1,908	49,037
At December 31, 2024	56,018	2,306	58,324
At December 31, 2023	38,375	3,102	41,477
At December 31, 2022	24,131	579	24,710

14 GOODWILL

	As at December 31, 2024 RMB'000	As at June 30, 2025 RMB'000
Cost (Note 30(b))	504,142	504,142
Accumulated impairment loss	—	—
	504,142	504,142

Goodwill arising from the Group's acquisition of the MagnTek Group in October 2024.

Impairment tests for cash-generating units containing goodwill

Goodwill is allocated to the Group's CGUs as follows:

	As at December 31, 2024 RMB'000	As at June 30, 2025 RMB'000
MagnTek Group	504,142	504,142

The recoverable amount of the CGU is determined based on value-in-use calculations. The Group engaged an independent professional valuer to assist with the calculation. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using an estimated terminal growth rate of 0%. The discount rate used is pre-tax and reflect specific risks relating to the relevant industry, the CGUs themselves and macro-environment. The key assumptions used in estimating the recoverable amount are as follows:

	As at December 31, 2024	As at June 30, 2025
Annual revenue growth rate during the forecast period		
(i):	from 10% to 20%	from 10% to 25%
Gross profit margin	from 45.83% to 49.19%	from 45.83% to 49.19%
Growth rate beyond the forecast period	0%	0%
Pre-tax discount rate	11.75%	12.02%

- (i) The basis used to determine the value assigned to the annual growth rate of revenue was based on the average growth levels experienced over the past years and the estimated sales volume and price growth for the next five years.

Detail of the headroom calculated based on the recoverable amounts deducting the carrying amount of the CGU is set out as follows:

	As at December 31, 2024 RMB'000	As at June 30, 2025 RMB'000
MagnTek Group	71,800	220,946

Management have undertaken sensitivity analysis on the impairment test of goodwill. The following table sets out the hypothetical changes to annual growth rate during the 5-year forecast, gross margin rate and discount rate that would, in isolation, have removed the remaining headroom respectively as at December 31, 2024 and June 30, 2025:

	MagnTek Group	
	As at December 31, 2024	As at June 30, 2025
Compound annual growth rate of revenue during the 5-year forecast period	-2.0%	-5.6%
Gross margin rate	-2.1%	-6.0%
Pre-tax discount rate	+6.2%	+54.2%

The Company performs impairment test on goodwill at each reporting date. The recoverable amount of the CGU based on the value-in-use (“VIU”) calculations is higher than its carrying amount as at December 31, 2024 and June 30, 2025. With regard to the assessment of the VIU of the CGUs, the directors of the Company believe that any reasonably possible change in any of the above key assumptions would not cause the carrying value, including goodwill, of the CGUs to exceed the recoverable amounts.

15 INVESTMENT IN SUBSIDIARIES

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

Name of company	Place of incorporation and business/ establishment	Particulars of issued capital	Particulars of paid-up capital	Proportion of ownership interest												Principal activity	
				Group's effective interest				Held by the Company				Held by subsidiaries					
				As at December 31, 2022	2023	2024	As at June 30, 2025	As at December 31, 2022	2023	2024	As at June 30, 2025	As at December 31, 2022	2023	2024	As at June 30, 2025		
Tele-Sight Technology International Limited 遠景科技國際有限公司(Notes (i))	Hong Kong July 23, 2015	USD100,000	USD100,000	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	–	–	–	–	Sales
Shanghai Naxi Microelectronics Co., Ltd. 上海納矽微電子有限公司(Notes (ii)(v)(vii))	PRC June 24, 2016	RMB185,000,000	RMB185,000,000	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	–	–	–	–	R&D
Suzhou Wanxin Microelectronics Technology Co., Ltd. 蘇州萬芯微電子科技有限公司(Notes (ii)(iii)(v))	PRC March 15, 2021	RMB1,000,000	–	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	–	–	–	–	Sales
Suzhou Nashwey Semiconductor Co., Ltd. 蘇州納希微半導體有限公司(Notes (ii)(iii)(v))	PRC December 30, 2021	RMB50,000,000	RMB45,000,000	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	–	–	–	–	Test
Suzhou Naxing Venture Capital Management Co., Ltd. 蘇州納星創業投資管理有限公司(Notes (ii)(iii)(v))	PRC February 14, 2022	RMB510,000,000	RMB488,510,544	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	–	–	–	–	Investment
Suzhou Xinji Management Consulting Partnership (Limited Partnership) 蘇州芯吉管理諮詢合夥企業(有限合夥) (Notes (ii)(iii)(vi))	PRC September 23, 2024	RMB22,500,000	RMB11,250,000	–	–	66.67%	66.67%	–	–	–	–	–	–	–	66.67%	66.67%	Investment
Shanghai Liuci Enterprise Management Partnership (Limited Partnership) 上海留詞企業管理合夥企業(有限合夥) (Notes (ii)(iii)(vi))	PRC June 17, 2014	RMB1,797,350	RMB1,797,350	–	–	100.00%	100.00%	–	–	43.73%	43.73%	–	–	–	56.27%	56.27%	Investment
Shanghai Lairui Enterprise Management Partnership (Limited Partnership) 上海萊睿企業管理合夥企業(有限合夥) (Notes (ii)(iv)(vi))	PRC November 27, 2015	RMB13,065,935	RMB13,065,935	–	–	100.00%	100.00%	–	–	87.26%	87.26%	–	–	–	12.74%	12.74%	Investment
Suzhou Hexu Management Consulting Partnership 蘇州和煦管理諮詢合夥企業(Notes (ii)(iii)(vi))	PRC May 13, 2022	RMB10,000,000	RMB10,000,000	89.80%	89.80%	89.80%	89.80%	–	–	–	–	89.80%	89.80%	89.80%	89.80%	89.80%	Investment
Shanghai MagnTek Microelectronics Inc. 上海麥歌恩微電子股份有限公司(Notes (ii)(iv)(v))	PRC September 23, 2009	RMB35,822,488	RMB35,822,488	–	–	100.00%	100.00%	–	–	68.28%	68.28%	–	–	–	31.72%	31.72%	Sales, R&D
MagnTek Electronics (Shanghai) Co., Ltd. 麥歌恩電子(上海)有限公司 (Notes (ii)(v)(viii))	PRC October 26, 2013	RMB1,962,624	RMB1,962,624	–	–	100.00%	100.00%	–	–	–	–	–	–	–	100.00%	100.00%	Sales, R&D

Name of company	Place of incorporation and business/ establishment	Particulars of issued capital	Particulars of paid-up capital	Proportion of ownership interest												Principal activity
				Group's effective interest				Held by the Company				Held by subsidiaries				
				As at June 30,				As at June 30,				As at June 30,				
				As at December 31, 2022	2023	2024	2025	As at December 31, 2022	2023	2024	2025	As at December 31, 2022	2023	2024	2025	
Shenzhen Magen Technology Co., Ltd. 深圳麥歌恩科技有限公司 (Notes (ii)(iv)(v))	PRC April 12, 2019	RMB20,000,000	RMB2,000,000	—	—	100.00%	100.00%	—	—	—	—	—	—	100.00%	100.00%	Sales, R&D
Chongqing QstMagnaTek Microelectronics Co., Ltd. 重慶睿歌微電子有限公司 (Notes (ii)(iv)(v))	PRC May 28, 2020	RMB20,000,000	RMB20,000,000	—	—	100.00%	100.00%	—	—	—	—	—	—	100.00%	100.00%	Sales, R&D
Shenzhen MagnaTek Microelectronics Co., Ltd. 深圳麥歌恩微電子有限公司(Notes (ii)(iv)(v))	PRC August 2, 2023	RMB2,000,000	RMB1,000,000	—	—	100.00%	100.00%	—	—	—	—	—	—	100.00%	100.00%	Sales
Shanghai Haichun Microelectronics Co., Ltd. 上海海春微電子有限公司 (Notes (ii)(iii)(v))	PRC February 5, 2021 (deregistration on 13 October 2023)	RMB10,000,000	RMB4,000,000	100.00%	—	—	—	100.00%	—	—	—	—	—	—	—	Sales, R&D
Naxin Microelectronics (Shenzhen) Co., Ltd. 納芯微電子(深圳)有限公司 (Notes (ii)(iii)(v))	PRC March 3, 2020 (deregistration on 24 December 2024)	RMB50,000,000	RMB36,000,000	100.00%	100.00%	—	—	100.00%	100.00%	—	—	—	—	—	—	Sales, R&D

Notes:

- (i) The entity prepared the financial statements for the year ended December 31, 2022, 2023 and 2024 and six months ended June 30, 2024 and 2025 in accordance with the HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (“HKCPA”). The financial statements for the year ended December 31, 2022, 2023 and 2024 were audited by Vincent Mak C.P.A. Limited, certified public accountants registered in Hong Kong. As at the date of this report, no audited financial statements have been prepared for the six months ended June 30, 2025.
- (ii) The official names of these entities are in Chinese. The English names are for identification purpose only.
- (iii) No audited financial statements have been prepared for these entities for the Track Record Period.
- (iv) No audited financial statements have been prepared for these entities from the acquisition date to the year ended December 31, 2024.
- (v) These entities are limited liability companies.
- (vi) The entities are limited partnerships.
- (vii) The entity prepared the financial statements for the year ended December 31, 2022, 2023 and 2024 in accordance with the requirements of Accounting Standards for Business Enterprise, which are also referred to as China Accounting Standards, issued by the Ministry of Finance of the PRC. The financial statements for the year ended December 31, 2022, 2023 and 2024 were audited by Suzhou Fangben Certified Public Accountants (蘇州方本會計師事務所), certified public accountants registered in PRC. As at the date of this report, no audited financial statements have been prepared for the six months ended June 30, 2025.
- (viii) After the acquisition date, the entities prepared the financial statements for the year ended December 31, 2024 and six months ended June 30, 2025 in accordance with the requirements of Accounting Standards for Business Enterprise, which are also referred to as China Accounting Standards, issued by the Ministry of Finance of the PRC. The financial statements for the year ended December 31, 2024 were audited by Suzhou Fangben Certified Public Accountants (蘇州方本會計師事務所), certified public accountants registered in PRC. As at the date of this report, no audited financial statements have been prepared for the six months ended June 30, 2025.

All companies comprising the Group have adopted December 31 as their financial year end date.

16 INVESTMENT IN ASSOCIATES

Details of the Group's interest in associates as at December 31, 2022, 2023 and 2024 and June 30, 2025, which is accounted for using equity are as follows.

The Group

	As at December 31, 2022 RMB '000	As at December 31, 2023 RMB '000	2024 RMB '000	As at June 30, 2025 RMB '000
Associates	95,717	74,998	96,675	104,283

The Company

	As at December 31, 2022 RMB '000	As at December 31, 2023 RMB '000	2024 RMB '000	As at June 30, 2025 RMB '000
An associate	14,847	8,638	4,001	2,848

The following list contains all of associates, all of which are unlisted corporate entities whose quoted market price is not available:

Name	Form of business structure	Place of incorporation and business	Particulars of issued capital	Particulars of paid-up capital	Proportion of ownership interest												Principal activity
					Group's effective interest				Held by the Company				Held by a subsidiary				
					As at				As at				As at				
					June				June				June				
					30,				30,				30,				
As at December 31,				As at December 31,				As at December 31,									
2022				2023				2024				2025					
Associates																	
Xiangyang Zhenxin Sensing Technology Co., Ltd. (Note (i)) 襄陽臻芯傳感科技有限公司	Incorporated	PRC	RMB7,686,869	RMB7,686,869	38.36%	38.36%	38.36%	38.36%	38.36%	38.36%	38.36%	38.36%	—	—	—	—	Trading of chip products
Shanghai Lanxin Semiconductor Co., Ltd. (Note (ii)) 上海瀾芯半導體有限公司	Incorporated	PRC	RMB100,000,000	RMB30,000,000	30.00%	—	—	—	30.00%	—	—	—	—	—	—	—	Trading of chip products
Ningbo Baoxinyuan Power Semiconductor Co., Ltd. (Note (iii)) 寧波寶芯源功率半導體有限公司	Incorporated	PRC	RMB14,285,700	RMB14,285,700	—	30.00%	30.00%	30.00%	—	—	—	—	—	30.00%	30.00%	30.00%	Trading of chip products
Go to Storage Technology (Suzhou) Co., Ltd. (Note (iv)) 行至存儲科技(蘇州)有限公司	Incorporated	PRC	RMB7,589,280	RMB4,764,300	—	—	9.41%	9.41%	—	—	—	—	—	—	9.41%	9.41%	Trading of chip products
Shanghai Shuyu Semiconductor Co., Ltd. (Note (v)) 上海黍羽半導體有限公司	Incorporated	PRC	RMB1,363,600	RMB373,600	—	—	—	26.67%	—	—	—	—	—	—	—	26.67%	Trading of chip products
Suzhou Huaye Naxing Venture Capital Partnership Enterprise (Limited Partnership) (Note (vi)) 蘇州華業納星創業投資合夥企業(有限合夥)	Partnership	PRC	RMB360,000,000	RMB181,570,000	25.00%	25.00%	25.00%	25.00%	—	—	—	—	25.00%	25.00%	25.00%	25.00%	Investment
Jiaxing Xinde Naxing Venture Capital Partnership Enterprise (Limited Partnership) (Note (vii)) 嘉興信德納星創業投資合夥企業(有限合夥)	Partnership	PRC	RMB168,000,000	RMB52,040,000	—	—	38.43%	38.43%	—	—	—	—	—	—	38.43%	38.43%	Investment

Note:

- (i) In June 2022, the Group entered into an agreement with a third party, pursuant to which, the Group agreed to disposal its 45.00% equity interest in Xiangyang Zhenxin Sensing Technology Co., Ltd. (“**Xiangyang Zhenxin**”). Upon the completion of the Group’s disposal, the proportion of the Group’s equity interest in Xiangyang Zhenxin has been diluted to 38.36% and Xiangyang Zhenxin ceased to be a subsidiary of the Group but become an associate of the Group, and a gain on disposal of RMB9,674,000 was recognised in profit or loss. The Group has a right to appoint one director to the board of Xiangyang Zhenxin in accordance with the articles of association, therefore the director of the Company is in the view that the Group can cast significant influence on Xiangyang Zhenxin and considers it is an associate of the Group.
- (ii) In December 2022, the Group invested 30% of the equity interest in Shanghai Lanxin Semiconductor Co., Ltd. (“**Shanghai Lanxin**”) through capital injection of RMB29,500,000 in December 2022 and RMB500,000 in February 2023. In December 2023, the Group entered into an arrangement with a third party to dispose the total equity interest in Shanghai Lanxin at a cash consideration of RMB30,000,000, and a gain on disposal of RMB2,000,000 was recognised in profit or loss.
- (iii) In September 2023, the Group invested 30% of the equity interest in Ningbo Baoxinyuan Power Semiconductor Co., Ltd. (“**Ningbo Baoxinyuan**”) through capital injection of RMB15,000,000.
- (iv) In December 2024, the Group invested 9.412% of the equity interest in Go to Storage Technology (Suzhou) Co., Ltd. (“**Go to Storage**”) through capital injection of RMB8,000,000. The Group has a right to appoint one director to the board of Go to Storage and a right to veto proposals in the board of directors in accordance with the shareholders agreement, therefore the director of the Company is in the view that the Group can cast significant influence on Go to Storage and considers it is an associate of the Group.
- (v) In May 2025, the Group invested 26.67% of the equity interest in Shanghai Shuyu Semiconductor Co., Ltd. (“**Shanghai Shuyu**”) through capital injection of RMB10,000,000. The Group has a right to appoint one director to the board of Shanghai Shuyu in accordance with the shareholders agreement, therefore the director of the Company is in the view that the Group can cast significant influence on Shanghai Shuyu and considers it is an associate of the Group.
- (vi) In September 2022, the Group invested RMB51,500,000 of the equity interest in Suzhou Huaye Naxing Venture Capital Partnership Enterprise (Limited Partnership) (“**Huaye Naxing**”) through cash payment and became the general partner and executive partner of Huaye Naxing in accordance with the agreement. Huaye Naxing is an unlisted limited partnership principally engaged in management of investment portfolios in the PRC. The Group has a significant influence over the fund as the manager of the fund, therefore the director of the Company is in the view that the Group can cast significant influence on Huaye Naxing and considers it is an associate of the Group.
- (vii) In March 2024, the Group invested RMB20,000,000 of the equity interest in Jiaxing Xinde Naxing Venture Capital Partnership Enterprise (Limited Partnership) (“**Jiaxing Xinde**”) through cash payment and became the general partner and executive partner of Jiaxing Xinde in accordance with the agreement. Jiaxing Xinde is an unlisted limited partnership principally engaged in management of investment portfolios in the PRC. The Group has a significant influence over the fund as the manager of the fund, therefore the director of the Company is in the view that the Group can cast significant influence on Jiaxing Xinde and considers it is an associate of the Group.

Movement of investments in associates is disclosed below:

The Group

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>
As at the beginning of the year/period	–	95,717	74,998	96,675
Additions	115,719	15,500	28,000	10,000
Disposals	–	(28,000)	–	–
Share of loss of associates	(1,192)	(3,958)	(4,652)	(2,392)
	<u>114,527</u>	<u>79,259</u>	<u>98,346</u>	<u>104,283</u>
Less: Impairment loss (<i>Note</i>)	<u>(18,810)</u>	<u>(4,261)</u>	<u>(1,671)</u>	<u>–</u>
As at the end of the year/period	<u><u>95,717</u></u>	<u><u>74,998</u></u>	<u><u>96,675</u></u>	<u><u>104,283</u></u>

The Company

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>
As at the beginning of the year/period	–	14,847	8,638	4,001
Additions	34,719	–	–	–
Share of loss of an associate	(1,062)	(1,948)	(2,966)	(1,153)
	<u>33,657</u>	<u>12,899</u>	<u>5,672</u>	<u>2,848</u>
Less: Impairment loss (<i>Note</i>)	<u>(18,810)</u>	<u>(4,261)</u>	<u>(1,671)</u>	<u>–</u>
As at the end of the year/period	<u><u>14,847</u></u>	<u><u>8,638</u></u>	<u><u>4,001</u></u>	<u><u>2,848</u></u>

Note:

The Group and the Company assesses at the end of each reporting period to consider whether there is any indication for impairment on the interests in the associates and further assesses if they have suffered any impairment, in accordance with the accounting policy stated in Note 2(j)(ii). For the years ended December 31, 2022, 2023 and 2024 and six months ended June 30, 2025, the impairment loss of interest in an associate, Xiangyang Zhenxin, of RMB18,810,000, RMB4,261,000, RMB1,671,000 and nil has been recognised. The cash flows are discounted using a discount rate of 14.36%, 14.73%, 14.39% and 14.39% as at December 31, 2022, 2023 and 2024 and June 30, 2025, respectively. The discount rate used is pre-tax and reflects specific risks relating to the associate.

17 FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group

	As at December 31,		As at June 30,	
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Current assets				
Wealth management products	3,463,590	2,249,639	2,080,083	1,808,649
Non-current assets				
Investments not held for trading				
– Unlisted units in investment funds	52,500	143,500	266,836	284,333
– Unlisted investment	–	12,043	23,293	43,293
	52,500	155,543	290,129	327,626

The Company

	As at December 31,		As at June 30,	
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Current assets				
Wealth management products	3,463,590	2,249,639	2,080,083	1,808,649
Non-current assets				
Investments not held for trading				
– Unlisted units in investment funds	30,000	60,000	64,456	65,386

18 OTHER NON-CURRENT ASSETS

The Group

	As at December 31,		As at June 30,	
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Capacity deposit	261,777	187,601	113,732	–
Prepayments for property, plant and equipment	39,713	10,470	22,429	14,447
Others	3,055	2,442	1,679	4,073
	304,545	200,513	137,840	18,520

The Company

	As at December 31,		As at June 30,	
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Capacity deposit	261,777	187,601	111,112	—
Prepayments for property, plant and equipment	38,017	9,245	19,783	13,064
Others	2,953	2,426	1,679	1,679
	<u>302,747</u>	<u>199,272</u>	<u>132,574</u>	<u>14,743</u>

19 INVENTORIES AND CONTRACT COSTS

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

The Group

	As at December 31,		As at June 30,	
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Inventories				
Chip products				
– Raw materials	126,878	301,711	202,684	313,669
– Work in progress	256,126	225,850	296,680	383,015
– Finished goods	204,143	274,302	313,571	340,391
– Goods in transit	2,307	269	4,314	1,618
– Goods delivered to customers	3,618	3,304	5,601	3,739
	<u>593,072</u>	<u>805,436</u>	<u>822,850</u>	<u>1,042,432</u>

Contract costs	<u>12,399</u>	<u>22,358</u>	<u>9,706</u>	<u>11,024</u>
	<u>605,471</u>	<u>827,794</u>	<u>832,556</u>	<u>1,053,456</u>

The Company

	As at December 31,		As at June 30,	
	2022	2023	2024	2025
	RMB '000	RMB '000	RMB '000	RMB '000
Inventories				
Chip products				
– Raw materials	126,652	300,313	180,336	277,096
– Work in progress	255,932	223,236	245,114	324,723
– Finished goods	202,131	270,906	257,872	306,096
– Goods in transit	2,307	269	4,314	1,618
– Goods delivered to customers	3,618	3,304	3,294	3,218
	590,640	798,028	690,930	912,751
Contract costs	4,252	14,616	1,356	2,258
	594,892	812,644	692,286	915,009

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

	As at December 31,		As at June 30,	
	2022	2023	2024	2025
	RMB '000	RMB '000	RMB '000	RMB '000
Carrying amount of inventories sold	849,206	850,732	1,386,570	1,002,750
Write-down of inventories and contract costs	10,913	16,133	24,358	20,243
	860,119	866,865	1,410,928	1,022,993

Net realizable value of inventories and contract costs is estimated selling or provision of services price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale or provision of services. These estimates are based on the current market condition and historical experience of selling production of similar nature. It could change significantly as a result of competitor actions in response to changes in market conditions.

20 CONTRACT ASSETS AND CONTRACT LIABILITIES

- (a) Contract assets

	As at December 31, 2024 RMB '000	As at June 30, 2025 RMB '000
Gross carrying amount		
Quality guarantee deposit	500	500
Less allowance provision	(215)	(215)
	285	285

(b) **Contract liabilities**

	As at December 31,		As at June 30,	
	2022	2023	2024	2025
	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>
Prepayment received from customers	22,279	16,500	16,136	18,756

Movements in contract liabilities

	As at December 31,		As at June 30,	
	2022	2023	2024	2025
	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>
At the beginning of the year/period	28,082	22,279	16,500	16,136
Net increase in contract liabilities during the year/period	20,296	12,384	14,837	15,892
Acquisition of subsidiaries	—	—	998	—
Decrease in contract liabilities as a result of recognizing revenue during the year/period that was included in the contract liabilities at the beginning of the year/period	(26,099)	(18,163)	(16,199)	(13,272)
Balance at the end of the year/period	22,279	16,500	16,136	18,756

21 TRADE AND OTHER RECEIVABLES

The Group

	As at December 31,		As at June 30,	
	2022	2023	2024	2025
	RMB '000	RMB '000	RMB '000	RMB '000
Trade receivables	188,465	179,207	392,573	578,023
Bills receivables	9,124	7,312	30,094	14,312
Trade and bills receivables	197,589	186,519	422,667	592,335
Bills receivables, measures at fair value through other comprehensive income ("FVOCI")	22,513	11,199	22,727	33,070
Other receivables	19,967	20,431	24,168	24,691
Capacity deposits	58,223	73,899	76,138	110,750
Receivables from disposal of an associate	—	30,000	—	—
Receivables from disposal of a financial asset measured at FVPL	19,955	—	—	—
Value-added tax recoverable	17,147	82,381	22,606	21,881
Prepayment	42,218	56,963	51,855	110,802
Others	12,095	8,839	26,820	30,226
	389,707	470,231	646,981	923,755

All of trade and other receivables are expected to be recovered or recognised as expense within one year.

The Company

	As at December 31,		As at June 30,	
	2022	2023	2024	2025
	RMB '000	RMB '000	RMB '000	RMB '000
Trade receivables	210,992	243,519	463,464	687,111
Bills receivables	9,124	7,312	9,465	7,962
Trade and bills receivables	220,116	250,831	472,929	695,073
Bills receivables, measures at FVOCI	20,346	7,244	4,940	20,403
Other receivables	17,223	121,056	172,343	182,145
Capacity deposits	58,223	73,899	76,138	110,750
Receivables from disposal of a financial asset measured at FVPL	19,955	—	—	—
Value-added tax recoverable	15,138	30,040	6,490	8,208
Prepayment	52,744	76,346	53,449	102,820
Others	12,160	7,596	19,306	22,011
	415,905	567,012	805,595	1,141,410

As at December 31, 2022, 2023 and 2024 and June 30, 2025, the Group endorsed undue bills receivables of RMB9,031,000, RMB10,680,000, RMB17,150,000 and RMB33,921,000 respectively to its suppliers to settle trade payables of the same amount and derecognised these bills receivables and payables to suppliers in their entirety from balance sheet as the Group's management considered that the risk and rewards of ownership of these undue bills have been substantially transferred.

As at December 31, 2022, 2023 and 2024 and June 30, 2025, the Group discounted undue bills receivables of nil, RMB10,000, nil and RMB1,232,000 respectively to banks to discount at a discount rate negotiated with the banks and derecognised these bills receivables in their entirety from balance sheet as the Group's management considered that the risk and rewards of ownership of these undue bills have been substantially transferred. The Group's continuous involvement in these derecognised undue bills receivables is limited to when the issuance banks of these undue bills are unable to settle the amounts to the holders of these bills.

As at December 31, 2022, 2023 and 2024 and June 30, 2025, the maximum exposure to loss from its continuous involvement represents the amount of bills receivables of RMB9,031,000, RMB10,690,000, RMB17,150,000 and RMB35,153,000, which the Group endorsed to its suppliers and banks. These undue bills receivables were due within 7 months from date of issuance.

Ageing analysis

As of the end of the reporting period, the ageing analysis of trade receivables and bills receivables, based on the due date and net of loss allowance, is as follows:

The Group

	As at December 31,		As at June 30,	
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	197,392	186,208	420,527	590,166
Over 1 year but less than 2 years	197	311	2,120	2,168
Over 2 years but less than 3 years	—	—	20	1
	<u>197,589</u>	<u>186,519</u>	<u>422,667</u>	<u>592,335</u>

Further details on the Group's credit risk management policy and credit risk arising from trade receivables are set out in Note 32(a).

The Company

	As at December 31,		As at June 30,	
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	218,990	250,522	460,140	644,678
Over 1 year but less than 2 years	193	309	12,771	50,395
Over 2 years but less than 3 years	933	—	18	—
	<u>220,116</u>	<u>250,831</u>	<u>472,929</u>	<u>695,073</u>

22 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents comprise:

The Group

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Deposits with other financial institutions	2	19	2	2
Cash at bank and on hand	1,264,615	1,751,172	1,013,077	713,112
Cash and cash equivalents in the consolidated statement of financial position	1,264,617	1,751,191	1,013,079	713,114
Accrued bank deposit interest	—	—	(864)	(147)
Cash and cash equivalents in the consolidated cash flow statement	1,264,617	1,751,191	1,012,215	712,967

The Company

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Deposits with other financial institutions	2	19	2	2
Cash at bank and on hand	1,174,034	1,587,329	804,674	464,431
	1,174,036	1,587,348	804,676	464,433

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

		As at December 31,			Six months ended	
	Note	2022	2023	2024	2024	2025
		RMB '000	RMB '000	RMB '000	RMB '000	RMB '000
					(unaudited)	
Profit/(loss) before taxation		253,148	(297,060)	(404,155)	(269,341)	(89,602)
Adjustments for:						
Depreciation and amortisation	6(c)	65,499	107,880	157,525	68,436	117,003
Equity-settled share-based transactions	27	196,705	221,073	70,895	147,309	42,839
Investment income on wealth management products	5	(49,653)	(66,613)	(36,187)	(15,324)	(15,134)
Changes in fair value of financial assets measured at FVPL	5	(13,695)	(3,639)	(4,417)	(3,441)	(12,547)
Bank interest income of time deposit		–	–	(5,198)	–	(1,055)
Finance costs	6(a)	7,454	6,383	16,435	8,279	11,328
Dividends received from investments in financial asset measured at FVPL	5	–	(367)	(37)	–	(940)
Net loss/(profits) on disposal of property, plant and equipment and right-of-use assets	5	384	(441)	1,025	421	4,865
Net profits on disposal a subsidiary or an associate	5	(9,674)	(2,000)	–	–	–
Share of loss of associates	16	1,192	3,958	4,652	1,605	2,392
Provision for impairment of interests in associates	16	18,810	4,261	1,671	–	–
Write-down of inventories	19	10,913	16,133	24,358	26,433	20,243
Impairment loss on trade receivables		6,711	574	13,466	8,052	3,743
Changes in fair value of contingent consideration payable	30(b)	–	–	145	–	438
Foreign exchange loss/(gain) of non-operating activities		2,552	2,125	299	149	(1,907)
Non-operating income		–	(16)	(6)	–	–
Changes in working capital:						
(Increase)/decrease in inventories and contract costs	19	(399,861)	(238,456)	88,391	62,354	(241,143)
Increase in trade and other receivables	21	(163,616)	(68,925)	(80,135)	(34,971)	(262,588)
(Increase)/decrease in restricted bank deposit	22(e)	(568)	568	–	–	(1,821)
(Increase)/decrease in other non-current asset	18	(261,832)	74,789	77,252	518	111,338
Increase in trade and other payables	23	137,574	91,870	135,287	8,802	56
(Decrease)/increase in contract liabilities	20(b)	(5,803)	(5,779)	(1,362)	1,493	2,620
Increase/(decrease) in refund liabilities from right of return	29	–	12,289	21,718	(3,649)	(1,890)
Increase in deferred income	26	5,271	3,911	14,819	1,681	5,359
Cash (used in)/generated from operations		(198,489)	(137,482)	96,441	8,806	(306,403)

(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 statement as cash flows from financing activities.

	Interest-bearing borrowings <i>RMB'000</i>	Lease liabilities <i>RMB'000</i>	Dividend payable <i>RMB'000</i>	Total <i>RMB'000</i>
At January 1, 2022	102,243	19,372	—	121,615
Changes from financing cash flows:				
Proceeds from bank loans	355,467	—	—	355,467
Repayment of bank loans	(435,744)	—	—	(435,744)
Capital element of lease rentals paid	—	(13,216)	—	(13,216)
Interest element of lease rentals paid	—	(1,062)	—	(1,062)
Dividends paid to equity shareholders of the Company (Note 31(b))	—	—	(80,851)	(80,851)
Total changes from financing cash flows	(80,277)	(14,278)	(80,851)	(175,406)
Other changes:				
Increase in lease liabilities from entering into new leases during the period	—	16,025	—	16,025
Interest expenses (Note 6(a))	6,392	1,062	—	7,454
Dividend declared (Note 31(b))	—	—	80,851	80,851
Total other changes	6,392	17,087	80,851	104,330
At December 31, 2022	28,358	22,181	—	50,539

	Interest-bearing borrowings <i>RMB '000</i>	Lease liabilities <i>RMB '000</i>	Dividend payable <i>RMB '000</i>	Total <i>RMB '000</i>
At January 1, 2023	28,358	22,181	—	50,539
Changes from financing cash flows:				
Proceeds from bank loans	744,100	—	—	744,100
Repayment of bank loans	(183,157)	—	—	(183,157)
Capital element of lease rentals paid	—	(14,834)	—	(14,834)
Interest element of lease rentals paid	—	(999)	—	(999)
Dividends paid to equity shareholders of the Company (Note 31(b))	—	—	(80,851)	(80,851)
Total changes from financing cash flows	560,943	(15,833)	(80,851)	464,259
Exchange adjustments	(163)	—	—	(163)
Other changes:				
Increase in lease liabilities from entering into new leases during the period	—	24,727	—	24,727
Disposal of lease liabilities	—	(10,401)	—	(10,401)
Interest expenses (Note 6(a))	5,384	999	—	6,383
Dividend declared (Note 31(b))	—	—	80,851	80,851
Total other changes	5,384	15,325	80,851	101,560
At December 31, 2023	594,522	21,673	—	616,195

	Interest-bearing borrowings <i>RMB'000</i>	Lease liabilities <i>RMB'000</i>	Total <i>RMB'000</i>
At January 1, 2024	594,522	21,673	616,195
Changes from financing cash flows:			
Proceeds from bank loans	495,430	–	495,430
Repayment of bank loans	(279,863)	–	(279,863)
Capital element of lease rentals paid	–	(17,009)	(17,009)
Interest element of lease rentals paid	–	(847)	(847)
Total changes from financing cash flows	215,567	(17,856)	197,711
Other changes:			
Increase in lease liabilities from entering into new leases during the period	–	11,000	11,000
Acquisition of subsidiaries (<i>Note 30(a)</i>)	28,126	908	29,034
Disposal of lease liabilities	–	(2,316)	(2,316)
Interest expenses (<i>Note 6(a)</i>)	15,588	847	16,435
Total other changes	43,714	10,439	54,153
At December 31, 2024	853,803	14,256	868,059
	Interest-bearing borrowings <i>RMB'000</i>	Lease liabilities <i>RMB'000</i>	Total <i>RMB'000</i>
At January 1, 2025	853,803	14,256	868,059
Changes from financing cash flows:			
Proceeds from bank loans	45,198	–	45,198
Repayment of bank loans	(31,722)	–	(31,722)
Capital element of lease rentals paid	–	(4,408)	(4,408)
Interest element of lease rentals paid	–	(318)	(318)
Total changes from financing cash flows	13,476	(4,726)	8,750
Other changes:			
Increase in lease liabilities from entering into new leases during the period	–	4,281	4,281
Interest expenses (<i>Note 6(a)</i>)	11,010	318	11,328
Effect of foreign exchange rate changes	(40)	–	(40)
Total other changes	10,970	4,599	15,569
At June 30, 2025	878,249	14,129	892,378

Note: Bank loans and other borrowings consist of bank loans as disclosed in Note 24.

(d) Total cash outflow for leases

Amounts included in the cash flow statement for leases comprise the following:

	Year ended December 31,			Six months ended June 30,	
	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)	
Within operating cash flows	2,320	6,929	10,054	3,685	5,013
Within financing cash flows	14,278	15,833	17,856	10,673	4,726
	<u>16,598</u>	<u>22,762</u>	<u>27,910</u>	<u>14,358</u>	<u>9,739</u>

(e) Restricted bank deposits

	As at December 31,			As at June 30,	
	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>
Restricted bank deposits	<u>568</u>	<u>—</u>	<u>20,835</u>	<u>23,606</u>	

The restricted bank deposits of RMB568,000, nil, RMB20,835,000 and RMB23,606,000 represented deposits placed with banks as at December 31, 2022, 2023 and 2024 and June 30, 2025, which were mainly used as the guarantee for starting a subsidiary or the equipment procurement contracts.

The Group performed impairment assessment on restricted bank deposits and concluded that the probability of defaults of the counterparty banks are insignificant and accordingly, no allowance for credit losses is provided.

(f) Time deposits

The Group

	Year ended December 31,			As at June 30,	
	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>
Time deposits held at banks					
Current	—	—	94,334	50,000	
Non-current	<u>50,000</u>	<u>50,000</u>	<u>—</u>	<u>80,214</u>	
	<u>50,000</u>	<u>50,000</u>	<u>94,334</u>	<u>130,214</u>	

As at December 31, 2022 and 2023, the time deposit held at bank has annual interest rate of 3.45%. As at December 31, 2024, the time deposits held at banks have annual interest rate ranging from 1.25% to 3.45%. As at June 30, 2025, the time deposits held at banks have annual interest rate ranging from 1.12% to 2.05%.

The Company

	Year ended December 31,		As at June 30,	
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Time deposits held at banks				
Current	-	-	94,334	40,000
Non-current	50,000	50,000	-	80,214
	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>80,214</u>
Restricted bank deposits	50,000	50,000	94,334	120,214
	<u>50,000</u>	<u>50,000</u>	<u>94,334</u>	<u>120,214</u>

As at December 31, 2022 and 2023, the time deposit held at bank has annual interest rate of 3.45%. As at December 31, 2024, the time deposits held at banks have annual interest rate ranging from 1.25% to 3.45%. As at June 30, 2025, the time deposits held at banks have annual interest rate ranging from 1.10% to 2.05%.

23 TRADE AND OTHER PAYABLES

The Group

	As at December 31,		As at June 30,	
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	143,592	150,648	271,997	329,196
Accrual payroll	109,153	103,115	191,372	148,531
Other taxes and surcharges payables	11,493	28,766	32,971	20,015
Other payables	1,911	4,530	25,562	21,273
Payable for acquisition of subsidiaries (Note 30(b)(i))	—	—	105,976	65,859
	266,149	287,059	627,878	584,874

The Company

	As at December 31,		As at June 30,	
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	185,667	137,040	285,059	392,598
Accrual payroll	27,112	75,369	120,297	88,575
Other taxes and surcharges payables	3,320	26,728	22,064	8,429
Other payables	1,299	1,434	9,595	6,149
Payable for acquisition of subsidiaries (Note 30(b)(i))	—	—	68,052	53,218
	217,398	240,571	505,067	548,969

All trade and other payables (including amounts due to related parties) are expected to be settled within one year or are repayable on demand.

As of the end of the reporting period, the ageing analysis of trade payables (which are included in trade and other payables) is as follows:

The Group

	As at December 31,		As at June 30,	
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	139,172	149,448	268,297	320,511
Over 1 year but less than 2 years	4,417	1,130	2,797	6,154
Over 2 years but less than 3 years	3	67	655	1,628
Over 3 years	—	3	248	903
	143,592	150,648	271,997	329,196

The Company

	As at December 31,		As at June 30,	
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	181,359	136,116	284,326	386,950
Over 1 year but less than 2 years	4,305	854	704	4,994
Over 2 years but less than 3 years	3	67	10	626
Over 3 years	–	3	19	28
	<u>185,667</u>	<u>137,040</u>	<u>285,059</u>	<u>392,598</u>

24 INTEREST-BEARING BORROWINGS

(a) The analysis of the carrying amount of interest-bearing borrowings is as follows:

The Group

	As at December 31,		As at June 30,	
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Bank loans				
– secured (i)	–	351,334	353,172	341,939
– pledged (ii)	–	–	472,346	500,368
– unsecured	28,358	243,188	–	7,187
	<u>28,358</u>	<u>594,522</u>	<u>825,518</u>	<u>849,494</u>
Other borrowings (Note 30(a))	–	–	28,285	28,755
	<u>28,358</u>	<u>594,522</u>	<u>853,803</u>	<u>878,249</u>
Less: amount included under “current liabilities”	<u>(21,350)</u>	<u>(264,100)</u>	<u>(62,382)</u>	<u>(69,565)</u>
	<u>7,008</u>	<u>330,422</u>	<u>791,421</u>	<u>808,684</u>

Notes:

- (i) As at December 31, 2022, 2023 and 2024 and June 30, 2025, the Group's property, plant and equipment with aggregate carrying amounts of nil, RMB466,976,000, RMB545,121,000 and RMB538,247,000 respectively, were secured for bank loans granted to the Group (Note 11).
- (ii) As at December 31, 2024 and June 30, 2025, the Group pledged the equity interests in MagnTek Group as collateral to trust financing companies. The necessary procedures for the pledge of those equity interests have not been completed as at June 30, 2025.

The Company

	As at December 31,		As at June 30,	
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Bank loans				
– pledged (i)	–	–	472,346	500,368
– unsecured	28,358	243,188	–	–
	<u>28,358</u>	<u>243,188</u>	<u>472,346</u>	<u>500,368</u>
	<u>28,358</u>	<u>243,188</u>	<u>472,346</u>	<u>500,368</u>
Less: amount included under “current liabilities”	(21,350)	(243,188)	(40,029)	(40,029)
	<u>7,008</u>	<u>–</u>	<u>432,317</u>	<u>460,339</u>

Note:

- (i) As at December 31, 2024 and June 30, 2025, the Company pledged the equity interests in MagnTek Group as collateral to trust financing companies. As at June 30, 2025, the necessary procedures for the pledge of those equity interests have not been completed.

All of the above interest-bearing borrowings are carried at amortized cost.

(b) The analysis of the repayment schedule of interest-bearing borrowings is as follows:

The Group

	As at December 31,		As at June 30,	
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year or on demand	21,350	264,100	62,382	69,565
After 1 year but within 2 years	2,008	21,119	101,181	115,660
After 2 years but within 5 years	5,000	163,011	487,830	532,819
After 5 years	–	146,292	202,410	160,205
	<u>7,008</u>	<u>330,422</u>	<u>791,421</u>	<u>808,684</u>
	<u>28,358</u>	<u>594,522</u>	<u>853,803</u>	<u>878,249</u>

The Company

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year or on demand	21,350	243,188	40,029	40,029
After 1 year but within 2 years	7,008	—	50,317	50,339
After 2 years but within 5 years	—	—	222,000	290,000
After 5 years	—	—	160,000	120,000
	7,008	—	432,317	460,339
	28,358	243,188	472,346	500,368

25 LEASE LIABILITIES

At December 31, 2022, 2023 and 2024 and June 30, 2025, the lease liabilities were repayable as follows:

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	16,438	15,554	7,822	7,644
After 1 year but within 2 years	5,743	4,605	6,434	5,339
After 2 years but within 5 years	—	1,514	—	1,146
	5,743	6,119	6,434	6,485
	22,181	21,673	14,256	14,129

26 DEFERRED INCOME

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Government grants	12,514	16,425	31,244	36,603

Government grants are related to assets which were obtained by the Group for the purposes of purchase, construction or acquisition of the long-term assets in relation to research and development projects.

27 EQUITY-SETTLED SHARE-BASED TRANSACTIONS

Restricted Share Incentive Plans

The Company had 3,248,000 restricted shares outstanding as at January 1, 2022.

On June 21, 2022, the Company granted 2,742,728 restricted shares to the qualified employees and the granted price was RMB96 per share. The vesting periods for restricted shares granted are 1 year, 2 years, 3 years, and 4 years from the grant date. According to the Group's performance appraisal and individual performance appraisal, 25%, 25%, 25% and 25% of the restricted shares will be vested respectively.

On October 25, 2022, the Company granted 257,272 restricted shares to qualified employees and the granted price was RMB96 per share. The vesting periods for restricted shares granted are 1 year, 2 years, 3 years, and 4 years from the grant date. According to the Group's performance appraisal and individual performance appraisal, 25%, 25%, 25% and 25% of the restricted shares will be vested respectively.

On September 27, 2022, the Company regrant 270,000 restricted shares to the qualified employees due to resignation of one employee and the granted price was RMB2.19 per share. The vesting period for restricted shares granted is 4 years from the grant date, and 100% of the restricted shares will be vested.

On September 18, 2023, the Company granted 3,800,000 restricted shares to the qualified employees and the granted price was RMB49.00 per share. The vesting periods for restricted shares granted are 1 year, 2 years and 3 years from the grant date. Subject to the Group's performance appraisal and individual performance appraisal, 40%, 30% and 30% of the restricted shares will be vested respectively.

(i) The number of restricted shares to the Group's incentive employees is summarized as follows:

	As at December 31,			As at June 30,	
	2022	2023	2024	2024	2025
	'000	'000	'000	'000	'000
				(unaudited)	
Outstanding as at the beginning of the year/period	3,248	5,080	7,693	7,693	2,534
Effect of capital reserve converted into share capital (Note 31(c))	—	2,032	—	—	—
Granted	3,270	3,800	—	—	—
Vested	(1,168)	(2,069)	(2,885)	(1,164)	(88)
Lapsed	(270)	(1,150)	(2,274)	(125)	(28)
	<u>5,080</u>	<u>7,693</u>	<u>2,534</u>	<u>6,404</u>	<u>2,418</u>
Outstanding as at the end of the year/period	<u>5,080</u>	<u>7,693</u>	<u>2,534</u>	<u>6,404</u>	<u>2,418</u>

- (ii) Fair value of restricted shares:

The fair value of services received in return for restricted shares is measured by reference to the fair value of restricted shares granted. The estimate of the fair value of the newly granted restricted shares is measured based on an equity allocation model.

Fair value of restricted shares	Year ended December 31,	
	2022	2023
Fair value at grant date	RMB193.64 to RMB301.81	RMB74.35 to RMB77.43
Exercise price	RMB2.19 to RMB96.00	RMB49.00
Expected dividend yield	0% to 0.2768%	0.4438%

28 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

- (a) Current taxation in the consolidated statement of financial position represents:

	As at December 31,		2024	As at June 30, 2025
	2022	2023		
	RMB '000	RMB '000	RMB '000	RMB '000
Balance at the beginning of the year/period	3,995	458	324	3,666
Provision for income tax for the year/period	26,805	1,793	4,124	2,116
Acquisition of subsidiaries (Note 30(a))	—	—	605	—
Income tax paid during the year/period	(30,342)	(1,927)	(1,387)	(1,262)
Balance at the end of the year/period	<u>458</u>	<u>324</u>	<u>3,666</u>	<u>4,520</u>

(b) **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 statement of financial position and the movements during the Track Record Period are as follows:

Deferred tax arising from:	Equity-settled share-base transactions RMB '000	Lease liabilities RMB '000	Write-down of inventories RMB '000	Credit loss allowance RMB '000	Provision for contract assets RMB '000	Unrealized profits from internal transactions RMB '000	Deductible losses RMB '000	Deferred income RMB '000	Refund liabilities from right of return RMB '000	Right-of-use assets RMB '000	Depreciation allowances in excess of the related depreciation RMB '000	Changes in fair value of financial assets measured at FVPL RMB '000	Estimated cost of goods return RMB '000	Fair value adjustment in relation to acquisition of subsidiaries RMB '000	Total RMB '000
At January 1, 2022	–	1,678	591	914	–	182	–	1,086	–	(1,702)	–	–	–	(795)	1,954
Credited/(charged) to profit or loss	26,439	917	1,610	938	–	332	3,672	791	–	(824)	(8,135)	(2,039)	–	77	23,778
Disposal of a subsidiary	–	–	–	–	–	–	–	–	–	–	–	–	–	718	718
Credited to reserves	129	–	–	–	–	–	–	–	–	–	–	–	–	–	129
At December 31, 2022 and January 1, 2023	26,568	2,595	2,201	1,852	–	514	3,672	1,877	–	(2,526)	(8,135)	(2,039)	–	–	26,579
(Charged)/credited to profit or loss	(9,823)	1,145	2,426	(303)	–	547	(3,672)	587	1,843	(1,092)	1,506	1,493	(1,139)	–	(6,482)
Credited to reserves	3,480	–	–	–	–	–	–	–	–	–	–	–	–	–	3,480
At December 31, 2023 and January 1, 2024	20,225	3,740	4,627	1,549	–	1,061	–	2,464	1,843	(3,618)	(6,629)	(546)	(1,139)	–	23,577
Acquisition of subsidiaries	–	3	1,026	794	32	–	–	–	1,358	(3)	–	–	(720)	(50,716)	(48,226)
(Charged)/credited to profit or loss	(8,031)	(1,511)	3,703	2,002	–	186	–	2,156	3,363	1,460	1,295	744	(2,168)	2,200	5,401
Charged to reserves	(3,392)	–	–	–	–	–	–	–	–	–	–	–	–	–	(3,392)
At December 31, 2024 and January 1, 2025	8,802	2,232	9,356	4,345	32	1,249	–	4,620	6,564	(2,161)	(5,334)	198	(4,027)	(48,516)	(22,640)
Credited/(charged) to profit or loss	6,267	(106)	3,380	901	–	165	–	1,037	(312)	187	593	(1,811)	343	3,064	13,708
Credited to reserves	3,449	–	–	–	–	–	–	–	–	–	–	–	–	–	3,449
At June 30, 2025	18,518	2,126	12,736	5,246	32	1,414	–	5,657	6,252	(1,974)	(4,741)	(1,613)	(3,684)	(45,452)	(5,483)

(ii) *Reconciliation to the consolidated statement of financial position*

	As at December 31,		As at June 30,	
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Net deferred tax asset in the consolidated statement of financial position	26,579	23,577	25,876	39,969
Net deferred tax liability in the consolidated statement of financial position	—	—	(48,516)	(45,452)
	<u>26,579</u>	<u>23,577</u>	<u>(22,640)</u>	<u>(5,483)</u>

(c) **Deferred tax assets not recognised**

In accordance with the accounting policy set out in Note 2(r), as at December 31, 2022, 2023 and 2024 and June 30, 2025, the Company and its subsidiaries have not recognised deferred tax assets in respect of cumulative tax losses of RMB42,115,000, RMB536,434,000, RMB1,506,759,000 and RMB1,570,267,000 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. The tax losses arising from operations in Mainland China can be carried forward to offset against taxable profits of subsequent years for up to five years for general enterprise and ten years for high-technology enterprise, from the year in which they arose.

As at December 31, 2022, 2023 and 2024 and June 30, 2025, the Company and its subsidiaries have not recognised deferred tax assets in respect of their cumulative impairment losses of trade receivables and inventories of RMB19,077,000, RMB3,336,000, RMB3,351,000 and RMB1,722,000 respectively.

29 **REFUND LIABILITIES FROM RIGHT OF RETURN**

	As at December 31,		As at June 30,	
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1	—	—	12,289	43,571
Provision in the year/period	—	62,671	35,747	11,346
Acquisition of subsidiaries (Note 30(a))	—	—	9,564	—
Utilization of provision	—	(50,382)	(14,029)	(13,236)
As at December 31 or June 30	<u>—</u>	<u>12,289</u>	<u>43,571</u>	<u>41,681</u>
Current liabilities	—	—	39,178	36,650
Non-current liabilities	—	12,289	4,393	5,031
	<u>—</u>	<u>12,289</u>	<u>43,571</u>	<u>41,681</u>

Acquisition of the MagnTek Group

In October 2024, the Group completed the acquisition of 100% equity interest of the MagnTek Group.

(a) The major components of assets and liabilities arising from the acquisition of the MagnTek Group

The fair value of assets acquired and liabilities assumed at the acquisition date were as follows:

	Recognised values on acquisition <i>RMB '000</i>
Cash and cash equivalents (i)	64,414
Trade and other receivables (i)	139,065
Inventories	117,511
Contract assets	285
Property, plant and equipment	60,440
Right-of-use assets	828
Intangible assets (ii)	327,098
Deferred tax assets	2,490
Other non-current assets	2,713
Trade and other payables (i)	(124,401)
Interest-bearing borrowings (iv)	(28,126)
Payable for repayment of capital investment (iii)	(5,599)
Contract liabilities	(998)
Tax payables	(605)
Lease liabilities	(908)
Refund liabilities from right of return	(9,564)
Deferred tax liabilities	(50,716)
Fair value of net assets acquired	493,927

Notes:

- (i) The balance of cash and cash equivalents, trade and other receivables and trade and other payables includes the amount of Shanghai Lairui and Shanghai Liuci.
- (ii) Intangible assets arising from the acquisition mainly represent patents. The Group has engaged an external valuation firm to perform fair value assessments on these intangible assets in accordance with IAS 38 intangible Assets and IFRS 3 Business Combination. The valuation techniques used for measuring fair value is relief from royalty method. Relief from royalty method determines the value of a group of intangible assets as the present value of the cash flows attributable to the subject intangible assets after excluding the proportion of cash flows that are attributable to contributory assets.
- (iii) Before the acquisition date, Shanghai Lairui, returned its capital of RMB5,599,000 to its shareholders. Amounts represented the payable upon the acquisition date which was subsequently settled in November 2024.
- (iv) MagnTek was granted unsecured borrowings from the original shareholder, QST. As at the acquisition date, December 31, 2024 and June 30, 2025, the balance of the borrowing was RMB28,126,000, RMB28,285,000 and RMB28,755,000 respectively.

(b) Set forth below is the calculation of goodwill:

	<i>Note</i>	<i>RMB'000</i>
Consideration		
– cash paid in the current year		804,846
– cash will be paid in the future (i)		161,013
– contingent consideration payable (ii)		32,210
Total consideration		998,069
Less: fair value of net identifiable net assets acquired	30(a)	(493,927)
Goodwill (Note 14)		504,142

Notes:

- (i) As at December 31, 2024, pursuant to the acquisition agreement, RMB105,976,000, RMB37,548,000 and 17,489,000 will be paid within the next 12 months, 24 months and 36 months by the Group to the original shareholders of MagnTek, which is recorded as payable for acquisition of subsidiaries. Among which, RMB68,052,000, RMB24,906,000 and RMB17,489,000 will be paid by the Company.

As at June 30, 2025, pursuant to acquisition agreement, RMB65,859,000, RMB17,489,000 and RMB17,489,000 will be paid within the next 12 months, 24 months and 36 months by the Group to the original shareholders of MagnTek, which is recorded as payable for acquisition of subsidiaries. Among which, RMB53,218,000, RMB17,489,000 and RMB17,489,000 will be paid by the Company.

- (ii) The contingent consideration payable is classified as a financial liability and its fair value is re-measured at the end of each reporting period. Any changes in fair value are recognised in profit or loss. The contingent consideration payable as at December 31, 2024 and June 30, 2025 is as follows:

	As at December 31, 2024	As at June 30, 2025
	<i>RMB'000</i>	<i>RMB'000</i>
Carrying amount of contingent consideration payable	32,210	32,210
Fair value change of contingent consideration payable	145	582
	32,355	32,792

(c) Net cash outflow arising on the acquisition:

	<i>RMB'000</i>
Consideration paid in cash during the year	804,846
Less: cash acquired	(64,414)
	740,432

(d) Impact of acquisition on the results of the Group

From the date of acquisition to December 31, 2024, the MagnTek Group contributed revenue of RMB73,187,000 and net profit of RMB3,979,000 (including amortisation of identified intangible assets and value-added amount of inventories sold).

The consolidated revenue and net loss of the Group for the year ended December 31, 2024 would have been RMB2,296,300,000 and RMB382,914,000 respectively had the acquisition been completed as at January 1, 2024.

31 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 statement 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 are set out below:

The Company

	Note	Share capital RMB'000	Treasury shares RMB'000	Capital reserve RMB'000	PRC statutory reserve RMB'000	Retained profits RMB'000	Total RMB'000
Balance at January 1, 2022		75,798	–	203,313	27,514	238,051	544,676
Changes in equity for 2022:							
Profit for the year		–	–	–	–	293,030	293,030
Total comprehensive income		–	–	–	–	293,030	293,030
Issue of ordinary shares by initial public offering on A Share Listing, net of transaction costs	31(c)	25,266	–	5,555,981	–	–	5,581,247
Equity-settled share-based transactions		–	–	196,706	–	–	196,706
Appropriation to statutory reserves		–	–	–	29,303	(29,303)	–
Dividends declared	31(b)	–	–	–	–	(80,851)	(80,851)
Tax benefit from equity-settled share-based transactions		–	–	127	–	–	127
Others		–	–	–	–	291	291
Balance at December 31, 2022		101,064	–	5,956,127	56,817	421,218	6,535,226

	Note	Share capital RMB'000	Treasury shares RMB'000	Capital reserve RMB'000	PRC statutory reserve RMB'000	Retained profits RMB'000	Total RMB'000
Balance at January 1, 2023		101,064	–	5,956,127	56,817	421,218	6,535,226
Changes in equity for 2023:							
Loss for the year		–	–	–	–	(200,235)	(200,235)
Total comprehensive income		–	–	–	–	(200,235)	(200,235)
Issue of ordinary shares for equity-settled share-based transactions	31(c)	1,039	–	69,602	–	–	70,641
Purchase of own shares	31(d)	–	(200,106)	–	–	–	(200,106)
Equity-settled share-based transactions		–	–	221,074	–	–	221,074
Capital reserve converted into share capital	31(c)	40,426	–	(40,426)	–	–	–
Dividends declared in respect of the current year	31(b)	–	–	–	–	(80,851)	(80,851)
Tax benefit from equity-settled share-based transactions		–	–	3,480	–	–	3,480
Balance at December 31, 2023		142,529	(200,106)	6,209,857	56,817	140,132	6,349,229

	Note	Share capital RMB'000	Treasury shares RMB'000	Capital reserve RMB'000	PRC statutory reserve RMB'000	Retained profits/ (accumulated losses) RMB'000	Total RMB'000
Balance at January 1, 2024		142,529	(200,106)	6,209,857	56,817	140,132	6,349,229
Changes in equity for 2024:							
Loss for the year		—	—	—	—	(374,030)	(374,030)
Total comprehensive income		—	—	—	—	(374,030)	(374,030)
Settlement of equity-settled share-based transactions	31(d)	—	185,199	(113,233)	—	—	71,966
Equity-settled share-based transactions		—	—	70,895	—	—	70,895
Tax benefit from equity-settled share-based transactions		—	—	(3,392)	—	—	(3,392)
Balance at December 31, 2024		<u>142,529</u>	<u>(14,907)</u>	<u>6,164,127</u>	<u>56,817</u>	<u>(233,898)</u>	<u>6,114,668</u>
		Share capital RMB'000	Treasury shares RMB'000	Capital reserve RMB'000	PRC statutory reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
Balance at January 1, 2025		142,529	(14,907)	6,164,127	56,817	(233,898)	6,114,668
Changes in equity for period ended June 30, 2025:							
Loss for the period		—	—	—	—	(116,863)	(116,863)
Total comprehensive income		—	—	—	—	(116,863)	(116,863)
Equity-settled share-based transactions		—	—	42,831	—	—	42,831
Tax effect from equity-settled share-based transactions		—	—	3,449	—	—	3,449
Balance at June 30, 2025		<u>142,529</u>	<u>(14,907)</u>	<u>6,210,407</u>	<u>56,817</u>	<u>(350,761)</u>	<u>6,044,085</u>

(b) Dividends

During the year ended December 31, 2022, 2023 and 2024 and six months ended June 30, 2025, the Company declared dividends of RMB80,851,000, RMB80,851,000, nil and nil respectively to its shareholders.

(c) Issued Share capital

(i) Issued share capital

	2022		As at December 31, 2023		2024		As at June 30, 2025	
	No. of shares		No. of shares		No. of shares		No. of shares	
	'000	RMB'000	'000	RMB'000	'000	RMB'000	'000	RMB'000
Ordinary shares, issued and fully paid:								
At January 1,	75,798	75,798	101,064	101,064	142,529	142,529	142,529	142,529
Issue of ordinary shares by initial public offering on A share Listing	25,266	25,266	–	–	–	–	–	–
Issue of ordinary share for settlement equity-settled share-based transactions	–	–	1,039	1,039	–	–	–	–
Converted from capital reserve	–	–	40,426	40,426	–	–	–	–
At December 31 or June 30,	<u>101,064</u>	<u>101,064</u>	<u>142,529</u>	<u>142,529</u>	<u>142,529</u>	<u>142,529</u>	<u>142,529</u>	<u>142,529</u>

On April 22, 2022, the Company listed on the Shanghai Stock Exchange and issued 25,266,000 shares to the new shareholders of the Company. The share capital and share premium, which was deducted the capitalized listing expense, were RMB25,266,000 and RMB5,555,981,000.

Pursuant to the directors' resolution approved at 25th meeting of the Second Board of Director of the Company on April 20, 2023, and the shareholder resolution approved at the Annual General Shareholders' Meeting of 2022 on May 15, 2023, the capital reserve was converted into share capital on the basis of four new shares for every 10 shares. Consequently, the Company issued 40,426,000 new A shares.

Pursuant to the directors' resolution approved at 26th meeting of the Second Board of Director of the Company on June 21, 2023 and 17th meeting of the Second Board of Supervisor of the Company on the same date, the Company issued 959,254 shares to the qualified employees for the First Vesting Period under the restricted shares incentive scheme for 2022 granted on June 21, 2022. The share capital and share premium were RMB959,000 and RMB64,270,000.

Pursuant to the director's resolution approved at 6th meeting of the Third Board of Director of the Company on October 25, 2023 and 6th meeting of the Third Board of Supervisor of the Company on the same date, the Company issue 79,579 shares to the qualified employees for the First Vesting Period under the restricted share incentive scheme for 2022 granted on October 25, 2022. The share capital and share premium were RMB80,000 and RMB5,332,000.

(d) Treasury shares

During the year ended December 31, 2023, the Company repurchased its own ordinary shares on the Shanghai Stock Exchange as follow:

Month/year	Number of shares repurchased	Highest price paid per share RMB	Lowest price paid per share RMB	Aggregate price paid RMB '000
September 2023	1,111,956	129.68	116.83	137,166
October 2023	471,148	145.00	125.54	62,348
November 2023	3,800	156.00	154.86	592
Total	1,586,904			200,106

The treasury shares are used for restricted share incentive plans or equity excitation. In December 2024, 1,468,688 treasury shares was transferred to qualified employees, and aggregate exercise price of RMB71,966,000 received from the qualified employees under restricted share incentive plans. Accordingly, RMB185,199,000 was transferred out from treasury shares.

As at December 31, 2022, 2023 and 2024 and June 30, 2025, the treasury shares held by the Company was nil, 1,586,904 shares, 118,216 shares and 118,216 shares, respectively.

(e) Nature and purpose of reserves

(i) Capital reserve

The capital reserve comprises the following:

- the portion of the grant date fair value of unvested restricted shares granted to employees of the Group that has been recognised in accordance with the accounting policy adopted for share-based payments in Note 2(q)(ii); and

(ii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in Note 2(u).

(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.

The Group's overall strategy remains unchanged throughout the years ended December 31, 2022, 2023 and 2024 and six months ended June 30, 2025. The Group monitors its capital structure with reference to its debt position. The Group's strategy is to maintain the equity and debt in a balanced position and ensure there are adequate working capital to service its debt obligations. The Group's debt to asset ratio, being the Group's total liabilities over its total assets, as at December 31, 2022, 2023 and 2024 and June 30, 2025 was 5.1%, 13.3%, 22.5% and 22.2% respectively.

32 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency 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.

(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 accounts receivable, contract assets or other financial assets including the risk that receivables will be collected late or not at all if a customer or another contractual party does not fulfill its contractual obligations. The Group's exposure to credit risk arising from cash and restricted bank deposits and bills receivable is limited because the counterparties are banks and financial institutions with high credit standing, for which the Group considers to have low credit risk.

The Group does not provide any guarantees which would expose the Group to credit risk.

Trade receivables

The Group has established a credit risk management policy under which individual credit evaluations are performed on all customers requiring credit over a certain amount. These 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. Normally, the Group does not obtain collateral from customers.

The Group has no significant concentration of credit risk in industries or countries in which the customers operate. Significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. As at December 31, 2022, 2023 and 2024 and June 30, 2025, 19.92%, 27.33%, 9.05% and 11.51% of the total trade receivables was due from the Group's largest customer respectively, and 65.44%, 63.81%, 43.76% and 35.17% of the total trade receivables, respectively, was due from the Group's five largest customers.

The Group measures loss allowances for trade receivables and contract assets 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.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables and contract assets:

	As at December 31, 2022		
	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Within 1 year	5%	198,177	9,909
Over 1 years but less than 2 years	20%	246	49
		<u>198,423</u>	<u>9,958</u>

As at December 31, 2023			
	Expected loss rate	Gross carrying amount	Loss allowance
	%	RMB '000	RMB '000
Within 1 year	5%	188,312	9,416
Over 1 year but less than 2 years	20%	389	78
		<u>188,701</u>	<u>9,494</u>
		<u><u>188,701</u></u>	<u><u>9,494</u></u>
As at December 31, 2024			
	Expected loss rate	Gross carrying amount	Loss allowance
	%	RMB '000	RMB '000
Within 1 year	5%	410,983	20,549
Over 1 year but less than 2 years	33%	3,153	1,033
Over 2 years but less than 3 years	95%	361	342
		<u>414,497</u>	<u>21,924</u>
		<u><u>414,497</u></u>	<u><u>21,924</u></u>
As at June 30, 2025			
	Expected loss rate	Gross carrying amount	Loss allowance
	%	RMB '000	RMB '000
Within 1 year	5%	606,162	30,308
Over 1 year but less than 2 years	20%	2,710	542
Over 2 years but less than 3 years	50%	2	1
		<u>608,874</u>	<u>30,851</u>
		<u><u>608,874</u></u>	<u><u>30,851</u></u>

Expected loss rates are based on actual loss experience over the past years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Movement in the loss allowance account in respect of trade receivables and contract assets during the year/period is as follows:

	<i>RMB'000</i>
Balance at January 1, 2022	5,602
Amounts written off	(43)
Impairment losses recognised	4,864
Disposal of subsidiaries	(465)
Balance at December 31, 2022 and January 1, 2023	9,958
Impairment losses reversed	(464)
Balance at December 31, 2023 and January 1, 2024	9,494
Acquisition of subsidiaries	3,183
Impairment losses recognised	9,247
Balance at December 31, 2024 and January 1, 2025	21,924
Amounts written off	(825)
Impairment losses recognised	9,752
Balance at June 30, 2025	30,851

Other receivables

Credit risk in respect of other receivables is limited since the balance mainly includes deposits, value-added-tax recoverable, and amounts due from related parties.

The Group has assessed that during the Track Record Periods, other receivables have not had a significant increase in credit risk since initial recognition. Thus, a 12-month expected credit loss approach that results from possible default event within 12 months of each reporting date is adopted by management. The Group do not expect any losses from non-performance by the counterparties of other receivables and no loss allowance provision for other receivables was recognised.

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the parent company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

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

As at December 31, 2022						
Undiscounted cash outflow						
	Within 1 year or on demand <i>RMB'000</i>	More than 1 year but less than 2 years <i>RMB'000</i>	More than 2 years but less than 5 years <i>RMB'000</i>	More than 5 years <i>RMB'000</i>	Total <i>RMB'000</i>	Carrying amount <i>RMB'000</i>
Interest-bearing borrowings	22,114	2,177	5,236	—	29,527	28,358
Lease liabilities	17,095	5,897	—	—	22,992	22,181
Trade and other payables	266,149	—	—	—	266,149	266,149
	<u>305,358</u>	<u>8,074</u>	<u>5,236</u>	<u>—</u>	<u>318,668</u>	<u>316,688</u>
As at December 31, 2023						
Undiscounted cash outflow						
	Within 1 year or on demand <i>RMB'000</i>	More than 1 year but less than 2 years <i>RMB'000</i>	More than 2 years but less than 5 years <i>RMB'000</i>	More than 5 years <i>RMB'000</i>	Total <i>RMB'000</i>	Carrying amount <i>RMB'000</i>
Interest-bearing borrowings	277,382	29,607	185,438	149,963	642,390	594,522
Lease liabilities	16,135	4,780	1,546	—	22,461	21,673
Trade and other payables	287,059	—	—	—	287,059	287,059
	<u>580,576</u>	<u>34,387</u>	<u>186,984</u>	<u>149,963</u>	<u>951,910</u>	<u>903,254</u>

As at December 31, 2024						
Undiscounted cash outflow						
	Within 1 year or on demand <i>RMB'000</i>	More than 1 year but less than 2 years <i>RMB'000</i>	More than 2 years but less than 5 years <i>RMB'000</i>	More than 5 years <i>RMB'000</i>	Total <i>RMB'000</i>	Carrying amount <i>RMB'000</i>
Interest-bearing borrowings	84,512	92,204	556,441	206,392	939,549	853,803
Lease liabilities	8,297	6,661	–	–	14,958	14,256
Trade and other payables, exclude payable for acquisition of subsidiaries	521,902	–	–	–	521,902	521,902
Financial liability measured at FVPL	–	–	34,141	–	34,141	32,355
Payable for acquisition of subsidiaries	105,976	20,058	34,979	–	161,013	161,013
	<u>720,687</u>	<u>118,923</u>	<u>625,561</u>	<u>206,392</u>	<u>1,671,563</u>	<u>1,583,329</u>

As at June 30, 2025						
Undiscounted cash outflow						
	Within 1 year or on demand <i>RMB'000</i>	More than 1 year but less than 2 years <i>RMB'000</i>	More than 2 years but less than 5 years <i>RMB'000</i>	More than 5 years <i>RMB'000</i>	Total <i>RMB'000</i>	Carrying amount <i>RMB'000</i>
Interest-bearing borrowings	89,577	135,178	564,491	162,040	951,286	878,249
Lease liabilities	7,478	5,494	1,164	–	14,136	14,129
Trade and other payables, exclude payable for acquisition of subsidiaries	519,015	–	–	–	519,015	519,015
Financial liability measured at FVPL	–	–	34,141	–	34,141	32,792
Payable for acquisition of subsidiaries	65,859	17,489	17,489	–	100,837	100,837
	<u>681,929</u>	<u>158,161</u>	<u>617,285</u>	<u>162,040</u>	<u>1,619,415</u>	<u>1,545,022</u>

(c) **Interest rate risk**

Interest-bearing financial instruments at variable rates and at fixed rates expose the Group to fair value interest risk and cash flow interest rate risk, respectively. The Group determines the appropriate weightings of the fixed and floating rate interest-bearing instruments based on the current market conditions and performs regular reviews and monitoring to achieve an appropriate mix of fixed and floating rate exposure. The fair value interest rate risk and cash flow interest rate risk that the Group exposed to are not significant.

(i) **Interest rate risk profile**

The following table, as reported to the management of the Group, details the interest rate risk profile of the Group's borrowings, lease liabilities, capacity deposit, cash and cash equivalents and restricted bank deposits as at the end of the reporting period:

	Notional amount							
	As at December 31,				As at June 30,			
	2022		2023		2024		2025	
	Interest rate	RMB'000	Interest rate	RMB'000	Interest rate	RMB'000	Interest rate	RMB'000
Fixed rate:								
Lease liabilities	4.75%	22,181	4.35%~4.75%	21,673	4.35%~4.75%	14,256	4.35%~4.75%	14,130
Short-term loans and borrowings	2.1%~3.8%	21,350	2.1%~2.8%	264,100	2.69%	62,382	2.69%	69,565
Long-term loans and borrowings	3.8%	7,008	2.68%	330,422	2.69%	791,421	2.69%	808,684
Capacity deposit	1.92%~2.63%	261,777	1.92%~2.63%	187,601	1.92%~2.63%	113,732	—	—
		<u>312,316</u>		<u>803,796</u>		<u>981,791</u>		<u>892,379</u>
Variable rate:								
Cash and cash equivalents	0.0001%~0.25%	1,264,617	0.05%~1.3%	1,751,191	0.0001%~1.15%	1,013,079	0.0001%~1.55%	713,114
Restricted bank deposits	1.05%	568	—	—	1.5%	20,835	0.05%~1.5%	23,606
		<u>1,265,185</u>		<u>1,751,191</u>		<u>1,033,914</u>		<u>736,720</u>
Net exposure		<u>1,265,185</u>		<u>1,751,191</u>		<u>1,033,914</u>		<u>736,720</u>

(ii) Sensitivity analysis

As at December 31, 2022, 2023 and 2024 and June 30, 2025, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variable held constant, would have increase/decrease the Group's profit/loss after tax and retained profits by approximately RMB10,754,000, RMB14,885,000, RMB8,788,000 and RMB6,262,000 in response to the general increase/decrease in interest rates.

The sensitivity analysis above indicates the instantaneous change in the Group's profit/loss after tax and retained profits that would arise assuming that the change in interest rates had occurred at the end of each reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the end of each reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of each reporting period, the impact on the Group's profit/loss after tax and retained profits is estimated as an annualized impact on interest expense or income of such a change in interest rates.

(d) **Currency risk**

In respect of cash at bank and on hand, accounts receivable and payable, short-term loans and long-term loans denominated in foreign currencies other than the functional currency, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates and doing hedging when necessary to address short-term imbalances.

(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 Renminbi, translated using the spot rate at the year/period end date.

Exposure to foreign currencies (expressed in RMB)				
As at December 31, 2022				
	United States Dollars	Euros	Japanese Yen	Taiwan Dollars
	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>
Trade and other receivables	33,315	1	49	62
Cash and cash equivalents	17,521	—	—	—
Interest-bearing borrowings	(20,349)	—	—	—
Trade and other payables	(16,290)	(3,561)	(10)	—
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net exposure arising from recognised assets and liabilities	14,197	(3,560)	39	62

Exposure to foreign currencies (expressed in RMB)				
As at December 31, 2023				
	United States Dollars	Euros	Japanese Yen	Korean Won
	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>
Trade and other receivables	62,406	—	—	—
Cash and cash equivalents	46,348	3,552	2,594	2,276
Trade and other payables	(34,520)	(1,776)	(6)	(51)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net exposure arising from recognised assets and liabilities	74,234	1,776	2,588	2,225

Exposure to foreign currencies (expressed in RMB)
As at December 31, 2024

	United States Dollars	Euros	Japanese Yen	Korean Won	Pound
	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>
Trade and other receivables	68,959	–	3,051	–	–
Cash and cash equivalents	79,071	7,788	9,489	5,695	–
Trade and other payables	(44,902)	(470)	(2)	(66)	(2)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net exposure arising from recognised assets and liabilities	103,128	7,318	12,538	5,629	(2)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Exposure to foreign currencies (expressed in RMB)
As at June 30, 2025

	United States Dollars	Euros	Japanese Yen	Korean Won	Hong Kong Dollars	Taiwan Dollars
	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>
Trade and other receivables	96,276	4,565	–	–	2,453	357
Cash and cash equivalents	72,579	10,251	11,300	10,069	–	–
Trade and other payables	(52,153)	(447)	(273)	–	–	–
Interest-bearing borrowings	(7,187)	–	–	–	–	–
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net exposure arising from recognised assets and liabilities	109,515	14,369	11,027	10,069	2,453	357
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

(ii) **Sensitivity analysis**

The following table indicates the instantaneous change in the Group's profit/(loss) after tax (and retained profits) and other components of consolidated equity that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant.

	2022		As at December 31, 2023		2024		As at June 30, 2025	
	Increase/ (decrease) in foreign exchange rates	Effect on profit/(loss) after tax and retained profits RMB '000	Increase/ (decrease) in foreign exchange rates	Effect on (loss)/profit after tax and retained profits RMB '000	Increase/ (decrease) in foreign exchange rates	Effect on (loss)/profit after tax and accumulated losses RMB '000	Increase/ (decrease) in foreign exchange rates	Effect on (loss)/profit after tax and accumulated losses RMB '000
United States Dollars	1% -1%	121 (121)	1% -1%	(631) 631	1% -1%	(877) 877	1% -1%	(931) 931
Euros	1% -1%	(30) 30	-1% 1%	15 (15)	1% -1%	(62) 62	1% -1%	(122) 122
Japanese Yen	1% -1%	– –	1% -1%	(22) 22	1% -1%	(107) 107	1% -1%	(94) 94
Taiwan Dollars	1% -1%	1 (1)	– –	– –	– –	– –	1% -1%	(3) 3
Korean Won	– –	– –	1% -1%	(19) 19	1% -1%	(48) 48	1% 1%	(86) 86
Pound	– –	– –	– –	– –	1% -1%	– –	– –	– –
Hong Kong Dollars	– –	– –	– –	– –	– –	– –	1% -1%	(21) 21

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' profit after tax and equity measured in the respective functional currencies, and then 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.

(e) **Fair value measurement**

(i) **Financial assets and liabilities measured at fair value**

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

	As at December 31, 2022			
	Level 1	Level 2	Level 3	Total
	RMB '000	RMB '000	RMB '000	RMB '000
Fair value measured on a recurring basis				
Financial assets measured at FVPL (Note 17)				
– Wealth management products	–	3,463,590	–	3,463,590
– Unlisted units in investment funds	–	–	52,500	52,500
– Unlisted investment	–	–	–	–
	<u>–</u>	<u>3,463,590</u>	<u>52,500</u>	<u>3,516,090</u>
	<u><u>–</u></u>	<u><u>3,463,590</u></u>	<u><u>52,500</u></u>	<u><u>3,516,090</u></u>
Financial assets measured at FVOCI (Note 21)				
– Bills receivables	–	–	22,513	22,513
	<u>–</u>	<u>–</u>	<u>22,513</u>	<u>22,513</u>

As at December 31, 2023				
	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Fair value measured on a recurring basis				
Financial assets measured at FVPL (Note 17)				
– Wealth management products	–	2,249,639	–	2,249,639
– Unlisted units in investment funds	–	–	143,500	143,500
– Unlisted investment	–	–	12,043	12,043
	–	2,249,639	155,543	2,405,182
Financial assets measured at FVOCI (Note 21)				
– Bills receivables	–	–	11,199	11,199
As at December 31, 2024				
	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Fair value measured on a recurring basis				
Financial assets measured at FVPL (Note 17)				
– Wealth management products	–	2,080,083	–	2,080,083
– Unlisted units in investment funds	–	–	266,836	266,836
– Unlisted investment	–	–	23,293	23,293
	–	2,080,083	290,129	2,370,212
Financial assets measured at FVOCI (Note 21)				
– Bills receivables	–	–	22,727	22,727
Financial liabilities measured at FVPL (Note 30(b))				
– Contingent consideration payable	–	–	32,355	32,355

	As at June 30, 2025			
	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Fair value measured on a recurring basis				
Financial assets measured at FVPL (Note 17)				
– Wealth management products	–	1,808,649	–	1,808,649
– Unlisted units in investment funds	–	–	284,333	284,333
– Unlisted investment	–	–	43,293	43,293
	–	1,808,649	327,626	2,136,275
Financial assets measured at FVOCI (Note 21)				
– Bills receivables	–	–	33,070	33,070
Financial liabilities measured at FVPL (Note 30(b))				
– Contingent consideration payable	–	–	32,792	32,792

During the years ended December 31, 2022, 2023 and 2024 and six months ended June 30, 2025, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Information about Level 3 fair value measurements

	Valuation techniques	Significant unobservable inputs
Unlisted units in investment funds	Net asset value (Note i)	Net asset value of underlying investments
Unlisted investments	Comparable transactions adjusted approach (Note ii)	Changing trend of medium market multiples of comparable companies
Bills receivables	Discounted cash flow method (Note iii)	Expected discount rate
Contingent consideration payable	Discounted cash flow method (Note iii)	Expected discount rate

Notes:

- (i) The fair value of unlisted units in investments funds is determined referencing net asset value of underlying investments. The fair value measurement is positively correlated to net asset value of underlying investments. As at December 31, 2022, 2023 and 2024 and June 30, 2025, it is estimated that with all other variables held constant, an increase/decrease in net asset value of underlying investments by 5% would have increased/decreased the Group's profit or loss for the year by RMB4,150,000, RMB7,713,000, RMB10,387,000 and RMB11,089,000.
- (ii) The fair value of certain unlisted investments is determined using comparable transactions adjusted approach adjusted for changing trend of medium market multiple of comparable companies or medium market multiples of comparable companies. The fair value measurement is positively correlated to the changing trend of medium market multiple of comparable companies. As at December 31, 2022, 2023 and 2024 and June 30, 2025, it is estimated that with all other available held constant, an increase/decrease in change of medium market multiple of comparable companies by 5% would have increased/decreased the Group's profit or loss for the year by nil, RMB452,000, RMB986,000 and RMB2,158,000.
- (iii) The bills receivables measured at FVOCI and contingent consideration payable measured at FVPL are calculated by discounting the expected future cash flows using market rates of return currently available for other financial instruments with similar credit risk and remaining maturities.

33 COMMITMENTS

Capital commitments outstanding at December 31, 2022, 2023 and 2024 and June 30, 2025 not provided for in the financial statements were as follows:

	As at December 31,			As at June 30,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Contracted for acquisition of property, plant and equipment	94,503	27,661	38,913	69,439

34 MATERIAL RELATED PARTY TRANSACTIONS

(a) Key management personnel remuneration

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

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(unaudited)				
Short-term employee benefits	12,836	11,830	12,043	5,203	5,743
Post-employment benefits	548	630	681	338	342
Equity-settled share-based transactions	5,912	5,575	2,489	2,640	523
	<u>19,296</u>	<u>18,035</u>	<u>15,213</u>	<u>8,181</u>	<u>6,608</u>

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

(b) Names and relationships of the related parties that had material transactions with Group

Name of related parties	Relationships
Xiangyang Zhenxin	Associate of the Group
Ningbo Baoxinyuan	Associate of the Group
Shanghai Lanxin	Associate of the Group
Shanghai Shuyu	Associate of the Group
Jiaxing Xinde	Associate of the Group

(c) Material related parties transactions

The Group entered into the following material related party transactions for the years ended December 31, 2022, 2023 and 2024 and six months ended June 30, 2024 and 2025:

	Year ended December 31,			Six months ended June 30,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(unaudited)				
Purchase of goods and services					
– Associates	<u>911</u>	<u>2,001</u>	<u>5,996</u>	<u>716</u>	<u>2,311</u>
Sales of goods and services					
– Associates	<u>–</u>	<u>–</u>	<u>5,461</u>	<u>–</u>	<u>2,051</u>
Loans to an associate	<u>500</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>

(d) Balance with related parties

As at December 31, 2022, 2023 and 2024 and June 30, 2025, the Group had the following balances with related parties:

		As at December 31,			As at June 30,
	<i>Note</i>	2022	2023	2024	2025
		<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>
Trade related					
Trade and other receivables, gross amount	(i)	—	—	3,552	991
Trade payables	(i)	(243)	(150)	(550)	—
		<u> </u>	<u> </u>	<u> </u>	<u> </u>
					As at December 31, 2022
		<i>Note</i>			<i>RMB '000</i>
Non-trade related					
Loan to an associate	(i)				500
					<u> </u>

Note:

- (i) The outstanding balances with these related parties are balances included in “Trade and other receivables” (Note 21) and “Trade and other payables” (Note 23).

35 PRE-ACQUISITION FINANCIAL INFORMATION OF MAGNTEK

The following pre-acquisition financial information of MagnTek from the beginning of the Track Record Period to the date of acquisition (“**Pre-acquisition Period**”) presented in accordance with Rule 4.05A of the Listing Rules is disclosed below. The accounting policies adopted in the preparation of the pre-acquisition financial information is consistent with those adopted in the preparation of the consolidated financial statements.

(A) Consolidated statements of profit or loss and other comprehensive income
(Expressed in Renminbi ("RMB"))

	<i>Note</i>	Years ended December 31,		Periods ended October 18,	
		2022	2023	2023	2024
		<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>
				<i>(unaudited)</i>	
Revenue	<i>(1)</i>	268,559	289,931	229,584	335,937
Cost of sales		<u>(126,782)</u>	<u>(151,554)</u>	<u>(118,912)</u>	<u>(169,553)</u>
Gross profit		141,777	138,377	110,672	166,384
Other net income	<i>(2)</i>	5,923	12,463	5,480	3,898
Selling and marketing expenses		(14,354)	(18,218)	(14,868)	(20,211)
Administrative expenses		(39,986)	(46,710)	(40,991)	(46,796)
Research and development expenses		(59,001)	(69,755)	(55,177)	(58,369)
Impairment loss on trade and other receivables		<u>(2,350)</u>	<u>(1,982)</u>	<u>(1,608)</u>	<u>(1,544)</u>
Profit from operations		32,009	14,175	3,508	43,362
Finance costs	<i>(3)(a)</i>	<u>(1,276)</u>	<u>(1,958)</u>	<u>(1,654)</u>	<u>(1,268)</u>
Profit before taxation	<i>(3)</i>	30,733	12,217	1,854	42,094
Income tax	<i>(4)(a)</i>	<u>(1,102)</u>	<u>1,287</u>	<u>1,064</u>	<u>(156)</u>
Profit for the year/period		29,631	13,504	2,918	41,938
Other comprehensive income		<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total comprehensive income for the year/period		<u>29,631</u>	<u>13,504</u>	<u>2,918</u>	<u>41,938</u>

(B) Consolidated statements of financial position
(Expressed in RMB)

		As at December 31,		As at
	Note	2022	2023	October 18,
		RMB'000	RMB'000	2024
				RMB'000
Non-current assets				
Property, plant and equipment	(5)	17,820	32,888	60,440
Right-of-use assets	(6)	2,427	1,480	828
Intangible assets	(7)	2,228	3,331	4,828
Other non-current assets	(9)	11,792	12,248	2,713
Deferred tax assets	(16)(b)	1,090	1,878	2,490
		<u>35,357</u>	<u>51,825</u>	<u>71,299</u>
Current assets				
Inventories	(10)	79,581	83,158	101,676
Trade and other receivables	(11)	65,374	65,066	88,959
Financial assets measured at fair value through profit or loss ("FVPL")	(12)	12,552	55,040	–
Time deposits		–	–	10,000
Cash and cash equivalents		18,880	11,504	47,996
		<u>176,387</u>	<u>214,768</u>	<u>248,631</u>
Current liabilities				
Trade and other payables	(13)	45,698	55,970	73,424
Contract liabilities		637	2,483	998
Interest-bearing borrowings	(14)	11,400	–	–
Lease liabilities	(15)	939	1,091	395
Current taxation		2,188	–	605
Refund liabilities from right of return	(17)	–	10,896	9,564
		<u>60,862</u>	<u>70,440</u>	<u>84,986</u>
Net current assets		<u>115,525</u>	<u>144,328</u>	<u>163,645</u>
Total assets less current liabilities		<u>150,882</u>	<u>196,153</u>	<u>234,944</u>
Non-current liabilities				
Interest-bearing borrowings	(14)	36,149	50,685	28,126
Deferred income		–	–	800
Lease liabilities	(15)	1,473	541	513
		<u>37,622</u>	<u>51,226</u>	<u>29,439</u>
NET ASSETS		<u>113,260</u>	<u>144,927</u>	<u>205,505</u>
CAPITAL AND RESERVES				
Share capital		35,822	35,822	35,822
Reserves		77,438	109,105	169,683
TOTAL EQUITY		<u>113,260</u>	<u>144,927</u>	<u>205,505</u>

(C) **Statements of financial position of Shanghai MagnTek**
(Expressed in RMB)

	As at December 31, 2022 RMB '000	2023 RMB '000	As at October 18, 2024 RMB '000
Non-current assets			
Property, plant and equipment	11,099	15,302	26,194
Right-of-use assets	726	290	—
Intangible assets	2,228	3,331	4,828
Interests in subsidiaries	33,584	36,133	37,556
Other non-current assets	3,930	8,990	2,713
Deferred tax assets	806	726	978
	<u>52,373</u>	<u>64,772</u>	<u>72,269</u>
Current assets			
Inventories	76,585	83,158	57,583
Trade and other receivables	15,587	18,859	43,012
Financial assets measured at fair value through profit or loss (“FVPL”)	12,552	33,522	—
Time deposits	—	—	8,000
Cash and cash equivalents	8,910	4,947	19,010
	<u>113,634</u>	<u>140,486</u>	<u>127,605</u>
Current liabilities			
Trade and other payables	46,864	56,539	43,203
Contract liabilities	9,562	424	98
Interest-bearing borrowings	1,400	—	—
Lease liabilities	357	338	—
Refund liabilities from right of return	—	167	1,037
	<u>58,183</u>	<u>57,468</u>	<u>44,338</u>
Net current assets	<u>55,451</u>	<u>83,018</u>	<u>83,267</u>
Total assets less current liabilities	<u>107,824</u>	<u>147,790</u>	<u>155,536</u>
Non-current liabilities			
Interest-bearing borrowings	36,149	50,685	28,126
Deferred income	—	—	800
Lease liabilities	299	—	—
	<u>36,448</u>	<u>50,685</u>	<u>28,926</u>
NET ASSETS	<u>71,376</u>	<u>97,105</u>	<u>126,610</u>
CAPITAL AND RESERVES			
Share capital	35,822	35,822	35,822
Reserves	35,554	61,283	90,788
TOTAL EQUITY	<u>71,376</u>	<u>97,105</u>	<u>126,610</u>

(D) Consolidated statements of changes in equity
(Expressed in RMB)

	Share capital RMB '000	Capital reserve RMB '000	PRC statutory reserve RMB '000	Retained profits RMB '000	Total equity RMB '000
Balance at January 1, 2022	35,822	18,592	2,696	39,032	96,142
Changes in equity for 2022:					
Total comprehensive income and profit for the year	—	—	—	29,631	29,631
Dividends declared	—	—	—	(30,000)	(30,000)
Appropriation to statutory reserve	—	—	2,540	(2,540)	—
Equity-settled share-based transactions	—	17,487	—	—	17,487
Balance at December 31, 2022 and January 1, 2023	35,822	36,079	5,236	36,123	113,260

	Share capital RMB '000	Capital reserve RMB '000	PRC statutory reserve RMB '000	Retained profits RMB '000	Total equity RMB '000
Balance at January 1, 2023	35,822	36,079	5,236	36,123	113,260
Changes in equity for 2023:					
Total comprehensive income and profit for the year	—	—	—	13,504	13,504
Appropriation to statutory reserve	—	—	767	(767)	—
Equity-settled share-based transactions	—	18,163	—	—	18,163
Balance at December 31, 2023 and January 1, 2024	35,822	54,242	6,003	48,860	144,927

	Share capital RMB '000	Capital reserve RMB '000	PRC statutory reserve RMB '000	Retained profits RMB '000	Total equity RMB '000
Balance at January 1, 2024	35,822	54,242	6,003	48,860	144,927
Changes in equity for period ended October 18, 2024:					
Total comprehensive income and profit for the period	—	—	—	41,938	41,938
Equity-settled share-based transactions	—	18,640	—	—	18,640
Balance at October 18, 2024	35,822	72,882	6,003	90,798	205,505

(E) **Consolidated cash flows statements**
(Expressed in RMB)

	Years ended December 31,		Periods ended October 18,	
	2022	2023	2023	2024
	RMB '000	RMB '000	RMB '000 (unaudited)	RMB '000
Operating activities				
Cash generated from operations	22,962	55,581	14,612	39,553
Income tax refunded / (paid)	1,086	(901)	(901)	449
Net cash generated from operating activities	24,048	54,680	13,711	40,002
Investing activities				
Payment for purchase of property, plant and equipment and intangible assets	(19,283)	(20,383)	(7,222)	(24,940)
Payment for the purchase of time deposit	—	—	—	(10,000)
Interest received	543	30	24	100
Proceeds from disposal of financial asset measured at FVPL	139,700	171,800	129,037	184,655
Payments for the purchase of financial asset measured at FVPL	(141,006)	(213,730)	(147,300)	(128,800)
Net cash (used in) / generated from investing activities	(20,046)	(62,283)	(25,461)	21,015
Financing activities				
Proceeds from interest-bearing borrowings	55,500	13,000	13,000	—
Repayments of interest-bearing borrowings and interest expenses	(20,859)	(11,731)	(11,710)	(23,784)
Capital element of lease rentals paid	(1,041)	(951)	(844)	(698)
Interest element of lease rentals paid	(48)	(91)	(79)	(43)
Dividends paid to the equity shareholder of MagnTek	(30,000)	—	—	—
Net cash generated from / (used in) financing activities	3,552	227	367	(24,525)
Net increase / (decrease) in cash and cash equivalents	7,554	(7,376)	(11,383)	36,492
Cash and cash equivalents at the beginning of the year/period	11,326	18,880	18,880	11,504
Cash and cash equivalents at the end of the year/period	18,880	11,504	7,497	47,996

(1) **Revenue and segment reporting**

(a) **Revenue**

(i) *Disaggregation of revenue*

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

	Years ended December 31,		Periods ended October 18,	
	2022	2023	2023	2024
	RMB '000	RMB '000	RMB '000 (unaudited)	RMB '000
Revenue from contracts with customers within the scope of IFRS 15				
Disaggregated by major products or service lines				
– Sensors	256,626	284,195	226,688	331,443
– Others	11,933	5,736	2,896	4,494
	<u>268,559</u>	<u>289,931</u>	<u>229,584</u>	<u>335,937</u>

Revenue is recognised at a point in time when the customer obtains control of products or services.

(ii) *Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date*

MagnTek has also applied the practical expedient in paragraph 121(a) of IFRS 15 to its sales contracts for integrated circuit design sensor products that MagnTek will be entitled to when it satisfies the remaining performance obligations under the contracts for sales of sensor products that had an original expected duration of one year or less.

(b) **Segment reporting**

IFRS 8, *Operating Segments*, requires identification and disclosure of operating segment information based on internal financial reports that are regularly reviewed by MagnTek's chief operating decision maker for the purpose of resources allocation and performance assessment. On this basis, MagnTek has determined that it only has one operating segment which is the sales of sensor products.

(i) *Geographic information*

The following table sets out information about the geographical location of MagnTek's revenue from external customers. All of its non-current assets and capital expenditure were located/incurred in Chinese Mainland. The geographical location of customers is based on the location at which the goods were sold or the services were provided.

	Years ended December 31,		Periods ended October 18,	
	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Chinese Mainland	241,145	266,456	206,464	320,110
Overseas	27,414	23,475	23,120	15,827
	<u>268,559</u>	<u>289,931</u>	<u>229,584</u>	<u>335,937</u>

(ii) *Information about major customers*

Revenue from each major customer which accounted for 10% or more of MagnTek's revenue during the Pre-acquisition Period is set out below:

	Years ended December 31,		Periods ended October 18,	
	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Customer A	57,469	79,081	57,631	89,319

(2) **Other net income**

	Years ended December 31,		Periods ended October 18,	
	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Bank interest income	543	30	24	100
Changes in fair value of financial assets measured at FVPL	233	558	361	815
Government grants (Note)	2,401	8,335	5,802	1,404
Net foreign exchange gain/(loss)	2,077	(677)	(693)	(1,115)
Value-added tax deduction	—	4,164	—	3,871
Net losses on disposal of property, plant and equipment and right-of- use assets	—	(24)	(35)	(40)
Others	669	77	21	(1,137)
	<u>5,923</u>	<u>12,463</u>	<u>5,480</u>	<u>3,898</u>

Note: The government grants primarily comprise subsidies received from the government for the encouragement of research and development projects.

(3) **Profit before taxation**

Profit before taxation is arrived at after charging:

(a) **Finance costs**

	Years ended December 31,		Periods ended October 18,	
	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
			(unaudited)	
Finance costs:				
Interest on				
– interest-bearing borrowings	1,228	1,867	1,575	1,225
– lease liabilities	48	91	79	43
	<u>1,276</u>	<u>1,958</u>	<u>1,654</u>	<u>1,268</u>

(b) **Staff costs**

	Years ended December 31,		Periods ended October 18,	
	2022	2023	2023	2024
	RMB'000	RMB'000	RMB'000	RMB'000
			(unaudited)	
Salaries, wages and other benefits	62,636	77,268	57,014	68,341
Contributions to defined contribution retirement plan	4,381	5,687	4,623	5,288
Equity-settled share-based transactions	17,487	18,163	15,136	18,640
	<u>84,504</u>	<u>101,118</u>	<u>76,773</u>	<u>92,269</u>

Employees of MagnTek are required to participate in a defined contribution retirement scheme administered and operated by the local municipal government. MagnTek contributes funds which are calculated on certain percentages of the average employee salary as agreed by the local municipal government to the scheme to fund the retirement benefits of the employees.

MagnTek has no other material obligation for the payment of retirement benefits beyond the contributions described above.

(c) **Other items**

	Years ended December 31,		Periods ended	
	2022	2023	October 18,	2024
	RMB'000	RMB'000	2023	2024
			RMB'000	RMB'000
			(unaudited)	
Depreciation charge				
– owned property, plant and equipment (Note 35(5))	2,619	3,379	2,688	4,853
– right-of-use assets (Note 35(6))	367	1,118	912	586
	<u>2,986</u>	<u>4,497</u>	<u>3,600</u>	<u>5,439</u>
Amortisation of intangible assets (Note 35(7))	226	353	271	573
Cost of inventories (Note)	126,782	151,554	118,912	169,553

Note:

Cost of inventories includes amounts relating to staff costs, depreciation and amortization expenses and write-down/(reversal) of inventories, which are also included in the respective total amounts disclosed separately above or in Note 35(3)(b) for each of these types of expenses.

(4) **Income tax in the consolidated statement of profit or loss**

(a) **Taxation in the consolidated statement of profit or loss represents:**

	Years ended December 31,		Periods ended	
	2022	2023	October 18	2024
	RMB'000	RMB'000	2023	2024
			RMB'000	RMB'000
			(unaudited)	
Current tax				
Provision for the year / period	1,975	–	–	590
(Over) / under-provision in previous years	–	(499)	(499)	178
Deferred tax				
Origination and reversal of temporary differences (Note 35(16)(b))	(873)	(788)	(565)	(612)
	<u>1,102</u>	<u>(1,287)</u>	<u>(1,064)</u>	<u>156</u>

Notes:

- (i) According to the Corporate Income Tax Law of China (the “**Tax Law**”), MagnTek’s subsidiaries in the PRC are subject to statutory income tax rate of 25%, except for those which are entitled to a preferential tax rate applicable to advanced and new technology enterprises of 15%. MagnTek’s subsidiaries Shanghai MagnTek Microelectronics Inc. (上海麥歌恩微電子股份有限公司) obtained the certificate of high-technology enterprise in 2021 and renewed in 2024, and is subject to income tax rate at 15% for the years ended December 31, 2022 and 2023, and the periods ended October 18, 2023 and 2024. MagnTek’s subsidiaries MagnTek Electronics (Shanghai) Co., Ltd. (麥歌恩電子(上海)有限公司), Shenzhen Magen Technology Co., Ltd. (深圳麥歌恩科技有限公司) and Chongqing QstMagnTek Microelectronics Co., Ltd. (重慶睿歌微電子有限公司) obtained the certificate of high-technology enterprise in 2022, and are subject to income tax rate at 15% for the years ended December 31, 2022 and 2023, and the periods ended October 18, 2023 and 2024.
- (ii) Taxation of subsidiaries are charged at the prevailing rates of respectively in the relevant countries and are calculated on a stand-alone basis.

(b) **Reconciliation between tax expense and accounting profit at applicable tax rates:**

	Years ended December 31,		Periods ended October 18	
	2022 RMB '000	2023 RMB '000	2023 RMB '000 (unaudited)	2024 RMB '000
Profit before taxation	30,733	12,217	1,854	42,094
Income tax expenses				
calculated at applicable tax rate	4,610	1,967	307	6,628
Effect of adjustment to income tax of prior periods	—	(499)	(499)	178
Effect of non-deductible expenses	4,924	3,407	2,804	2,444
Effect of deductible temporary difference or deductible losses unrecognized in the current period	178	2,468	3,422	1,050
Effect of using deductible losses for which deferred tax assets were previously not recognised	(1,320)	—	—	(2,686)
Effect of additional deduction on research and development expenses	(7,290)	(8,630)	(7,098)	(7,458)
Actual tax expense/(benefit)	1,102	(1,287)	(1,064)	156

(5) **Property, plant and equipment**

	General equipment <i>RMB'000</i>	Special equipment <i>RMB'000</i>	Construction in progress <i>RMB'000</i>	Leasehold improvements <i>RMB'000</i>	Total <i>RMB'000</i>
Cost:					
At January 1, 2022	1,102	14,772	–	4,788	20,662
Additions	400	8,411	–	497	9,308
Disposals	(43)	(12)	–	(2,318)	(2,373)
At December 31, 2022 and January 1, 2023	1,459	23,171	–	2,967	27,597
Additions	134	18,082	–	293	18,509
Disposals	(185)	(1,188)	–	–	(1,373)
At December 31, 2023 and January 1, 2024	1,408	40,065	–	3,260	44,733
Additions	203	30,201	2,070	601	33,075
Disposals	(638)	(1,922)	–	(1,986)	(4,546)
At October 18, 2024	973	68,344	2,070	1,875	73,262
Accumulated depreciation:					
At January 1, 2022	(806)	(5,266)	–	(3,439)	(9,511)
Charge for the year	(162)	(1,611)	–	(846)	(2,619)
Written back on disposals	35	1	–	2,317	2,353
At December 31, 2022 and January 1, 2023	(933)	(6,876)	–	(1,968)	(9,777)
Charge for the year	(238)	(2,593)	–	(548)	(3,379)
Written back on disposals	183	1,128	–	–	1,311
At December 31, 2023 and January 1, 2024	(988)	(8,341)	–	(2,516)	(11,845)
Charge for the period ended October 18, 2024	(174)	(4,188)	–	(491)	(4,853)
Written back on disposals	555	1,717	–	1,604	3,876
At October 18, 2024	(607)	(10,812)	–	(1,403)	(12,822)
Net book value:					
At October 18, 2024	366	57,532	2,070	472	60,440
At December 31, 2023	420	31,724	–	744	32,888
At December 31, 2022	526	16,295	–	999	17,820

(6) **Right-of-use assets**

(a) *The reconciliation of the carrying amounts of right-of-use assets by class of underlying asset is as follows:*

	Buildings <i>RMB'000</i>
Cost:	
At January 1, 2022	1,741
Additions	2,965
Disposals	(1,927)
At December 31, 2022 and January 1, 2023	2,779
Additions	171
At December 31, 2023 and January 1, 2024	2,950
Additions	1,127
Disposals	(2,778)
At October 18, 2024	1,299
Accumulated depreciation:	
At January 1, 2022	(1,029)
Charge for the year	(367)
Disposals	1,044
At December 31, 2022 and January 1, 2023	(352)
Charge for the year	(1,118)
At December 31, 2023 and January 1, 2024	(1,470)
Charge for the period ended October 18, 2024	(586)
Disposals	1,585
At October 18, 2024	(471)
Net book value:	
At October 18, 2024	828
At December 31, 2023	1,480
At December 31, 2022	2,427

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

	As at December 31,		As at October 18,
	2022	2023	2024
	<i>RMB '000</i>	<i>RMB '000</i>	<i>RMB '000</i>
Depreciation charge of right-of-use assets by class of underlying asset:			
Buildings	367	1,118	586
Interest on lease liabilities	48	91	43
Expense relating to short-term leases	1,356	929	361

Detail of maturity analysis of lease liabilities arising from leases that are not yet commenced is set out in Note 35(15).

MagnTek has obtained the right to use properties through tenancy agreements. The leases typically run for an initial period of 2 to 3 years.

(7) Intangible assets

	Software RMB '000
Cost:	
At January 1, 2022	1,301
Additions	<u>1,418</u>
At December 31, 2022 and January 1, 2023	2,719
Additions	<u>1,456</u>
At December 31, 2023 and January 1, 2024	4,175
Additions	<u>2,070</u>
At October 18, 2024	<u>6,245</u>
Accumulated amortization:	
At January 1, 2022	(265)
Charge for the year	<u>(226)</u>
At December 31, 2022 and January 1, 2023	(491)
Charge for the year	<u>(353)</u>
At December 31, 2023 and January 1, 2024	(844)
Charge for the period ended October 18, 2024	<u>(573)</u>
At October 18, 2024	<u>(1,417)</u>
Net book value:	
At October 18, 2024	<u><u>4,828</u></u>
At December 31, 2023	<u><u>3,331</u></u>
At December 31, 2022	<u><u>2,228</u></u>

(8) Interests in subsidiaries

As at October 18, 2024, MagnTek has direct interests in the following subsidiaries, all of which are private companies:

Name of Company	Place and date of establishment	Particulars of issued capital	Particulars of paid-up capital	Percentage of equity attributed to Magntek Direct	Principal activities
Magn Tek Electronics (Shanghai) Co., Ltd. 麥歌恩電子(上海)有限公司 (Note)	The PRC 26 August 2013	RMB 1,962,624	RMB 1,962,624	100%	Sales, R&D
Shenzhen Magen Technology Co., Ltd.深圳麥歌恩科技有 限公司 (Note)	The PRC 12 April 2019	RMB 20,000,000	RMB 2,000,000	100%	Sales, R&D
Chongqing QstMagnTek Microelectronics Co., Ltd. 重慶睿歌微電子有限公司 (Note)	The PRC 28 May 2020	RMB 20,000,000	RMB 20,000,000	100%	Sales, R&D
Shenzhen MagnTek Microelectronics Co., Ltd. 深圳麥歌恩微電子有限公司 (Note)	The PRC 2 August 2023	RMB 2,000,000	RMB 1,000,000	100%	Sales

Note: These entities are limited liability companies established in PRC. The official names of these entities are in Chinese. The English names are for identification purpose only.

All MagnTek's companies now have adopted December 31, as their financial year end date.

(9) Other non-current assets

	As at December 31, 2022 RMB '000	2023 RMB '000	As at October 18, 2024 RMB '000
Capacity deposit	1,398	2,940	1,875
Prepayments for property, plant and equipment	10,394	9,308	838
	<u>11,792</u>	<u>12,248</u>	<u>2,713</u>

(10) Inventories

(a) Inventories in the consolidated statement of financial position comprise:

	As at December 31, 2022 RMB '000	2023 RMB '000	As at October 18, 2024 RMB '000
Sensor products			
– Raw materials	13,694	24,443	21,261
– Work in progress	40,633	24,643	40,417
– Finished goods	24,514	34,072	38,904
– Goods in transit	–	–	606
– Goods delivered to customers	740	–	488
	<u>79,581</u>	<u>83,158</u>	<u>101,676</u>

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

	As at December 31, 2022 RMB '000	2023 RMB '000	As at October 18, 2024 RMB '000
Carrying amount of inventories sold	124,719	151,629	166,055
Write-down/(reversal) of inventories	<u>2,063</u>	<u>(75)</u>	<u>3,498</u>
	<u>126,782</u>	<u>151,554</u>	<u>169,553</u>

Net realizable value of inventories is estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale. These estimates are based on the current market condition and historical experience of selling production of similar nature. It could change significantly as a result of competitor actions in response to changes in market conditions.

(11) Trade and other receivables

	Notes	As at December 31,		As at
		2022	2023	October 18,
		RMB'000	RMB'000	2024
				RMB'000
Trade receivables		48,385	38,953	58,627
Bills receivables		3,268	7,594	9,258
Less: loss allowance		(2,020)	(1,950)	(3,183)
Trade and bills receivables		49,633	44,597	64,702
Bills receivables, measures at fair value through other comprehensive income ("FVOCI")	i	3,841	4,249	8,705
Amount due from the controlling shareholder of MagnTek	ii			
– trade related		7,417	7,417	7,177
– non-trade related		49	49	–
Other receivables		1,393	6,766	6,882
Value-added tax recoverable		38	2,407	3,304
Prepayments		3,348	1,972	906
Less: loss allowance		(345)	(2,391)	(2,717)
		11,900	16,220	15,552
		65,374	65,066	88,959

Notes:

- i The certain bills receivables held by MagnTek are achieved by both collecting contractual cash flows and selling financial assets, which are measured at fair value through other comprehensive income (recycling).

As at December 31, 2022 and 2023, and October 18, 2024, MagnTek endorsed undue bills receivables of RMB8,628,000, RMB13,793,000, and RMB15,029,000 respectively to its suppliers to settle trade payables of the same amount and derecognised these bills receivables and payables to suppliers in their entirety from balance sheet as MagnTek's management considered that the risk and rewards of ownership of these undue bills have been substantially transferred.

As at December 31, 2022 and 2023, and October 18, 2024, MagnTek had no undue bills receivables endorsed to banks.

As at December 31, 2022 and 2023, and October 18, 2024, the maximum exposure to loss from its continuous involvement represents the amount of bills receivables of RMB8,628,000, RMB13,793,000 and RMB15,029,000, which MagnTek endorsed to its suppliers. These undue bills receivables were due within 6 months from date of issuance.

- ii Included in the amount due from the controlling shareholder of MagnTek is payment of project deposits. If the project completed, these deposits paid will be refunded to MagnTek.

All of the trade and other receivables are expected to be recovered within one year.

Ageing analysis

As of the year/period end of the Pre-acquisition Period, the ageing analysis of trade receivables and bills receivables measured at amortized cost, based on the due date and net of loss allowance, is as follows:

	As at December 31, 2022 RMB '000	2023 RMB '000	As at October 18, 2024 RMB '000
Within 1 year	49,633	44,582	63,358
Over 1 year but less than 2 years	—	15	1,344
	<u>49,633</u>	<u>44,597</u>	<u>64,702</u>

(12) Financial assets measured as FVPL

	As at December 31, 2022 RMB '000	2023 RMB '000	As at October 18, 2024 RMB '000
Wealth management products	<u>12,552</u>	<u>55,040</u>	<u>—</u>

(13) Trade and other payables

	As at December 31, 2022 RMB '000	2023 RMB '000	As at October 18, 2024 RMB '000
Trade payables			
– due to the controlling shareholder of MagnTek	1,264	1,463	6,910
– due to third parties	<u>10,309</u>	<u>20,351</u>	<u>34,859</u>
	11,573	21,814	41,769
Amounts due to the controlling shareholder of MagnTek (non-trade related)	6,616	7,324	7,295
Accrued payroll	20,345	22,128	21,600
Other taxes and surcharges payables	4,064	3,863	1,512
Other payables	<u>3,100</u>	<u>841</u>	<u>1,248</u>
	<u>45,698</u>	<u>55,970</u>	<u>73,424</u>

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

The directors of the Company have confirmed that the balances with the controlling shareholder of MagnTek with non-trade in nature are expected to be settled in full prior to the listing of the Company's shares on the Stock Exchange of Hong Kong Limited.

As of the year/period end of the Pre-acquisition Period, the ageing analysis of trade payables (which are included in trade and other payables) is as follows:

	As at December 31,		As at October 18,
	2022	2023	2024
	RMB '000	RMB '000	RMB '000
Within 1 year	11,573	21,814	41,128
Over 1 year but less than 2 years	—	—	641
	<u>11,573</u>	<u>21,814</u>	<u>41,769</u>

(14) Interest-bearing borrowings

(a) The analysis of the carrying amount of interest-bearing borrowings is as follows:

	As at December 31,		As at October 18,
	2022	2023	2024
	RMB '000	RMB '000	RMB '000
Loans from the controlling shareholder of MagnTek	37,549	47,685	28,126
Secured bank loans	10,000	3,000	—
	<u>47,549</u>	<u>50,685</u>	<u>28,126</u>
Reconciliation to the consolidated statements of financial position:			
Current portion	11,400	—	—
Non-current portion	<u>36,149</u>	<u>50,685</u>	<u>28,126</u>
	<u>47,549</u>	<u>50,685</u>	<u>28,126</u>

All of the above interest-bearing borrowings are carried at amortized cost.

(b) The analysis of the repayment schedule of interest-bearing borrowings is as follows:

	As at December 31,		As at October 18,
	2022	2023	2024
	RMB '000	RMB '000	RMB '000
Within 1 year or on demand	<u>11,400</u>	<u>—</u>	<u>—</u>
After 1 years but within 2 years	—	3,000	—
After 2 years but within 5 years	<u>36,149</u>	<u>47,685</u>	<u>28,126</u>
	<u>36,149</u>	<u>50,685</u>	<u>28,126</u>
	<u>47,549</u>	<u>50,685</u>	<u>28,126</u>

(c) *Borrowings of MagnTek were secured by a related party:*

	As at December 31,		As at October 18,
	2022	2023	2024
	RMB '000	RMB '000	RMB '000
An executive director of MagnTek	10,000	3,000	—

(15) **Lease liabilities**

	As at December 31,		As at October 18,
	2022	2023	2024
	RMB '000	RMB '000	RMB '000
Within 1 year	939	1,091	395
After 1 year but within 2 years	975	541	356
After 2 years but within 5 years	498	—	157
	1,473	541	513
	2,412	1,632	908

(16) **Income tax in the consolidated statement of financial position**

(a) *Current taxation in the consolidated statements of financial position represents:*

	As at December 31,		As at October 18,
	2022	2023	2024
	RMB '000	RMB '000	RMB '000
At the beginning of the year/period	—	2,188	—
Provision/(reversal) for income tax for the year/period	1,102	(1,287)	156
Net income tax refunded/(paid) during the year/period	1,086	(901)	449
At the end of the year/period	2,188	—	605

(b) Deferred tax assets recognised:

The components of deferred tax assets/(liabilities) recognised in the consolidated statement of financial position and the movements during the Pre-acquisition Period are as follows:

Deferred tax arising from:	Lease liabilities RMB'000	Write-down/ (reversal) of inventories RMB'000	Credit loss allowance RMB'000	Refund liabilities from right of return RMB'000	Right-of-use assets RMB'000	Estimated cost of goods return RMB'000	Total RMB'000
At January 1, 2022	101	203	20	–	(107)	–	217
Credited/(charged) to profit or loss	261	310	359	–	(57)	–	873
At December 31, 2022 and January 1, 2023	362	513	379	–	(164)	–	1,090
(Charged)/credit to profit or loss	(293)	(12)	295	1,162	102	(466)	788
At December 31, 2023 and January 1, 2024	69	501	674	1,162	(62)	(466)	1,878
(Charged)/credit to profit or loss	(66)	525	152	196	59	(254)	612
At October 18, 2024	3	1,026	826	1,358	(3)	(720)	2,490

(c) Deferred tax assets not recognised

As at December 31, 2022, 2023 and October 18, 2024, MagnTek has not recognised deferred tax assets in respect of cumulative tax losses of RMB36,173,000, RMB52,773,000 and RMB43,414,000 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. The tax losses arising from operations in Mainland China can be carried forward to offset against taxable profits of subsequent years for up to five years for general enterprise and ten years for high-technology enterprise, from the year in which they arose.

(17) Refund liabilities from right of return

Refund liabilities for expectation of goods returned from customers.

	RMB'000
As at January 1, 2022 and December 31, 2022	–
Provision in the year	22,276
Utilization of provision	(11,380)
As at January 1, 2023 and December 31, 2023	10,896
Provision in the period	8,497
Utilization of provision	(9,829)
As at October 18, 2024	9,564

36 SUBSEQUENT EVENTS

There is no significant non-adjusting event after the Track Record Period.

37 ULTIMATE CONTROLLING PARTY

As at the date of this report, the Directors consider the ultimate controlling party of the Group to be Mr. Wang Shengyang, Mr. Sheng Yun and Mr. Wang Yifeng.

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

Up to the date of this report, the IASB has issued a number of amendments, new standards and interpretations, which are not yet effective for the Track Record Period and which have not been adopted in preparing the consolidated financial statements. These developments include:

	Effective for accounting periods beginning on or after
Amendments to IFRS 9 and IFRS7, <i>Contracts referencing nature-dependent electricity</i>	January 1, 2026
Amendments to IFRS 9, <i>Financial instruments</i> and IFRS 7, <i>Financial instruments: disclosures – Amendments to the classification and measurement of financial instruments</i>	January 1, 2026
Annual improvements to IFRS Accounting Standards – Volume 11	January 1, 2026
IFRS 18, <i>Presentation and disclosure in financial statements</i>	January 1, 2027
IFRS 19, <i>Subsidiaries without public accountability: disclosures</i>	January 1, 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.

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 January 1, 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. Minor amendments to IAS 7 Statement of cash flows are also made.

The Group does not plan to early adopt IFRS 18. 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.