

Shanghai FourSemi Semiconductor Co., Ltd.

Accountants' Report

**For the years ended 31 December 2022, 2023, 2024 and
the ten months ended 31 October 2025**



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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF SHANGHAI FOURSEMI SEMICONDUCTOR CO., LTD., GUOTAI JUNAN CAPITAL LIMITED AND ORIENT CAPITAL (HONG KONG) LIMITED

Introduction

We report on the historical financial information of Shanghai FourSemi Semiconductor Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") set out on pages 3 to 83, which comprises the consolidated statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2022, 2023 and 2024, and the ten months ended 31 October 2025 (the "Relevant Periods"), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2022, 2023, 2024 and 31 October 2025 and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages 3 to 83 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 23 March 2026 (the "Prospectus") in connection with the initial listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

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

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

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



Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group and the Company as at 31 December 2022, 2023, 2024 and 31 October 2025 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Review of interim comparative financial information

We have reviewed the interim comparative financial information of the Group which comprises the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the ten months ended 31 October 2024 and other explanatory information (the "Interim Comparative Financial Information"). The directors of the Company are responsible for the preparation of the Interim Comparative Financial Information in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Interim Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Interim Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page 3 have been made.

Dividends

We refer to note 11 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

A handwritten signature in black ink that reads "Ernst & Young". The signature is written in a cursive, flowing style.

Certified Public Accountants
Hong Kong
23 March 2026

ACCOUNTANTS' REPORT

I HISTORICAL FINANCIAL INFORMATION**Preparation of Historical Financial Information**

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "Underlying Financial Statements").

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

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Notes	Year ended 31 December			Ten months ended 31 October	
		2022 RMB'000	2023 RMB'000	2024 RMB'000	2024 RMB'000 (unaudited)	2025 RMB'000
REVENUE	5	130,327	150,291	355,195	288,832	280,778
Cost of sales						
Cost of goods and services		(108,830)	(142,578)	(306,007)	(247,502)	(223,136)
Impairment losses on inventories		(12,018)	(7,837)	(2,632)	(2,509)	(1,585)
Gross profit		<u>9,479</u>	<u>(124)</u>	<u>46,556</u>	<u>38,821</u>	<u>56,057</u>
Other income and gains	5	10,133	7,973	9,582	6,844	3,798
Selling and marketing expenses		(17,405)	(18,869)	(20,847)	(17,500)	(16,800)
Administrative expenses		(18,279)	(20,382)	(19,673)	(16,434)	(32,629)
Research and development costs		(48,708)	(59,271)	(68,060)	(55,134)	(55,690)
Impairment losses on financial assets, net		(125)	(165)	(116)	(136)	(59)
Other expenses		(10)	(1)	(226)	-	(1,928)
Finance costs	7	(209)	(822)	(1,393)	(1,129)	(2,155)
Changes in the carrying amounts of redemption liabilities	26	(775)	(2,469)	(2,667)	(2,208)	(2,370)
LOSS BEFORE TAX	6	(65,899)	(94,130)	(56,844)	(46,876)	(51,776)
Income tax expense	10	(3)	-	-	-	-
LOSS FOR THE YEAR/PERIOD		<u>(65,902)</u>	<u>(94,130)</u>	<u>(56,844)</u>	<u>(46,876)</u>	<u>(51,776)</u>
Loss attributable to:						
Owners of the parent		<u>(65,902)</u>	<u>(94,130)</u>	<u>(56,844)</u>	<u>(46,876)</u>	<u>(51,776)</u>
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT						
Basic and diluted (RMB)	12	<u>(0.76)</u>	<u>(0.94)</u>	<u>(0.57)</u>	<u>(0.47)</u>	<u>(0.52)</u>

ACCOUNTANTS' REPORT

I HISTORICAL FINANCIAL INFORMATION (continued)**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

	Year ended 31 December			Ten months ended 31 October	
	2022 RMB'000	2023 RMB'000	2024 RMB'000	2024 RMB'000 (unaudited)	2025 RMB'000
LOSS FOR THE YEAR/PERIOD	<u>(65,902)</u>	<u>(94,130)</u>	<u>(56,844)</u>	<u>(46,876)</u>	<u>(51,776)</u>
OTHER COMPREHENSIVE INCOME					
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operations	<u>(2,723)</u>	<u>(598)</u>	<u>(580)</u>	<u>(37)</u>	<u>185</u>
OTHER COMPREHENSIVE INCOME FOR THE YEAR/PERIOD, NET OF TAX	<u>(2,723)</u>	<u>(598)</u>	<u>(580)</u>	<u>(37)</u>	<u>185</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD	<u>(68,625)</u>	<u>(94,728)</u>	<u>(57,424)</u>	<u>(46,913)</u>	<u>(51,591)</u>
Attributable to:					
Owners of the parent	<u>(68,625)</u>	<u>(94,728)</u>	<u>(57,424)</u>	<u>(46,913)</u>	<u>(51,591)</u>

For the details of pre-IPO investments, please refer to Note 28 to the Historical Financial Information.

ACCOUNTANTS' REPORT

I HISTORICAL FINANCIAL INFORMATION (continued)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 December			As at 31
		2022	2023	2024	October
		RMB'000	RMB'000	RMB'000	2025
					RMB'000
NON-CURRENT ASSETS					
Property, plant and equipment	13	19,988	18,482	14,768	10,789
Right-of-use assets	14	3,666	6,201	3,648	1,453
Other intangible assets		413	365	434	553
Prepayments, deposits and other receivables	19	1,102	829	831	139
Non-pledged time deposits	20	51,769	32,220	-	-
Pledged time deposits	20	-	20,577	21,197	-
Total non-current assets		76,938	78,674	40,878	12,934
CURRENT ASSETS					
Inventories	17	65,143	65,517	111,921	129,554
Trade receivables	18	14,153	30,457	41,901	47,797
Prepayments, deposits and other receivables	19	18,676	20,288	27,448	17,329
Non-pledged time deposits	20	-	21,420	33,204	-
Pledged time deposits	20	-	-	-	21,707
Restricted cash	20	-	5	-	-
Cash and cash equivalents	20	182,899	105,325	66,075	73,463
Total current assets		280,871	243,012	280,549	289,850
CURRENT LIABILITIES					
Trade payables	21	11,557	16,069	35,462	27,597
Other payables and accruals	22	9,422	10,960	12,704	9,970
Contract liabilities	23	2,414	4,747	7,761	2,279
Interest-bearing bank borrowings	24	-	36,677	40,030	80,540
Lease liabilities	14	2,331	2,890	2,559	1,251
Provision	25	995	2,213	4,460	3,974
Redemption liabilities	26	30,775	33,244	35,911	38,281
Total current liabilities		57,494	106,800	138,887	163,892
NET CURRENT ASSETS		223,377	136,212	141,662	125,958
TOTAL ASSETS LESS CURRENT LIABILITIES		300,315	214,886	182,540	138,892

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ACCOUNTANTS' REPORT

I HISTORICAL FINANCIAL INFORMATION (continued)**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)**

	Notes	As at 31 December			As at 31
		2022	2023	2024	October
		RMB'000	RMB'000	RMB'000	2025
					RMB'000
NON-CURRENT LIABILITIES					
Interest-bearing bank borrowings	24	-	-	19,696	19,600
Lease liabilities	14	1,976	3,432	971	60
Deferred income	27	-	-	-	2,871
Total non-current liabilities		<u>1,976</u>	<u>3,432</u>	<u>20,667</u>	<u>22,531</u>
Net assets		<u>298,339</u>	<u>211,454</u>	<u>161,873</u>	<u>116,361</u>
EQUITY					
Equity attributable to owners of the parent					
Paid-in capital/Share capital	28	26,122	26,122	26,122	100,000
Reserves	30	<u>272,217</u>	<u>185,332</u>	<u>135,751</u>	<u>16,361</u>
Total equity		<u>298,339</u>	<u>211,454</u>	<u>161,873</u>	<u>116,361</u>

For the details of pre-IPO investments, please refer to Note 28 to the Historical Financial Information.

ACCOUNTANTS' REPORT

I HISTORICAL FINANCIAL INFORMATION (continued)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2022

	Attributable to owners of the parent					Total equity RMB'000
	Paid-in capital RMB'000 Note 28	Capital reserve* RMB'000 Note 30	Share -based payment reserve* RMB'000 Note 29	Exchange fluctuation reserve* RMB'000 Note 30	Accumulated deficits* RMB'000	
As at 1 January 2022	20,368	320,632	127,539	1,189	(287,267)	182,461
Loss for the year	-	-	-	-	(65,902)	(65,902)
Other comprehensive income for the year:						
Exchange differences related to foreign operations	-	-	-	(2,723)	-	(2,723)
Total comprehensive income for the year	-	-	-	(2,723)	(65,902)	(68,625)
Share-based payments (note 29)	-	-	7,824	-	-	7,824
Contribution from shareholders	5,754	200,925	-	-	-	206,679
Recognition of redemption liabilities (note 26)	-	(30,000)	-	-	-	(30,000)
As at 31 December 2022	26,122	491,557	135,363	(1,534)	(353,169)	298,339

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ACCOUNTANTS' REPORT

I HISTORICAL FINANCIAL INFORMATION (continued)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)

Year ended 31 December 2023

	Attributable to owners of the parent						Total equity RMB'000
	Paid-in capital RMB'000 Note 28	Capital reserve* RMB'000 Note 30	Share-based payment reserve* RMB'000 Note 29	Exchange fluctuation reserve* RMB'000 Note 30	Accumulated deficits* RMB'000		
As at 1 January 2023	26,122	491,557	135,363	(1,534)	(353,169)	298,339	
Loss for the year	-	-	-	-	(94,130)	(94,130)	
Other comprehensive income for the year:							
Exchange differences related to foreign operations	-	-	-	(598)	-	(598)	
Total comprehensive income for the year	-	-	-	(598)	(94,130)	(94,728)	
Share-based payments (note 29)	-	-	7,843	-	-	7,843	
As at 31 December 2023	26,122	491,557	143,206	(2,132)	(447,299)	211,454	

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ACCOUNTANTS' REPORT

I HISTORICAL FINANCIAL INFORMATION (continued)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)

Year ended 31 December 2024

	Attributable to owners of the parent					Total equity RMB'000
	Paid-in capital RMB'000 Note 28	Capital reserve* RMB'000 Note 30	Share-based payment reserve* RMB'000 Note 29	Exchange fluctuation reserve* RMB'000 Note 30	Accumulated deficits* RMB'000	
As at 1 January 2024	26,122	491,557	143,206	(2,132)	(447,299)	211,454
Loss for the year	-	-	-	-	(56,844)	(56,844)
Other comprehensive income for the year:						
Exchange differences related to foreign operations	-	-	-	(580)	-	(580)
Total comprehensive income for the year	-	-	-	(580)	(56,844)	(57,424)
Share-based payments (note 29)	-	-	7,843	-	-	7,843
As at 31 December 2024	26,122	491,557	151,049	(2,712)	(504,143)	161,873

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ACCOUNTANTS' REPORT

I HISTORICAL FINANCIAL INFORMATION (continued)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)

Ten months ended 31 October 2024

	Attributable to owners of the parent					Total equity RMB'000
	Paid-in capital RMB'000 Note 28	Capital reserve RMB'000 Note 30	Share-based payment reserve RMB'000 Note 29	Exchange fluctuation reserve RMB'000 Note 30	Accumulated deficits RMB'000	
As at 1 January 2024	26,122	491,557	143,206	(2,132)	(447,299)	211,454
Loss for the period (unaudited)	-	-	-	-	(46,876)	(46,876)
Other comprehensive income for the period (unaudited):						
Exchange differences related to foreign operations (unaudited)	-	-	-	(37)	-	(37)
Total comprehensive income for the period (unaudited)	-	-	-	(37)	(46,876)	(46,913)
Share-based payments (note 29) (unaudited)	-	-	6,536	-	-	6,536
As at 31 October 2024 (unaudited)	26,122	491,557	149,742	(2,169)	(494,175)	171,077

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ACCOUNTANTS' REPORT

I HISTORICAL FINANCIAL INFORMATION (continued)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)

Ten months ended 31 October 2025

	Attributable to owners of the parent						Total equity RMB'000
	Paid-in capital/Share capital RMB'000 Note 28	Capital reserve* RMB'000 Note 30	Share-based payment reserve* RMB'000 Note 29	Exchange fluctuation reserve* RMB'000 Note 30	Accumulated deficits * RMB'000		
As at 1 January 2025	26,122	491,557	151,049	(2,712)	(504,143)	161,873	
Loss for the period	-	-	-	-	(51,776)	(51,776)	
Other comprehensive income for the period:							
Exchange differences related to foreign operations	-	-	-	185	-	185	
Total comprehensive income for the period	-	-	-	185	(51,776)	(51,591)	
Share-based payments (note 29)	-	-	6,079	-	-	6,079	
Conversion into joint stock company	73,878	(411,418)	(122,247)	-	459,787	-	
As at 31 October 2025	100,000	80,139	34,881	(2,527)	(96,132)	116,361	

* These reserve accounts represent the total consolidated reserves of RMB272,217,000, RMB185,332,000, RMB135,751,000 and RMB16,361,000 in the consolidated statements of financial position as at 31 December 2022, 2023, 2024 and 31 October 2025, respectively.

ACCOUNTANTS' REPORT

I HISTORICAL FINANCIAL INFORMATION (continued)

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended 31 December			Ten months ended 31 October	
		2022 RMB'000	2023 RMB'000	2024 RMB'000	2024 RMB'000 (unaudited)	2025 RMB'000
CASH FLOWS USED IN OPERATING ACTIVITIES						
Loss before tax		(65,899)	(94,130)	(56,844)	(46,876)	(51,776)
Adjustments for:						
Depreciation of property, plant and equipment	6,13	3,649	5,000	5,669	4,721	4,682
Depreciation of right-of-use assets	6,14	2,514	2,779	2,741	2,287	2,195
Amortisation of other intangible assets	6	26	48	48	39	60
Share-based payment expenses	6,29	7,824	7,843	7,843	6,536	6,079
Impairment losses on financial assets, net	6,18	125	165	116	136	59
Impairment losses on inventories	6,17	12,018	7,837	2,632	2,509	1,585
Finance costs	7	209	822	1,393	1,129	2,155
Bank interest income	5	(2,850)	(5,273)	(4,044)	(3,526)	(1,481)
Investment income from structured deposits	5	(2,524)	(79)	(2)	(2)	-
Foreign exchange differences, net	6	(4,699)	(1,395)	(4,813)	(3,105)	1,915
Changes in the carrying amounts of redemption liabilities	26	775	2,469	2,667	2,208	2,370
		<u>(48,832)</u>	<u>(73,914)</u>	<u>(42,594)</u>	<u>(33,944)</u>	<u>(32,157)</u>
Increase in inventories		(63,310)	(8,211)	(49,036)	(29,993)	(19,218)
Increase in trade receivables		(12,568)	(16,469)	(11,560)	(13,608)	(5,584)
Decrease/(increase) in prepayments, deposits and other receivables		19,044	(2,384)	(7,847)	(1,264)	12,909
(Increase)/decrease in restricted cash		-	(5)	5	5	-
Increase/(decrease) in trade payables		5,603	4,512	19,393	22,590	(7,865)
(Decrease)/increase in other payables and accruals		(7,263)	1,538	1,744	2,540	(3,226)
(Decrease)/increase in contract liabilities		(66)	2,333	3,014	(654)	(5,482)
Increase in deferred income		-	-	-	-	2,871
Increase/(decrease) in provision		545	1,218	2,247	169	(486)
Cash used in operations		<u>(106,847)</u>	<u>(91,382)</u>	<u>(84,634)</u>	<u>(54,159)</u>	<u>(58,238)</u>
Interest received		1,040	2,825	1,896	1,692	971
Income tax paid		(3)	-	-	-	-
Net cash flows used in operating activities		<u>(105,810)</u>	<u>(88,557)</u>	<u>(82,738)</u>	<u>(52,467)</u>	<u>(57,267)</u>

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ACCOUNTANTS' REPORT

I HISTORICAL FINANCIAL INFORMATION (continued)**CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)**

	Notes	Year ended 31 December			Ten months ended 31 October	
		2022 RMB'000	2023 RMB'000	2024 RMB'000	2024 RMB'000 (unaudited)	2025 RMB'000
CASH FLOWS (USED IN)/FROM INVESTING ACTIVITIES						
Purchases of items of property, plant and equipment		(15,630)	(3,494)	(1,955)	(1,991)	(703)
Purchases of other intangible assets		(257)	-	(117)	-	(179)
Placement of non-pledged time deposits		(30,000)	-	-	-	-
Withdrawal of non-pledged time deposits		20,000	-	20,000	20,000	30,000
Placement of pledged deposits		-	(20,000)	-	-	-
Purchase of structured deposits classified as financial assets at fair value through profit or loss		(295,000)	(25,000)	(1,000)	(1,000)	-
Redemption of structured deposits classified as financial assets at fair value through profit or loss		307,538	25,079	1,002	1,002	-
Loans repaid by directors	34	2,646	-	-	-	-
Interest received		287	-	1,964	1,964	3,204
Net cash flows (used in)/from investing activities		(10,416)	(23,415)	19,894	19,975	32,322
CASH FLOWS FROM FINANCING ACTIVITIES						
New bank loans		-	48,647	69,031	39,030	79,960
Repayment of bank loans		-	(12,000)	(46,000)	(31,000)	(39,687)
Capital contribution from shareholders		206,679	-	-	-	-
Payment of listing expense		-	-	-	-	(1,605)
Interest paid		-	(589)	(1,188)	(940)	(1,941)
Lease payments	14	(2,284)	(3,502)	(3,167)	(2,646)	(2,292)
Net cash flows from financing activities		204,395	32,556	18,676	4,444	34,435
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS						
Cash and cash equivalents at beginning of year/period		92,233	182,899	105,325	105,325	66,075
Effect of foreign exchange rate changes, net		2,497	1,842	4,918	2,553	(2,102)
Cash and cash equivalents at end of year/period		182,899	105,325	66,075	79,830	73,463

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ACCOUNTANTS' REPORT

I HISTORICAL FINANCIAL INFORMATION (continued)

CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

	Notes	Year ended 31 December			Ten months ended 31 October	
		2022 RMB'000	2023 RMB'000	2024 RMB'000	2024 RMB'000 (unaudited)	2025 RMB'000
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS						
Cash and bank balances	20	234,668	179,547	120,476	133,917	95,170
Less: Non-pledged time deposits	20	51,769	53,640	33,204	33,000	-
Pledged time deposits	20	-	20,577	21,197	21,087	21,707
Restricted cash	20	-	5	-	-	-
Cash and cash equivalents as stated in the statements of cash flows and statements of financial position		<u>182,899</u>	<u>105,325</u>	<u>66,075</u>	<u>79,830</u>	<u>73,463</u>

ACCOUNTANTS' REPORT

I HISTORICAL FINANCIAL INFORMATION (continued)

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Notes	As at 31 December			As at 31 October
		2022 RMB'000	2023 RMB'000	2024 RMB'000	2025 RMB'000
NON-CURRENT ASSETS					
Property, plant and equipment	13	19,438	18,204	14,620	10,750
Right-of-use assets	14	2,474	5,865	2,998	1,168
Other intangible assets		413	365	434	553
Investments in subsidiaries	15	509	1,598	5,176	11,573
Prepayments, deposits and other receivables	19	593	700	623	10
Non-pledged time deposits	20	51,769	32,220	-	-
Pledged time deposits	20	-	20,577	21,197	-
Total non-current assets		75,196	79,529	45,048	24,054
CURRENT ASSETS					
Inventories	17	41,556	47,937	95,966	118,725
Trade receivables	18	2,918	13,929	23,254	20,153
Prepayments, deposits and other receivables	19	18,084	19,622	26,631	15,008
Due from subsidiaries	34	74,096	142,115	152,462	182,096
Non-pledged time deposits	20	-	21,420	33,204	-
Pledged time deposits	20	-	-	-	21,707
Restricted cash	20	-	5	-	-
Cash and cash equivalents	20	176,491	52,536	28,851	37,882
Total current assets		313,145	297,564	360,368	395,571
CURRENT LIABILITIES					
Trade payables	21	8,796	14,496	34,824	27,146
Other payables and accruals	22	9,420	10,242	11,591	9,503
Contract liabilities	23	-	83	1,081	725
Due to subsidiaries	34	1,162	25,931	47,589	64,190
Interest-bearing bank borrowings	24	-	36,677	40,030	80,540
Lease liabilities	14	1,513	2,794	2,094	984
Provision	25	81	269	537	599
Redemption liabilities	26	30,775	33,244	35,911	38,281
Total current liabilities		51,747	123,736	173,657	221,968
NET CURRENT ASSETS		261,398	173,828	186,711	173,603
TOTAL ASSETS LESS CURRENT LIABILITIES		336,594	253,357	231,759	197,657
NON-CURRENT LIABILITIES					
Interest-bearing bank borrowings	24	-	-	19,696	19,600
Lease liabilities	14	1,616	3,162	722	-
Deferred income	27	-	-	-	2,871
Total non-current liabilities		1,616	3,162	20,418	22,471
Net assets		334,978	250,195	211,341	175,186
EQUITY					
Paid-in capital/Share capital	28	26,122	26,122	26,122	100,000
Reserves	30	308,856	224,073	185,219	75,186
Total equity		334,978	250,195	211,341	175,186

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE AND GROUP INFORMATION

Shanghai FourSemi Semiconductor Co., Ltd. (the "Company"), formerly named as Xiamen FourSemi Semiconductor Co., Ltd., was established in the People's Republic of China ("PRC") with limited liability on 17 May 2016 and was converted into a joint stock company on 12 June 2025. The registered office of the Company is located at Room 303, Building 4, Second Street, Gangcheng Square, No. 88 Yunjuan Road, Lane 1, Lin-gang Special Area, China (Shanghai) Pilot Free Trade Pilot Zone, PRC.

During the Relevant Periods, the Company and its subsidiaries (collectively, the "Group") were principally engaged in the design, research and development, and sale of perceptual-intelligence chips focusing on power amplifier audio and haptic driver.

As at the end of the Relevant Periods, the Company had direct interests in its subsidiaries, all of which are private limited liability companies. The particulars of the major subsidiaries are set out below:

Name	Place and date of incorporation/ registration and operations	Nominal value of issued ordinary/ registered share capital ('000)	Percentage of equity attributable to the Company Direct %	Principal activities
Fourier Technology Limited 傅里叶科技有限公司	Hong Kong 18 November 2016	HK\$10	100	Sale of integrated circuit chips
Shanghai FourSemi Electronics Technology Company Limited 上海傅硅电子科技有限公司	PRC/Chinese mainland/ 17 June 2016	RMB50	100	Research and development, design and sale of integrated circuit chips
Shenzhen FourSemi Electronics Company Limited 深圳市傅里叶电子有限公司	PRC/Chinese mainland/ 20 July 2022	RMB10,000	100	Sale of integrated circuit chips

The English names of group companies registered in the PRC represent the best efforts made by the management of the Company to translate the Chinese names of these companies as they do not have official English names.

No audited financial statements have been prepared for these entities for the years ended 31 December 2022, 2023 and 2024 as these entities were not subject to any statutory audit requirements under the relevant rules and regulations.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

2.1 BASIS OF PREPARATION

For ordinary shares issued to certain pre-IPO investors, pursuant to the supplemental agreements entered into between the Company and such pre-IPO investors in relation to the termination of redemption rights granted by the Company, which are void ab initio as described in note 28 to this report, having taking into account the legal and regulatory framework of the Company's jurisdiction and the governing law of the supplementary agreements, the directors considered that it is appropriate to present such pre-IPO investments as equity throughout the Relevant Periods. For the details of financial impacts, see note 28 to the Historical Financial Information.

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (the "IASB"), which comprise all standards and interpretations approved by the IASB. All IFRS Accounting Standards effective for the accounting period commencing from 1 January 2025, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods and in the period covered by the Interim Comparative Financial Information.

The Historical Financial Information has been prepared under the historical cost convention, except for certain financial instruments which have been measured at fair value.

Basis of consolidation

The Historical Financial Information includes the financial statements of the Group for the Relevant Periods and in the period covered by the Interim Comparative Financial Information. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

2.2 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

The Group has not applied the following new and amended IFRS Accounting Standards, that have been issued but are not yet effective, in the Historical Financial Information. The Group intends to apply these new and amended IFRS Accounting Standards, if applicable, when they become effective.

IFRS 18	<i>Presentation and Disclosure in Financial Statements</i> ²
IFRS 19 and its amendments	<i>Subsidiaries without Public Accountability: Disclosures</i> ²
Amendments to IFRS 9 and IFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i> ¹
Amendments to IFRS 9 and IFRS 7	<i>Contracts Referencing Nature-dependent Electricity</i> ¹
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ³
Amendments to IAS 21 <i>Annual Improvements to IFRS Accounting Standards</i> - Volume 11	<i>Translation to a Hyperinflationary Presentation Currency</i> ² Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS10 and IAS 7 ¹

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

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

³ No mandatory effective date yet determined but available for adoption

The Group is in the process of making an assessment of the impact of these new and amended IFRS Accounting Standards upon initial application. Further information about those IFRS Accounting Standards that are expected to be applicable to the Group is described below.

IFRS 18 replaces IAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from IAS 1 with limited changes, IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in IAS 1 are moved to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as IAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of IFRS 18, limited, but widely applicable, amendments are made to IAS 7 *Statement of Cash Flows*, IAS 33 *Earnings per Share* and IAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other IFRS Accounting Standards. IFRS 18 and the consequential amendments to other IFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. Based on a preliminary assessment, the adoption of IFRS 18 is not expected to have any impact on the Group's results of operations and financial position but has impact on the presentation and disclosure of the Group's financial statements.

The Group has already commenced an assessment of the impact of other new and amended IFRS Accounting Standards, which are relevant to the Group's operations. According to the preliminary assessment made by the directors, no significant impact on the financial performance and financial position of the Group is expected when these new and amended IFRS Accounting Standards become effective.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

2.3 MATERIAL ACCOUNTING POLICIES

Fair value measurement

The Group measures its structured deposits at fair value at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. 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. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

2.3 MATERIAL ACCOUNTING POLICIES

Impairment of non-financial assets (continued)

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Related parties

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and 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 of a parent of the Group;
- or
- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group 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; and the sponsoring employers of the post-employment benefit plan;
 - (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); and
 - (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 parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Machinery	19%
Office equipment and electronic devices	32%
Leasehold improvements	33%
Vehicles	24%

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation (continued)

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

Software

Purchased software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of 10 years, which is mainly determined by reference to the licensed period of the purchased software.

Research and development costs

All research costs are charged to the statement of profit or loss as incurred.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Leases

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

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Buildings	3 to 6 years
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If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of plant and properties and electronic devices (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of electronic devices and office equipment that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Investments and other financial assets*Initial recognition and measurement*

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At the end of each reporting period, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Classification as equity and financial liabilities

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

A financial liability is any liability that is (a) a contractual obligation (i) to deliver cash or another financial asset to another entity; or (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or (b) a contract that will or may be settled in the entity's own equity instruments and is: (i) a non derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or (ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Financial liabilities*Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables, other payables and accruals, redemption liabilities and interest-bearing bank borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost (trade and other payables and borrowings)

After initial recognition, financial liabilities are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Financial liabilities (continued)

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Redemption liabilities

A contract that contains an obligation to purchase the Group's equity instruments for cash or another financial asset gives rise to a financial liability for the redemption amount, even if the Group's obligations to purchase is conditional on the counterparty exercising a right to redeem. The redemption liability is initially measured at the carrying amount of the redemption amount and subsequently measured at amortised cost with interest expense being included in change in the carrying amounts of redemption liabilities.

The redemption liabilities were classified as current liabilities as certain redemption events could occur anytime. The carrying amount of the redemption liabilities will be reclassified to equity upon a termination of the counterparty's redemption right.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, mainly comprises direct materials and processing expenditures. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Provisions (continued)

The Group provides for warranties in relation to the sale of certain products for general repairs of defects occurring during the warranty period. Provisions for these assurance-type warranties granted by the Group are initially recognised based on sales volume and past experience of the level of repairs and returns, discounted to their present values as appropriate. The warranty-related cost is revised annually.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

Revenue recognition*Revenue from contracts with customers*

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

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

There are no significant variable consideration and financing component for the Group's revenue from contracts with customers.

Revenue from the sale of power amplifier audio chips and other chip products

The Group provides low-power audio chips, Mid/high-power audio chips and haptic drivers as well as power management chips. Revenue from the sale of products is recognised at the point in time when control of the products is transferred to the customer, generally on delivery to the specific locations in accordance with the contracts, the risks of obsolescence and loss have been transferred to the customer, and when the customer confirmed the acceptance of the products.

Other income

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

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods to the customer).

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Share-based payments

The Company operates a restricted stock scheme. Employees (including directors) of the Group receive remuneration in the form of 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 at the date at which they are granted. The fair value of the restricted stock is determined by an external valuer using back-solve method and adopting the equity allocation model taking into the recent capital injection price. Further details of which are given in note 29 to the Historical Financial Information.

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

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

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

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, 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 expense not yet recognised for the award is recognised immediately.

Other employee benefitsPension schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for certain of its employees. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Company and the subsidiaries which operate in Chinese mainland are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Other employee benefits (continued)Housing fund and other social insurances

The Group has participated in defined social security contribution schemes for its employees pursuant to the relevant laws and regulations of the PRC. These include housing fund, basic medical insurance, unemployment insurance, injury insurance and maternity insurance. The Group makes monthly contributions to the housing fund and other social insurances. The contributions are charged to profit or loss on an accrual basis. The Group's liability in respect of these funds are limited to the contributions payable in each reporting period.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

Foreign currencies

The Historical Financial Information is presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Foreign currencies (continued)

The functional currency of the oversea subsidiary is USD rather than RMB. As at the end of the reporting period, the assets and liabilities of such entity are translated into RMB at the exchange rate prevailing at the end of the reporting period and its statement of profit or loss is translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in the statement of profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of the overseas subsidiary is translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of the overseas subsidiary which arise throughout the year are translated into RMB the weighted at average exchange rate for the year.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's Historical Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the Historical Financial Information:

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 utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

The Group has accumulated tax losses carried forward of RMB218,172,000, RMB351,149,000, RMB450,376,000 and RMB540,404,000 in aggregate as at 31 December 2022, 2023, 2024 and 31 October 2025, respectively. These losses related to subsidiaries that have a history of losses, have not expired, and may not be used to offset taxable income elsewhere in the Group. On this basis, the Group has determined that it cannot recognise deferred tax assets on the tax losses carried forward.

If the Group had been able to recognise all unrecognised deferred tax assets, the profit and equity would have increased by RMB13,187,000, RMB20,515,000, RMB15,096,000 and RMB13,137,000 for the years ended 31 December 2022, 2023, 2024 and the ten months ended 31 October 2025, respectively. Further details on deferred taxes are disclosed in note 16 to the Historical Financial Information.

Estimation uncertainty

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

Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on ageing of trade receivables for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

ACCOUNTANTS' REPORT

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

Provision for expected credit losses on trade receivables (continued)

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 18 to the Historical Financial Information.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Share-based payments

The Group operates a restricted stock scheme for the purpose of providing incentives to the Group's employees (including directors). The grant date fair value of the restricted stock is determined by an external valuer using back-solve method and adopting the equity allocation model taking into the recent capital injection price. Further details are contained in note 29 to the Historical Financial Information.

Provision of inventories

The Group's inventories are stated at the lower of cost and net realisable value. The Group's provision for its inventories based on estimates of the realisable value with reference to the ageing and conditions of the inventories, together with the economic circumstances on the marketability of such inventories. Inventories will be reviewed quarterly for provision, if appropriate. Further details of the inventories are set out in note 17 to the Historical Financial Information.

4. OPERATING SEGMENT INFORMATION

Operating segment information

The board of directors reviews the consolidated results of the Group when making decisions about resource allocation and assessing the performance of the Group. The board of directors considers that the Group operates in one business segment and the measurement of segment results is based on the profit from operations as presented in the consolidated statements of profit or loss and the consolidated statements of comprehensive income.

Geographical information

(a) Revenue from external customers

	Year ended 31 December			Ten months ended 31 October	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
PRC (including Hong Kong)	130,327	150,291	355,195	288,832	280,778

The revenue information above is based on the locations of the customers.

(b) Non-current assets

Almost all of the Group's non-current assets were located in Chinese mainland.

ACCOUNTANTS' REPORT

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

4. OPERATING SEGMENT INFORMATION (continued)

Information about major customers

External customers from which the revenue individually amounted to over 10% of total revenue of the Group for the years ended 31 December 2022, 2023, 2024 and the ten months ended 31 October 2025 were as follows:

	Year ended 31 December			Ten months ended 31 October	
	2022 RMB'000	2023 RMB'000	2024 RMB'000	2024 RMB'000 (unaudited)	2025 RMB'000
Customer D	14,984	21,369	107,685	88,503	85,586
Customer E	*	17,274	67,442	46,425	40,245
Customer G	*	*	66,342	57,502	*
Customer A	42,552	35,618	*	*	*
Customer F	*	23,341	*	*	*
Customer B	29,726	20,655	*	*	*
Customer C	25,924	*	*	*	*
Customer H	*	*	*	*	72,594

* Less than 10% of the Group's revenue

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Year ended 31 December			Ten months ended 31 October	
	2022 RMB'000	2023 RMB'000	2024 RMB'000	2024 RMB'000 (unaudited)	2025 RMB'000
Revenue from contracts with customers	<u>130,327</u>	<u>150,291</u>	<u>355,195</u>	<u>288,832</u>	<u>280,778</u>

Revenue from contracts with customers

(a) Disaggregated revenue information

	Year ended 31 December			Ten months ended 31 October	
	2022 RMB'000	2023 RMB'000	2024 RMB'000	2024 RMB'000 (unaudited)	2025 RMB'000
Types of goods or services					
Low-power audio chips	126,370	140,645	322,908	260,760	255,455
Mid/high-power audio chips	3,957	8,662	26,707	23,612	20,596
Haptic drivers	-	984	5,332	4,277	3,702
Others	-	-	248	183	1,025
Total	<u>130,327</u>	<u>150,291</u>	<u>355,195</u>	<u>288,832</u>	<u>280,778</u>
Timing of revenue recognition					
Transferred at a point in time	<u>130,327</u>	<u>150,291</u>	<u>355,195</u>	<u>288,832</u>	<u>280,778</u>

ACCOUNTANTS' REPORT

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

5. REVENUE, OTHER INCOME AND GAINS (continued)

Revenue from contracts with customers (continued)

(a) Disaggregated revenue information (continued)

The following table shows the amounts of revenue recognised in the Relevant Periods and in the period covered by the Interim Comparative Financial Information that were included in the contract liabilities at the beginning of each of the Relevant Periods and recognised from performance obligations satisfied in previous periods:

	Year ended 31 December			Ten months ended 31 October	
	2022 RMB'000	2023 RMB'000	2024 RMB'000	2024 RMB'000 (unaudited)	2025 RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period	2,480	2,414	4,747	4,747	7,761

(b) Performance obligations

Information about the Group's performance obligations is summarised below:

Sales of power amplifier audio chips and other chip products

The Group offers low-power audio chips, Mid/high-power audio chips, as well as other chip products, including power management chips. The performance obligation is satisfied upon delivery to the agreed-upon locations in accordance with the contracts, and when the customers confirmed the acceptance of the products. The Payment is normally received in advance, except for certain customers with established creditworthiness and a long-standing business relationship, where payment is generally due within 30 to 90 days from the invoice date.

All amounts of transaction prices allocated to the performance obligations of sales of goods or services are expected to be recognised as revenue within one year. The Group has no significant unsatisfied performance obligations arising from revenue contracts that have an original expected duration more than one year, thus management applied practical expedient under IFRS 15 and is not disclosing the aggregate amount of the transaction prices allocated to the performance obligations that are unsatisfied or partially satisfied at the end of each reporting period.

ACCOUNTANTS' REPORT

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

5. REVENUE, OTHER INCOME AND GAINS (continued)

Revenue from contracts with customers (continued)

(b) Performance obligations (continued)

An analysis of other income and gains is as follows:

	Year ended 31 December			Ten months ended 31 October	
	2022 RMB'000	2023 RMB'000	2024 RMB'000	2024 RMB'000 (unaudited)	2025 RMB'000
Other income					
Government grants	51	1,201	723	211	2,280
Bank interest income	2,850	5,273	4,044	3,526	1,481
Investment income from structured deposits	2,524	79	2	2	-
Others	9	25	-	-	37
Total other income	<u>5,434</u>	<u>6,578</u>	<u>4,769</u>	<u>3,739</u>	<u>3,798</u>
Gains					
Foreign exchange differences, net	<u>4,699</u>	<u>1,395</u>	<u>4,813</u>	<u>3,105</u>	<u>-</u>
Total other income and gains	<u><u>10,133</u></u>	<u><u>7,973</u></u>	<u><u>9,582</u></u>	<u><u>6,844</u></u>	<u><u>3,798</u></u>

ACCOUNTANTS' REPORT

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

6. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	Notes	Year ended 31 December			Ten months ended 31 October	
		2022 RMB'000	2023 RMB'000	2024 RMB'000	2024 RMB'000 (unaudited)	2025 RMB'000
Cost of goods and services*		108,830	142,578	306,007	247,502	223,136
Depreciation of property, plant and equipment	13	3,649	5,000	5,669	4,721	4,682
Depreciation of right-of-use assets	14	2,514	2,779	2,741	2,287	2,195
Amortisation of other intangible assets		26	48	48	39	60
Research and development costs*		48,708	59,271	68,060	55,134	55,690
Listing expenses		-	-	-	-	12,529
Foreign exchange differences, net	5	(4,699)	(1,395)	(4,813)	(3,105)	1,915
Investment income from structured deposits	5	(2,524)	(79)	(2)	(2)	-
Bank interest income	5	(2,850)	(5,273)	(4,044)	(3,526)	(1,481)
Impairment losses on financial assets, net	18	125	165	116	136	59
Impairment losses on inventories	17	12,018	7,837	2,632	2,509	1,585
Expenses relating to short-term leases and low-value assets	14	123	406	149	130	202
Employee benefit expense (including directors' and chief executive's remuneration (note 8)):						
Wages, salaries and other allowances		41,066	47,900	58,320	48,665	49,169
Pension scheme contributions and social welfare		6,082	9,000	9,971	8,414	9,951
Share-based payments	29	7,824	7,843	7,843	6,536	6,079

* The depreciation of property, plant and equipment, the depreciation of right-of-use assets and the amortisation of other intangible assets related to manufacturing and research and development for the Relevant Periods and in the period covered by the Interim Comparative Financial Information are included in "Depreciation of property, plant and equipment", "Depreciation of right-of-use assets" and "Amortisation of other intangible assets", respectively. The labour costs related to the manufacture and research and development for the Relevant Periods and in the period covered by the Interim Comparative Financial Information are included in "Employee benefit expense".

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December			Ten months ended 31 October	
	2022 RMB'000	2023 RMB'000	2024 RMB'000	2024 RMB'000 (unaudited)	2025 RMB'000
Interest on interest-bearing bank borrowings	-	619	1,206	966	2,082
Interest on lease liabilities	209	203	187	163	73
Total	209	822	1,393	1,129	2,155

ACCOUNTANTS' REPORT

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

The remuneration paid or payable to the directors and chief executive of the Company during the Relevant Periods and in the period covered by the Interim Comparative Financial Information is as follows:

	Year ended 31 December			Ten months ended 31 October	
	2022 RMB'000	2023 RMB'000	2024 RMB'000	2024 RMB'000 (unaudited)	2025 RMB'000
Fees	-	-	-	-	-
Other emoluments:					
Salaries, allowances and benefits in kind	3,326	2,924	2,569	2,150	2,694
Performance related bonuses*	259	321	1,638	1,366	469
Share-based payments	1,468	1,468	1,468	1,223	1,223
Pension scheme contributions and social welfare	174	171	168	141	142
Subtotal	5,227	4,884	5,843	4,880	4,528
Total fees and other emoluments	5,227	4,884	5,843	4,880	4,528

* Certain directors of the Company are entitled to bonus payments which are associated with the operating results of the Group.

During the Relevant Periods and in the period covered by the Interim Comparative Financial Information, certain directors were granted restricted shares, in respect of their services to the Group, under the employee stock ownership plan of the Company, further details of which are set out in note 29 to the Historical Financial Information. The difference between the fair value of the shares granted and the subscription price was recorded in the share-based payment reserve within equity with the corresponding "share-based payment expenses" in profit or loss over the vesting period. The amounts during the Relevant Periods and in the period covered by the Interim Comparative Financial Information are included in the above directors' and chief executive's remuneration disclosures.

ACCOUNTANTS' REPORT

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

The remuneration of each of the directors of the Company paid/payable by the Group (including emoluments for services as employees of the group entities prior to becoming the directors of the Company) for the Relevant Periods and in the period covered by the Interim Comparative Financial Information is set out as follows:

	Fees	Salaries, allowances and benefits in kind	Performance Related bonuses	Share- based payments	Pension scheme contributions and social welfare	Total remuneration
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2022						
Directors:						
Mr. Liu Baoliang	-	842	26	6	47	921
Mr. Qian Shun	-	897	81	702	47	1,727
Mrs. Yu Bingbing	-	743	110	760	33	1,646
Mr. Sang Feng	-	-	-	-	-	-
Mr. Lin Enfeng	-	-	-	-	-	-
Mr. Liu Changjiang	-	-	-	-	-	-
Mr. Yin Yanfeng	-	-	-	-	-	-
Mr. He Shiyong	-	-	-	-	-	-
Subtotal	-	2,482	217	1,468	127	4,294
Chief executive:						
Mr. Xu Xiaolin	-	844	42	-	47	933
Total	-	3,326	259	1,468	174	5,227

ACCOUNTANTS' REPORT

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance Related bonuses RMB'000	Share- based payments RMB'000	Pension scheme contributions and social welfare RMB'000	Total remuneration RMB'000
Year ended 31 December 2023						
Directors:						
Mr. Liu Baoliang	-	709	56	6	46	817
Mr. Qian Shun	-	863	51	702	46	1,662
Mrs. Yu Bingbing	-	642	133	760	33	1,568
Mr. Sang Feng	-	-	-	-	-	-
Mr. Lin Enfeng	-	-	-	-	-	-
Mr. Liu Changjiang	-	-	-	-	-	-
Mr. Yin Yanfeng	-	-	-	-	-	-
Mr. He Shiyong	-	-	-	-	-	-
Subtotal	-	2,214	240	1,468	125	4,047
Chief executive:						
Mr. Xu Xiaolin	-	710	81	-	46	837
Total	-	2,924	321	1,468	171	4,884

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance Related bonuses RMB'000	Share- based payments RMB'000	Pension scheme contributions and social welfare RMB'000	Total remuneration RMB'000
Year ended 31 December 2024						
Directors:						
Mr. Liu Baoliang	-	640	278	6	45	969
Mr. Qian Shun	-	781	219	702	45	1,747
Mrs. Yu Bingbing	-	571	719	760	33	2,083
Mr. Sang Feng	-	-	-	-	-	-
Mr. Lin Enfeng	-	-	-	-	-	-
Mr. Liu Changjiang	-	-	-	-	-	-
Mr. Yin Yanfeng	-	-	-	-	-	-
Mr. He Shiyong	-	-	-	-	-	-
Subtotal	-	1,992	1,216	1,468	123	4,799
Chief executive:						
Mr. Xu Xiaolin	-	577	422	-	45	1,044
Total	-	2,569	1,638	1,468	168	5,843

ACCOUNTANTS' REPORT

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

	Fees RMB'000 (unaudited)	Salaries, allowances and benefits in kind RMB'000 (unaudited)	Performanc e Related bonuses RMB'000 (unaudited)	Share- based payments RMB'000 (unaudited)	Pension scheme contributions and social welfare RMB'000 (unaudited)	Total remuneration RMB'000 (unaudited)
Ten months ended 31 October 2024						
Directors:						
Mr. Liu Baoliang	-	535	232	5	38	810
Mr. Qian Shun	-	653	183	585	38	1,459
Mrs. Yu Bingbing	-	477	599	633	27	1,736
Mr. Sang Feng	-	-	-	-	-	-
Mr. Lin Enfeng	-	-	-	-	-	-
Mr. Liu Changjiang	-	-	-	-	-	-
Mr. Yin Yanfeng	-	-	-	-	-	-
Mr. He Shiyong	-	-	-	-	-	-
Subtotal	-	1,665	1,014	1,223	103	4,005
Chief executive:						
Mr. Xu Xiaolin	-	485	352	-	38	875
Total	-	2,150	1,365	1,223	141	4,880

ACCOUNTANTS' REPORT

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Performance Related bonuses RMB'000	Share- based payments RMB'000	Pension scheme contributions and social welfare RMB'000	Total remuneration RMB'000
Ten months ended 31 October 2025						
Directors:						
Mr. Liu Baoliang	-	608	-	5	38	651
Mr. Qian Shun	-	760	-	585	38	1,383
Mrs. Yu Bingbing	-	679	469	633	28	1,809
Mr. Sang Feng	-	-	-	-	-	-
Mr. Lin Enfeng	-	-	-	-	-	-
Mr. Liu Changjiang	-	-	-	-	-	-
Mr. Yin Yanfeng	-	-	-	-	-	-
Mr. He Shiyong	-	-	-	-	-	-
Mr. Chen Binglin	-	-	-	-	-	-
Mr. Liu Hongcan	-	-	-	-	-	-
Ms. Liu Liping	-	-	-	-	-	-
Mr. Dai Xueguang	-	-	-	-	-	-
Subtotal	-	2,047	469	1,223	104	3,843
Chief executive:						
Mr. Xu Xiaolin	-	647	-	-	38	685
Total	-	2,694	469	1,223	142	4,528

Mr. Xu Xiaolin was appointed as the chief executive on 10 May 2016.

Mr. Liu Baoliang was appointed as a director on 11 January 2018.

Mr. Qian Shun was appointed as a director on 10 May 2021.

Mrs. Yu Bingbing was appointed as a director on 29 December 2021.

Mr. He Shiyong was appointed as a director on 10 May 2021 and resigned from the position of a director with effect from 30 May 2025.

Mr. Lin Enfeng was appointed as a director on 11 January 2018.

Mr. Sang Feng was appointed as a director on 29 December 2021 and resigned from the position of a director with effect from 30 May 2025.

Mr. Liu Changjiang was appointed as a director on 11 January 2018 and resigned from the position of a director with effect from 30 May 2025.

Mr. Yin Yanfeng was appointed as a director on 18 January 2021 and resigned from the position of a director with effect from 30 May 2025.

ACCOUNTANTS' REPORT

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

Mr. Chen Binglin was appointed as a director on 30 May 2025.

Mr. Liu Hongcan was appointed as a director on 30 May 2025.

Ms. Liu Liping was appointed as a director on 30 May 2025.

Mr. Dai Xueguang was appointed as a director on 30 May 2025.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the Relevant Periods and in the period covered by the Interim Comparative Financial Information.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the years ended 31 December 2022, 2023, 2024 and the ten months ended 31 October 2024 and 2025 included 2 directors, details of whose remuneration are set out in note 8 above. Details of the remuneration for the remaining 3 highest paid employees who are neither a director nor chief executive of the Company during the Relevant Periods and in the period covered by the Interim Comparative Financial Information are as follows:

	Year ended 31 December			Ten months ended 31 October	
	2022 RMB'000	2023 RMB'000	2024 RMB'000	2024 RMB'000 (unaudited)	2025 RMB'000
Salaries, allowances and benefits in kind	2,466	2,050	1,991	1,660	2,470
Performance related bonuses	256	175	553	461	-
Share-based payments	1,145	1,341	1,341	1,117	721
Pension scheme contributions and social welfare	141	251	258	215	197
Total	4,008	3,817	4,143	3,453	3,388

The numbers of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands are as follows:

	Number of employees				
	Year ended 31 December			Ten months ended 31 October	
	2022	2023	2024	2024 (unaudited)	2025
HK\$1,000,001 to HK\$1,500,000	1	3	1	3	3
HK\$1,500,001 to HK\$2,000,000	2	-	2	-	-
Total	3	3	3	3	3

During the Relevant Periods and in the period covered by the Interim Comparative Financial Information, restricted shares were granted to a non-director and non-chief executive highest paid employee in respect of his services to the Group, further details of which are included in the disclosures in note 29 to the Historical Financial Information. The fair value of such restricted shares, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amounts included in the Historical Financial Information for the Relevant Periods are included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

ACCOUNTANTS' REPORT

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

10. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the countries/jurisdictions in which members of the Group are domiciled and/or operate.

Chinese mainland

The subsidiaries established in Chinese mainland are subject to tax at the statutory rate of 25% on the taxable profits determined in accordance with the PRC Corporate Income Tax Law which became effective on 1 January 2008, except for these subject to tax preferential set out below:

Shanghai FourSemi Semiconductor Co., Ltd. obtained its "High and New Technology Enterprise" qualification on 14 December 2022. The Company is currently in the process of renewing its "High and New Technology Enterprise" qualification. Based on management's assessment, the Company meets the qualifying criteria, so it was entitled to the preferential tax rate of 15% during the Relevant Periods.

Certain subsidiary met the criteria as small-scaled and minimal profit enterprise with its annual taxable income less than RMB3,000,000, its actual income amount subject to tax was calculated at 25% of its annual taxable income. The aforesaid calculated taxable income of this subsidiary was entitled to a reduced corporate income tax rate of 20% for the period from 1 January 2022 and expiring on 31 December 2027.

Hong Kong

The subsidiary incorporated in Hong Kong is subject to Hong Kong profits tax at the rate of 8.25% for taxable income not exceeding HKD2,000,000, and 16.5% for taxable income exceeding HK\$2,000,000 on any estimated assessable profits arising in Hong Kong during the Relevant Periods and in the period covered by the Interim Comparative Financial Information. No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the Relevant Periods and in the period covered by the Interim Comparative Financial Information.

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	Year ended 31 December			Ten months ended 31 October	
	2022 RMB'000	2023 RMB'000	2024 RMB'000	2024 RMB'000 (unaudited)	2025 RMB'000
Current income tax	3	-	-	-	-
Deferred tax expense (note 16)	-	-	-	-	-
Total tax expense for the year/period	<u>3</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

ACCOUNTANTS' REPORT

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

10. INCOME TAX (continued)

A reconciliation of the tax expense applicable to loss before tax at the statutory rates for the jurisdiction in which the Company and its subsidiaries are domiciled and/or operate to the tax expense at the effective tax rate, is as follows:

	Year ended 31 December			Ten months ended 31 October	
	2022 RMB'000	2023 RMB'000	2024 RMB'000	2024 RMB'000 (unaudited)	2025 RMB'000
Loss before tax	<u>(65,899)</u>	<u>(94,130)</u>	<u>(56,844)</u>	<u>(46,876)</u>	<u>(51,776)</u>
Tax at the statutory tax rates of each entities' jurisdictions	(16,158)	(23,426)	(13,858)	(11,601)	(12,662)
Effect of preferential tax rates	6,040	9,246	5,899	5,077	5,455
Expenses not deductible for tax (a)	1,918	2,105	1,935	1,617	1,636
Additional deductible allowance for qualified research and development costs (b)	(4,958)	(7,600)	(8,617)	(6,954)	(7,107)
Deductible temporary differences not recognised	2,261	497	680	307	115
Deductible temporary differences utilised from previous years	(26)	(840)	(455)	(359)	(459)
Tax losses not recognised	<u>10,926</u>	<u>20,018</u>	<u>14,416</u>	<u>11,913</u>	<u>13,022</u>
Tax expense at the Group's effective tax rate	<u>3</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(a) Tax effect of non-deductible expenses mainly represent the changes in the carrying amounts of redemption liabilities, share-based payments expenses and certain other costs and expenses, which all are not deductible in accordance with relevant tax regulations in the PRC.

(b) Additional deductible allowance was for qualified research and development costs. According to the relevant laws and regulations promulgated by the State Taxation Administration of the PRC, enterprises engaging in research and development activities are entitled to claim 175% of their research and development costs so incurred as tax deductible expenses when determining their assessable profits for the year ended 31 December 2021 and the nine months ended 30 September 2022. According to the relevant laws and regulations, for the period from 1 October 2022, the aforementioned deduction rate increased to 200%.

ACCOUNTANTS' REPORT

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

11. DIVIDENDS

No dividends have been paid or declared by the Company during the Relevant Periods and in the period covered by the Interim Comparative Financial Information.

12. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The basic loss per share is calculated by dividing the loss attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the Relevant Periods and in the period covered by the Interim Comparative Financial Information. The weighted average number of ordinary shares in issue was determined assuming that the paid-in capital had been fully converted into share capital at the same conversion ratio of 1:3.83 as upon the Company's transformation into a joint-stock company on 12 June 2025.

	Year ended 31 December			Ten months ended 31 October	
	2022 RMB'000	2023 RMB'000	2024 RMB'000	2024 RMB'000 (unaudited)	2025 RMB'000
Loss					
Loss for the year/period attributable to ordinary equity shareholders of the Company	<u>(65,902)</u>	<u>(94,130)</u>	<u>(56,844)</u>	<u>(46,876)</u>	<u>(51,776)</u>
Shares					
Issued ordinary shares at 1 January	77,970,039	100,000,000	100,000,000	100,000,000	100,000,000
Effect of ordinary shares of contribution from shareholders	<u>8,706,084</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Weighted average number of ordinary shares	<u>86,676,123</u>	<u>100,000,000</u>	<u>100,000,000</u>	<u>100,000,000</u>	<u>100,000,000</u>
Loss per share					
Basic and diluted(RMB)	<u>(0.76)</u>	<u>(0.94)</u>	<u>(0.57)</u>	<u>(0.47)</u>	<u>(0.52)</u>

No adjustment has been made to the basic loss per share amounts presented for the Relevant Periods and in the period covered by the Interim Comparative Financial Information as the impact of the potential ordinary shares had an anti-dilutive effect on the basic loss per share amounts presented.

For the details of pre-IPO investments, please refer to Note 28 to the Historical Financial Information

ACCOUNTANTS' REPORT

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

13. PROPERTY, PLANT AND EQUIPMENT

The Group

	Machinery RMB'000	Office equipment and electronic devices RMB'000	Leasehold improvements RMB'000	Vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2022						
At 1 January 2022:						
Cost	7,725	467	897	551	-	9,640
Accumulated depreciation	(851)	(148)	(308)	(22)	-	(1,329)
Net carrying amount	6,874	319	589	529	-	8,311
At 1 January 2022, net of accumulated depreciation	6,874	319	589	529	-	8,311
Additions	-	257	-	-	15,069	15,326
Transfer	13,383	-	212	-	(13,595)	-
Depreciation provided during the year	(2,987)	(162)	(369)	(131)	-	(3,649)
At 31 December 2022, net of accumulated depreciation	17,270	414	432	398	1,474	19,988
At 31 December 2022:						
Cost	21,108	724	1,023	551	1,474	24,880
Accumulated depreciation	(3,838)	(310)	(591)	(153)	-	(4,892)
Net carrying amount	17,270	414	432	398	1,474	19,988
	Machinery RMB'000	Office equipment and electronic devices RMB'000	Leasehold improvements RMB'000	Vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2023						
At 1 January 2023:						
Cost	21,108	724	1,023	551	1,474	24,880
Accumulated depreciation	(3,838)	(310)	(591)	(153)	-	(4,892)
Net carrying amount	17,270	414	432	398	1,474	19,988
At 1 January 2023, net of accumulated depreciation	17,270	414	432	398	1,474	19,988
Additions	-	368	-	-	3,126	3,494
Transfer	4,144	-	456	-	(4,600)	-
Depreciation provided during the year	(4,179)	(254)	(437)	(130)	-	(5,000)
At 31 December 2023, net of accumulated depreciation	17,235	528	451	268	-	18,482
At 31 December 2023:						
Cost	25,252	1,092	864	551	-	27,759
Accumulated depreciation	(8,017)	(564)	(413)	(283)	-	(9,277)
Net carrying amount	17,235	528	451	268	-	18,482

ACCOUNTANTS' REPORT

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

13. PROPERTY, PLANT AND EQUIPMENT (continued)

The Group (continued)

	Machinery RMB'000	Office equipment and electronic devices RMB'000	Leasehold improvements RMB'000	Vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2024						
At 1 January 2024:						
Cost	25,252	1,092	864	551	-	27,759
Accumulated depreciation	(8,017)	(564)	(413)	(283)	-	(9,277)
Net carrying amount	<u>17,235</u>	<u>528</u>	<u>451</u>	<u>268</u>	<u>-</u>	<u>18,482</u>
At 1 January 2024, net of accumulated depreciation	17,235	528	451	268	-	18,482
Additions	-	34	-	-	1,921	1,955
Transfer	1,757	-	74	-	(1,831)	-
Depreciation provided during the year	(4,979)	(264)	(296)	(130)	-	(5,669)
At 31 December 2024, net of accumulated depreciation	<u>14,013</u>	<u>298</u>	<u>229</u>	<u>138</u>	<u>90</u>	<u>14,768</u>
At 31 December 2024:						
Cost	27,009	1,126	938	551	90	29,714
Accumulated depreciation	(12,996)	(828)	(709)	(413)	-	(14,946)
Net carrying amount	<u>14,013</u>	<u>298</u>	<u>229</u>	<u>138</u>	<u>90</u>	<u>14,768</u>
31 October 2025						
At 1 January 2025:						
Cost	27,009	1,126	938	551	90	29,714
Accumulated depreciation	(12,996)	(828)	(709)	(413)	-	(14,946)
Net carrying amount	<u>14,013</u>	<u>298</u>	<u>229</u>	<u>138</u>	<u>90</u>	<u>14,768</u>
At 1 January 2025, net of accumulated depreciation	14,013	298	229	138	90	14,768
Additions	-	96	-	-	607	703
Transfer	577	-	-	-	(577)	-
Depreciation provided during the period	(4,241)	(166)	(166)	(109)	-	(4,682)
At 31 October 2025, net of accumulated depreciation	<u>10,349</u>	<u>228</u>	<u>63</u>	<u>29</u>	<u>120</u>	<u>10,789</u>
At 31 October 2025:						
Cost	27,586	1,222	938	551	120	30,417
Accumulated depreciation	(17,237)	(994)	(875)	(522)	-	(19,628)
Net carrying amount	<u>10,349</u>	<u>228</u>	<u>63</u>	<u>29</u>	<u>120</u>	<u>10,789</u>

ACCOUNTANTS' REPORT

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

13. PROPERTY, PLANT AND EQUIPMENT (continued)

The Company

	Machinery RMB'000	Office equipment and electronic devices RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2022					
At 1 January 2022:					
Cost	7,506	467	282	-	8,255
Accumulated depreciation	(646)	(148)	(39)	-	(833)
Net carrying amount	6,860	319	243	-	7,422
At 1 January 2022, net of accumulated depreciation	6,860	319	243	-	7,422
Additions	-	257	-	15,069	15,326
Transfer	13,383	-	212	(13,595)	-
Depreciation provided during the year	(2,984)	(162)	(164)	-	(3,310)
At 31 December 2022, net of accumulated depreciation	17,259	414	291	1,474	19,438
At 31 December 2022:					
Cost	20,889	724	408	1,474	23,495
Accumulated depreciation	(3,630)	(310)	(117)	-	(4,057)
Net carrying amount	17,259	414	291	1,474	19,438
	Machinery RMB'000	Office equipment and electronic devices RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2023					
At 1 January 2023:					
Cost	20,889	724	408	1,474	23,495
Accumulated depreciation	(3,630)	(310)	(117)	-	(4,057)
Net carrying amount	17,259	414	291	1,474	19,438
At 1 January 2023, net of accumulated depreciation	17,259	414	291	1,474	19,438
Additions	-	368	-	3,126	3,494
Transfer	4,144	-	456	(4,600)	-
Depreciation provided during the year	(4,178)	(254)	(296)	-	(4,728)
At 31 December 2023, net of accumulated depreciation	17,225	528	451	-	18,204
At 31 December 2023:					
Cost	25,033	1,092	864	-	26,989
Accumulated depreciation	(7,808)	(564)	(413)	-	(8,785)
Net carrying amount	17,225	528	451	-	18,204

ACCOUNTANTS' REPORT

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

13. PROPERTY, PLANT AND EQUIPMENT (continued)

The Company (continued)

	Machinery RMB'000	Office equipment and electronic devices RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2024					
At 1 January 2024:					
Cost	25,033	1,092	864	-	26,989
Accumulated depreciation	(7,808)	(564)	(413)	-	(8,785)
Net carrying amount	17,225	528	451	-	18,204
At 1 January 2024, net of accumulated depreciation	17,225	528	451	-	18,204
Additions	-	34	-	1,921	1,955
Transfer	1,757	-	74	(1,831)	-
Depreciation provided during the year	(4,979)	(264)	(296)	-	(5,539)
At 31 December 2024, net of accumulated depreciation	14,003	298	229	90	14,620
At 31 December 2024:					
Cost	26,790	1,126	938	90	28,944
Accumulated depreciation	(12,787)	(828)	(709)	-	(14,324)
Net carrying amount	14,003	298	229	90	14,620
	Machinery RMB'000	Office equipment and electronic devices RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
31 October 2025					
At 1 January 2025:					
Cost	26,790	1,126	938	90	28,944
Accumulated depreciation	(12,787)	(828)	(709)	-	(14,324)
Net carrying amount	14,003	298	229	90	14,620
At 1 January 2025, net of accumulated depreciation	14,003	298	229	90	14,620
Additions	-	96	-	607	703
Transfer	577	-	-	(577)	-
Depreciation provided during the period	(4,241)	(166)	(166)	-	(4,573)
At 31 October 2025, net of accumulated depreciation	10,339	228	63	120	10,750
At 31 October 2025:					
Cost	27,367	1,222	938	120	29,647
Accumulated depreciation	(17,028)	(994)	(875)	-	(18,897)
Net carrying amount	10,339	228	63	120	10,750

ACCOUNTANTS' REPORT

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

14. LEASES

The Group as a lessee

The Group has lease contracts for various items of buildings used in its operations. Leases of buildings generally have lease terms between 3 and 6 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group. Other rental agreements generally have lease terms of 12 months or less or are individually of low value.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the Relevant Periods are as follows:

The Group

	Buildings RMB'000
As at 1 January 2022	5,993
Additions	187
Depreciation charge	<u>(2,514)</u>
As at 31 December 2022 and 1 January 2023	3,666
Additions	5,314
Depreciation charge	<u>(2,779)</u>
As at 31 December 2023 and 1 January 2024	6,201
Additions	188
Depreciation charge	<u>(2,741)</u>
As at 31 December 2024 and 1 January 2025	3,648
Depreciation charge	<u>(2,195)</u>
As at 31 October 2025	<u><u>1,453</u></u>

The Company

	Buildings RMB'000
As at 1 January 2022	3,444
Additions	187
Depreciation charge	<u>(1,157)</u>
As at 31 December 2022 and 1 January 2023	2,474
Additions	5,314
Depreciation charge	<u>(1,923)</u>
As at 31 December 2023 and 1 January 2024	5,865
Additions	188
Depreciation charge	(2,503)
Decrease arising from lease term termination	<u>(552)</u>
As at 31 December 2024 and 1 January 2025	2,998
Depreciation charge	<u>(1,830)</u>
As at 31 October 2025	<u><u>1,168</u></u>

ACCOUNTANTS' REPORT

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

14. LEASES (continued)

(b) Lease liabilities

The carrying amounts of lease liabilities (not included those under interest-bearing bank borrowings) and the movements during the Relevant Periods are as follows:

The Group

	As at 31 December			As at 31 October
	2022 RMB'000	2023 RMB'000	2024 RMB'000	2025 RMB'000
Carrying amount at the beginning of the year/period	6,195	4,307	6,322	3,530
New leases	187	5,314	188	-
Accretion of interest recognised during the year/period	209	203	187	73
Payments	(2,284)	(3,502)	(3,167)	(2,292)
Carrying amount at the end of the year/period	<u>4,307</u>	<u>6,322</u>	<u>3,530</u>	<u>1,311</u>
Analysed into:				
Current portion	2,331	2,890	2,559	1,251
Non-current portion	<u>1,976</u>	<u>3,432</u>	<u>971</u>	<u>60</u>

The Company

	As at 31 December			As at 31 October
	2022 RMB'000	2023 RMB'000	2024 RMB'000	2025 RMB'000
Carrying amount at the beginning of the year/period	3,567	3,129	5,956	2,816
New leases	187	5,314	188	-
Accretion of interest recognised during the year/period	135	179	164	54
Decrease arising from lease term termination	-	-	(604)	-
Payments	(760)	(2,666)	(2,888)	(1,886)
Carrying amount at the end of the year/period	<u>3,129</u>	<u>5,956</u>	<u>2,816</u>	<u>984</u>
Analysed into:				
Current portion	1,513	2,794	2,094	984
Non-current portion	<u>1,616</u>	<u>3,162</u>	<u>722</u>	<u>-</u>

The maturity analysis of lease liabilities is disclosed in note 37 to the Historical Financial Information.

ACCOUNTANTS' REPORT

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

14. LEASES (continued)

(c) The amounts recognised in profit or loss in relation to leases are as follows:

The Group

	Year ended 31 December			Ten months ended 31 October	
	2022 RMB'000	2023 RMB'000	2024 RMB'000	2024 RMB'000 (unaudited)	2025 RMB'000
Interest on lease liabilities	209	203	187	163	73
Depreciation charge of right-of-use assets	2,514	2,779	2,741	2,287	2,195
Expenses relating to short-term leases and low-value assets	123	406	149	130	202
Total amount recognised in profit or loss	<u>2,846</u>	<u>3,388</u>	<u>3,077</u>	<u>2,580</u>	<u>2,470</u>

The Company

	Year ended 31 December			Ten months ended 31 October	
	2022 RMB'000	2023 RMB'000	2024 RMB'000	2024 RMB'000 (unaudited)	2025 RMB'000
Interest on lease liabilities	135	179	164	145	54
Depreciation charge of right-of-use assets	1,157	1,923	2,503	2,120	1,830
Expenses relating to short-term leases and low-value assets	100	196	88	73	193
Gain on a lease term termination	-	-	(52)	-	-
Total amount recognised in profit or loss	<u>1,392</u>	<u>2,298</u>	<u>2,703</u>	<u>2,338</u>	<u>2,077</u>

15. INVESTMENTS IN SUBSIDIARIES

The Company

	As at 31 December			As at 31 October
	2022 RMB'000	2023 RMB'000	2024 RMB'000	2025 RMB'000
Investments in subsidiaries	<u>509</u>	<u>1,598</u>	<u>5,176</u>	<u>11,573</u>

The Company's outstanding balances with the subsidiaries are disclosed in note 34 to the Historical Financial Information.

ACCOUNTANTS' REPORT

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

16. DEFERRED TAX

The Group

The movements in deferred tax assets and liabilities during the Relevant Periods are as follows:

Deferred tax assets

	Losses available for offsetting against future taxable profits RMB'000	Lease liabilities RMB'000	Total RMB'000
At 1 January 2022	-	1,112	1,112
Deferred tax credited/(charged) to profit or loss during the year	9	(489)	(480)
Gross deferred tax assets at 31 December 2022	9	623	632
Deferred tax credited/(charged) to profit or loss during the year	(9)	312	303
Gross deferred tax assets at 31 December 2023	-	935	935
Deferred tax credited/(charged) to profit or loss during the year	29	(452)	(423)
Gross deferred tax assets at 31 December 2024	29	483	512
Deferred tax charged to profit or loss during the period	(5)	(299)	(304)
Gross deferred tax assets at 31 October 2025	24	184	208

Deferred tax liabilities

	Right-of-use assets RMB'000
At 1 January 2022	1,112
Deferred tax credited to profit or loss during the year	(480)
Gross deferred tax liabilities at 31 December 2022	632
Deferred tax charged to profit or loss during the year	303
Gross deferred tax liabilities at 31 December 2023	935
Deferred tax credited to profit or loss during the year	(423)
Gross deferred tax liabilities at 31 December 2024	512
Deferred tax credited to profit or loss during the period	(304)
Gross deferred tax liabilities at 31 October 2025	208

ACCOUNTANTS' REPORT

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

16. DEFERRED TAX (continued)

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	As at 31 December			As at 31 October
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	-	-	-	-
Net deferred tax liabilities recognised in the consolidated statement of financial position	-	-	-	-

Deferred tax assets have not been recognised in respect of the following items:

	As at 31 December			As at 31 October
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Tax losses	218,172	351,149	450,376	540,404
Deductible temporary differences	18,707	16,434	17,843	15,462
Total	236,879	367,583	468,219	555,866

The Group had accumulated tax losses arising in Chinese mainland of RMB190,734,000, RMB322,060,000, RMB418,221,000 and RMB506,111,000 as at 31 December 2022, 2023, 2024 and 31 October 2025, respectively, that would expire in one to ten years for offsetting against future taxable profits. The Group had accumulated tax losses in Hong Kong of RMB27,438,000, RMB29,089,000, RMB32,155,000 and RMB34,293,000 in aggregate as at 31 December 2022, 2023, 2024 and 31 October 2025, respectively, which can be carried forward indefinitely to offset against future taxable profits of the entity in which the losses were incurred. Deferred tax assets have not been recognised with respect to tax losses and deductible temporary differences for the Company and certain subsidiaries as it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

17. INVENTORIES

The Group

	As at 31 December			As at 31 October
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Raw materials	19,701	14,631	19,726	40,352
Work in progress	6,908	33,528	65,846	64,297
Finished goods	51,564	27,335	34,241	32,135
	78,173	75,494	119,813	136,784
Less: Provision for inventories	(13,030)	(9,977)	(7,892)	(7,230)
Total	65,143	65,517	111,921	129,554

As at 31 December 2022, 2023, 2024 and 31 October 2025, inventories were stated at the lower of cost and net realisable value.

ACCOUNTANTS' REPORT

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

17. INVENTORIES (continued)

The Group (continued)

The movements in provision

	As at 31 December			As at 31 October
	2022 RMB'000	2023 RMB'000	2024 RMB'000	2025 RMB'000
Carrying amount at the beginning of the year/period	3,372	13,030	9,977	7,892
Impairment losses recognised, net	12,018	7,837	2,632	1,585
Amounts written off	(2,360)	(10,890)	(4,717)	(2,247)
Carrying amount at the end of the year/period	<u>13,030</u>	<u>9,977</u>	<u>7,892</u>	<u>7,230</u>

The Company

	As at 31 December			As at 31 October
	2022 RMB'000	2023 RMB'000	2024 RMB'000	2025 RMB'000
Raw materials	17,021	11,783	17,753	35,717
Work in progress	5,592	30,681	64,620	60,471
Finished goods	28,505	13,469	20,377	26,961
	51,118	55,933	102,750	123,149
Less: Provision for inventories	(9,562)	(7,996)	(6,784)	(4,424)
Total	<u>41,556</u>	<u>47,937</u>	<u>95,966</u>	<u>118,725</u>

As at 31 December 2022, 2023, 2024 and 31 October 2025, inventories were stated at the lower of cost and net realisable value.

The movements in provision

	As at 31 December			As at 31 October
	2022 RMB'000	2023 RMB'000	2024 RMB'000	2025 RMB'000
Carrying amount at the beginning of the year/period	2,328	9,562	7,996	6,784
Impairment/(reversal of impairment) losses, net	8,359	5,016	2,658	(549)
Amounts written off	(1,125)	(6,582)	(3,870)	(1,811)
Carrying amount at the end of the year/period	<u>9,562</u>	<u>7,996</u>	<u>6,784</u>	<u>4,424</u>

ACCOUNTANTS' REPORT

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

18. TRADE RECEIVABLES

The Group

	As at 31 December			As at 31 October
	2022 RMB'000	2023 RMB'000	2024 RMB'000	2025 RMB'000
Trade receivables	14,296	30,765	42,325	48,280
Less: Impairment losses	(143)	(308)	(424)	(483)
Net carrying amount	<u>14,153</u>	<u>30,457</u>	<u>41,901</u>	<u>47,797</u>

The Group provides credit terms to certain customers with satisfied creditworthiness and long-term relationship. The credit period is generally around 30 to 90 days. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. As at 31 December 2022, 2023, 2024 and 31 October 2025, the Group had certain concentrations of credit risk as 46%, 37%, 52%, 61% and 100%, 100%, 100%, 98% of the Group's trade receivables were due from the Group's largest debtor and five largest debtors, respectively. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing. As with other customers, the Group normally demands payment in advance.

An ageing analysis of the Group's trade receivables, based on the past due information and net of loss allowance, as at the end of each of the Relevant Periods is as follows:

	As at 31 December			As at 31 October
	2022 RMB'000	2023 RMB'000	2024 RMB'000	2025 RMB'000
Within 3 months	12,521	30,457	41,901	47,607
3 to 6 months	<u>1,632</u>	-	-	<u>190</u>
Total	<u>14,153</u>	<u>30,457</u>	<u>41,901</u>	<u>47,797</u>

The movements in the impairment of trade receivables are as follows:

	As at 31 December			As at 31 October
	2022 RMB'000	2023 RMB'000	2024 RMB'000	2025 RMB'000
At beginning of year/period	18	143	308	424
Impairment losses on financial assets, net	<u>125</u>	<u>165</u>	<u>116</u>	<u>59</u>
At end of year/period	<u>143</u>	<u>308</u>	<u>424</u>	<u>483</u>

The Group applies the simplified approach in calculating ECLs for trade receivables. Trade receivables relating to customers not sharing similar credit risk with others are assessed individually for impairment allowance, for instance, customers with known financial difficulties or significant doubt on collection. The remaining trade receivables are grouped and collectively assessed for impairment allowance. Under the collective approach, an impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on ageing analysis for grouping of customers that have similar loss patterns. The calculation reflects the age of the balances, existence of disputes, recent historical payment patterns, any other available information concerning the creditworthiness of counterparties and influence from macro economy.

ACCOUNTANTS' REPORT

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

18. TRADE RECEIVABLES (continued)

The Group (continued)

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

	Within 3 months	3 to 6 months	Total
As at 31 December 2022			
<i>On a collective basis:</i>			
Expected credit loss rate	1%	1%	1%
Gross carrying amount (RMB'000)	12,648	1,648	14,296
Expected credit losses (RMB'000)	127	16	143
	Within 3 months	3 to 6 months	Total
As at 31 December 2023			
<i>On a collective basis:</i>			
Expected credit loss rate	1%	-	1%
Gross carrying amount (RMB'000)	30,765	-	30,765
Expected credit losses (RMB'000)	308	-	308
	Within 3 months	3 to 6 months	Total
As at 31 December 2024			
<i>On collective basis:</i>			
Expected credit loss rate	1%	-	1%
Gross carrying amount (RMB'000)	42,325	-	42,325
Expected credit losses(RMB'000)	424	-	424
	Within 3 months	3 to 6 months	Total
As at 31 October 2025			
<i>On collective basis:</i>			
Expected credit loss rate	1%	1%	1%
Gross carrying amount (RMB'000)	48,088	192	48,280
Expected credit losses(RMB'000)	481	2	483

The Company

	As at 31 December			As at 31 October
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	2,947	14,070	23,489	20,357
Less: Impairment losses	(29)	(141)	(235)	(204)
Total	<u>2,918</u>	<u>13,929</u>	<u>23,254</u>	<u>20,153</u>

ACCOUNTANTS' REPORT

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

18. TRADE RECEIVABLES (continued)

The Company (continued)

An ageing analysis of the Company's trade receivables, based on the past due information and net of loss allowance, as at the end of each of the Relevant Periods is as follows:

	As at 31 December			As at 31 October
	2022 RMB'000	2023 RMB'000	2024 RMB'000	2025 RMB'000
Within 3 months	1,286	13,929	23,254	19,963
3 to 6 months	1,632	-	-	190
Total	2,918	13,929	23,254	20,153

The movements in the loss allowance for impairment of trade receivables are as follows:

	As at 31 December			As at 31 October
	2022 RMB'000	2023 RMB'000	2024 RMB'000	2025 RMB'000
At beginning of year/period	-	29	141	235
Impairment/(reversal of impairment) losses, net	29	112	94	(31)
At end of year/period	29	141	235	204

Set out below is the information about the Interest rate risk exposure on the Company's trade receivables using a provision matrix:

	Within 3 months	3 to 6 months	Total
As at 31 December 2022			
<i>On a collective basis:</i>			
Expected credit loss rate	1%	1%	1%
Gross carrying amount (RMB'000)	1,299	1,648	2,947
Expected credit losses (RMB'000)	13	16	29
As at 31 December 2023			
<i>On a collective basis:</i>			
Expected credit loss rate	1%	-	1%
Gross carrying amount (RMB'000)	14,070	-	14,070
Expected credit losses (RMB'000)	141	-	141
As at 31 December 2024			
<i>On a collective basis:</i>			
Expected credit loss rate	1%	-	1%
Gross carrying amount (RMB'000)	23,489	-	23,489
Expected credit losses (RMB'000)	235	-	235
As at 31 October 2025			
<i>On a collective basis:</i>			
Expected credit loss rate	1%	1%	1%
Gross carrying amount (RMB'000)	20,165	192	20,357
Expected credit losses (RMB'000)	202	2	204

ACCOUNTANTS' REPORT

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

19. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

The Group

	As at 31 December			As at 31 October
	2022 RMB'000	2023 RMB'000	2024 RMB'000	2025 RMB'000
Current:				
Prepayments to suppliers	9,329	12,440	7,205	8,783
Other tax recoverable	8,823	7,382	19,798	5,298
Deposits and other receivables	524	466	445	1,151
Listing fee	-	-	-	2,097
Subtotal	18,676	20,288	27,448	17,329
Non-current:				
Rent deposits and property management fee deposits	798	829	831	139
Prepayments for long-term assets	304	-	-	-
Subtotal	1,102	829	831	139
Total	19,778	21,117	28,279	17,468

At the end of each of the Relevant Periods, the ECLs of the financial assets included in prepayments, other receivables and other assets were measured based on the 12-month expected credit loss if they were not past due and there was no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, they were measured based on the lifetime expected credit loss. An impairment analysis was performed at the end of each of the Relevant Periods.

The Company

	As at 31 December			As at 31 October
	2022 RMB'000	2023 RMB'000	2024 RMB'000	2025 RMB'000
Current:				
Prepayments to suppliers	9,329	12,440	7,205	7,457
Other tax recoverable	8,231	6,731	19,003	4,395
Deposits and other receivables	524	451	423	1,059
Listing expenses	-	-	-	2,097
Subtotal	18,084	19,622	26,631	15,008
Non-current:				
Rent deposits and property management fee deposits	593	700	623	10
Total	18,677	20,322	27,254	15,018

ACCOUNTANTS' REPORT

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

20. CASH AND CASH EQUIVALENTS, TIME DEPOSITS AND PLEDGED DEPOSITS

The Group

	As at 31 December			As at 31 October
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and bank balances	234,668	179,547	120,476	95,170
Less: Non-pledged time deposits with original maturity of over one year and will mature within one year*	-	(21,420)	(33,204)	-
Non-pledged time deposits with original maturity of more than one year**	(51,769)	(32,220)	-	-
Pledged time deposits with original maturity of more than one year and will mature within one year***	-	-	-	(21,707)
Pledged time deposits with original maturity of more than one year***	-	(20,577)	(21,197)	-
Restricted cash	-	(5)	-	-
Cash and cash equivalents	<u>182,899</u>	<u>105,325</u>	<u>66,075</u>	<u>73,463</u>

* Short-term bank deposits were deposits with original maturity over one year and will mature within one year.

** Long-term bank deposits were deposits with original maturity over one year.

*** As at 31 December 2022, 2023 and 2024 and 31 October 2025, the Group's and the Company's time deposits were pledged for interest-bearing bank borrowings amounting to nil, RMB20,577,000, RMB21,197,000 and RMB21,707,000 (note 24).

	As at 31 December			As at 31 October
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and cash equivalents				
Denominated in RMB	174,420	31,796	27,616	28,184
Denominated in USD	8,478	73,528	38,458	45,279
Denominated in HKD	<u>1</u>	<u>1</u>	<u>1</u>	-
Total	<u>182,899</u>	<u>105,325</u>	<u>66,075</u>	<u>73,463</u>
Non-pledged time deposits, pledged deposits and restricted cash				
Denominated in RMB	<u>51,769</u>	<u>74,222</u>	<u>54,401</u>	<u>21,707</u>

ACCOUNTANTS' REPORT

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

20. CASH AND CASH EQUIVALENTS, TIME DEPOSITS AND PLEDGED DEPOSITS (continued)

The Company

	As at 31 December			As at 31 October
	2022 RMB'000	2023 RMB'000	2024 RMB'000	2025 RMB'000
Cash and bank balances	228,260	126,758	83,252	59,589
Less: Non-pledged time deposits with original maturity of over one year and will mature within one year *	-	(21,420)	(33,204)	-
Non-pledged time deposits with original maturity of more than one year**	(51,769)	(32,220)	-	-
Pledged time deposits with original maturity of more than one year and will mature within one year***	-	-	-	(21,707)
Pledged time deposits with original maturity of more than one year***	-	(20,577)	(21,197)	-
Restricted cash	-	(5)	-	-
Cash and cash equivalents	<u>176,491</u>	<u>52,536</u>	<u>28,851</u>	<u>37,882</u>
	As at 31 December			As at 31 October
	2022 RMB'000	2023 RMB'000	2024 RMB'000	2025 RMB'000
Cash and cash equivalents				
Denominated in RMB	174,226	30,479	23,934	26,499
Denominated in USD	<u>2,265</u>	<u>22,057</u>	<u>4,917</u>	<u>11,383</u>
Total	<u>176,491</u>	<u>52,536</u>	<u>28,851</u>	<u>37,882</u>
Non-pledged time deposits, pledged deposits and restricted cash				
Denominated in RMB	<u>51,769</u>	<u>74,222</u>	<u>54,401</u>	<u>21,707</u>

21. TRADE PAYABLES

An ageing analysis of the trade payables as at the end of Relevant Periods, based on the invoice date, is as follows:

The Group

	As at 31 December			As at 31 October
	2022 RMB'000	2023 RMB'000	2024 RMB'000	2025 RMB'000
Within 1 year	11,557	15,962	34,748	26,995
1 to 2 years	-	107	641	363
2 to 3 years	-	-	73	206
3 to 4 years	-	-	-	33
Total	<u>11,557</u>	<u>16,069</u>	<u>35,462</u>	<u>27,597</u>

The trade payables are non-interest-bearing and are normally settled within 30 to 60 days upon receipt of the VAT invoice.

ACCOUNTANTS' REPORT

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

21. TRADE PAYABLES (continued)

The Company

	As at 31 December			As at 31 October
	2022 RMB'000	2023 RMB'000	2024 RMB'000	2025 RMB'000
Within 1 year	8,796	14,389	34,110	26,546
1 to 2 years	-	107	641	361
2 to 3 years	-	-	73	206
3 to 4 years	-	-	-	33
Total	8,796	14,496	34,824	27,146

22. OTHER PAYABLES AND ACCRUALS

The Group

	As at 31 December			As at 31 October
	2022 RMB'000	2023 RMB'000	2024 RMB'000	2025 RMB'000
Accrued listing expenses	-	-	-	2,984
Payroll and welfare payable	6,345	7,951	11,202	5,743
Accrued expenses	767	445	276	38
Other tax payables	469	534	850	969
Others	241	430	376	236
Government grants subject to conditions	1,600	1,600	-	-
Total	9,422	10,960	12,704	9,970

The Company

	As at 31 December			As at 31 October
	2022 RMB'000	2023 RMB'000	2024 RMB'000	2025 RMB'000
Accrued listing expenses	-	-	-	2,984
Payroll and welfare payable	6,345	7,233	10,237	5,450
Accrued expenses	767	445	276	38
Other tax payables	469	534	785	863
Others	239	430	293	168
Government grants subject to conditions	1,600	1,600	-	-
Total	9,420	10,242	11,591	9,503

Other payables are non-interest-bearing, unsecured and repayable on demand.

ACCOUNTANTS' REPORT

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

23. CONTRACT LIABILITIES

The Group

	As at 31 December			As at 31 October
	2022 RMB'000	2023 RMB'000	2024 RMB'000	2025 RMB'000
Contract liabilities	2,414	4,747	7,761	2,279

The Company

	As at 31 December			As at 31 October
	2022 RMB'000	2023 RMB'000	2024 RMB'000	2025 RMB'000
Contract liabilities	-	83	1,081	725

Contract liabilities include advances received from customers for delivery of power amplifier audio chips and other chip products. The increase/decrease in contract liabilities during the Relevant Periods was mainly due to the increase/decrease in short-term advances received from customers in relation to the provision of products.

The analysis of the revenue which was included in the contract liabilities balances at the beginning of the period, recognised during the Relevant Periods, relates to carried-forward contract liabilities, refer to note 5 to the Historical Financial Information.

ACCOUNTANTS' REPORT

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

25. PROVISION

The Group

	Warranties RMB'000
As at 1 January 2022	450
Additional provision	1,793
Amounts utilised during the year	<u>(1,248)</u>
As at 31 December 2022 and 1 January 2023	995
Additional provision	1,668
Reversal of unutilised amounts during the year	<u>(450)</u>
As at 31 December 2023 and 1 January 2024	2,213
Additional provision	2,925
Amounts utilised during the year	(166)
Reversal of unutilised amounts during the year	<u>(512)</u>
As at 31 December 2024 and 1 January 2025	4,460
Additional provision	1,922
Amounts utilised during the period	(1,240)
Reversal of unutilised amounts during the period	<u>(1,168)</u>
As at 31 October 2025	<u>3,974</u>

The Company

	Warranties RMB'000
As at 1 January 2022	81
Additional provision	1,248
Amounts utilised during the year	<u>(1,248)</u>
As at 31 December 2022 and 1 January 2023	81
Additional provision	269
Reversal of unutilised amounts during the year	<u>(81)</u>
As at 31 December 2023 and 1 January 2024	269
Additional provision	434
Amounts utilised during the year	<u>(166)</u>
As at 31 December 2024 and 1 January 2025	537
Additional provision	600
Amounts utilised during the period	(300)
Reversal of unutilised amounts during the period	<u>(238)</u>
As at 31 October 2025	<u>599</u>

Under the terms of the Group's sales agreements, the Group offers warranties for its products. Provision is therefore made for the best estimate of the expected settlement under these agreements in respect of sales made within the warranty periods prior to the end of each reporting period. The amount of provision takes into account the Group's recent claim experience and is only made where a warranty claim is probable.

26. REDEMPTION LIABILITIES

The Group and the Company

	As at 31 December			As at 31 October
	2022 RMB'000	2023 RMB'000	2024 RMB'000	2025 RMB'000
Redemption liabilities	<u>30,775</u>	<u>33,244</u>	<u>35,911</u>	<u>38,281</u>

ACCOUNTANTS' REPORT

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

26. REDEMPTION LIABILITIES (continued)

The movements of the redemption liabilities during the reporting period are set out below:

	Redemption liabilities on equity shares RMB'000
As at 1 January 2022	-
Grant of redemption right in financing	30,000
Changes in the carrying amounts of redemption liabilities	<u>775</u>
As at 31 December 2022 and 1 January 2023	30,775
Changes in the carrying amounts of redemption liabilities	<u>2,469</u>
As at 31 December 2023 and 1 January 2024	33,244
Changes in the carrying amounts of redemption liabilities	<u>2,667</u>
As at 31 December 2024 and 1 January 2025	35,911
Changes in the carrying amounts of redemption liabilities	<u>2,370</u>
As at 31 October 2025	<u><u>38,281</u></u>

A contract that contains an obligation to purchase the equity instruments for cash or another financial asset gives rise to a financial liability for the redemption amount, even if the obligation to purchase is conditional on the counterparty exercising a right to redeem. The redemption liability is initially measured at the carrying amount of the redemption amount and is subsequently measured at amortised cost, with interest expense included in the changes in the carrying amounts of financial instruments issued to the investor. The carrying amount of the redemption liabilities is reclassified to equity upon the termination of the counterparty's redemption right.

In 2022, the Company conducted financing by issuing registered capital to an investor and the investor was granted a right to put back to the Company the registered capital acquired upon occurrence of any of the following events which cannot be controlled by the Company:

- (i) The Company failing to achieve a qualified Initial Public Offering (the "Qualified IPO") before 31 December 2025;
- (ii) The Company, the controlling shareholder, core shareholders or the employee shareholding platform committing material breaches of contract, violating the representations or warranties, or breaching the covenants and obligations, resulting in material adverse impacts on the Group or the investor, and failing to effectively remedy such situations (if such violations are remediable) within 30 working days after receiving a notice from the investor;
- (iii) The controlling shareholder violating the non-competition obligation stipulated in the supplementary agreement; or
- (iv) Within three years from 2022, the controlling shareholder and core shareholders prior to the investment having seriously breached the principle of good faith, or that the information disclosed by the Group regarding the Group's assets, business operations, or intellectual property status being materially inconsistent with the facts, thereby significantly impairing the investment interests of the investor.

The redemption price is calculated as the higher of (i) the sum of the actual investment amount paid by the investor and the compound annual interest calculated at a rate of 8% on the investment amount from the date of investment payment until the date of full redemption payment; and (ii) the net assets of the Group, as audited by an accounting firm, at the latest accounting period end corresponding to the equity of the Group held by the investor.

According to the investment agreement and the opinion of Company's PRC legal counsel, such redemption rights will be suspended upon the Company's listing application to the Stock Exchange and will automatically revive under the following circumstances: (1) if the initial public offering ("IPO") application is withdrawn, becomes invalid, or is rejected; or (2) if the IPO has not been completed within 12 months after the suspension of such special rights.

The redemption rights will automatically terminate upon the successful Qualified IPO. For the details of pre-IPO investments, please refer to Note 28 to the Historical Financial Information.

ACCOUNTANTS' REPORT

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

27. DEFERRED INCOME

The Group and the Company

	As at 31 December			As at 31 October
	2022 RMB'000	2023 RMB'000	2024 RMB'000	2025 RMB'000
Government grants	-	-	-	2,871

The movements in deferred income during the Relevant Periods are as follows:

	As at 31 December			As at 31 October
	2022 RMB'000	2023 RMB'000	2024 RMB'000	2025 RMB'000
At beginning of year/period	-	-	-	-
Received during the year/period	-	-	-	3,501
Credited to profit or loss during the year/period	-	-	-	(630)
At end of year/period	-	-	-	2,871

Government grants received related to assets invested in servers and computer equipment were credited to deferred income and are recognised as income over the expected useful lives of the relevant assets.

28. PAID-IN CAPITAL/SHARE CAPITAL

The Group and the CompanyShares

	As at 31 December			As at 31 October
	2022 RMB'000	2023 RMB'000	2024 RMB'000	2025 RMB'000
Issued and fully paid:				
Paid-in capital/Share capital	26,122	26,122	26,122	100,000

A summary of movements in the Company's paid-in capital/share capital is as follows:

	As at 31 December			As at 31 October
	2022 RMB'000	2023 RMB'000	2024 RMB'000	2025 RMB'000
At the beginning of the year/period	20,368	26,122	26,122	26,122
Capital contribution from shareholders	5,754	-	-	-
Conversion into a joint stock company	-	-	-	73,878
At the end of the year/period	26,122	26,122	26,122	100,000

In August 2022, the Company issued 5,754,000 paid-in capital with a nominal value of RMB1 each to 11 investors for a cash consideration of an aggregate amount of RMB206,679,000. The total proceeds were received in 2022, with RMB5,754,000 and RMB200,925,000 credited to the Company's paid-in capital and capital reserve, respectively.

ACCOUNTANTS' REPORT

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

28. PAID-IN CAPITAL/SHARE CAPITAL (continued)

On 12 June 2025, the Company was converted into a joint stock limited company with limited liability under the Company Law of the PRC. The net assets of the Company as at the conversion date were converted into 100,000,000 shares at RMB1 each. The excess of net assets converted over nominal value of the ordinary shares of RMB was credited to the Company's capital reserves.

Prior to the Relevant Periods and until August 18, 2022, the Company entered into respective investment agreements for the subscription of Shares with various pre-IPO Investors for total net cash proceeds of approximately RMB526,500,000. Of these, as of August 18, 2022, 16,907,470 Shares issued for total net cash proceeds of approximately RMB526,400,000 (collectively the "Pre-IPO Investments"), carried special rights ("Special Rights") granted by the Company.

Pursuant to the aforementioned agreements, including the investment agreement entered among the Company, Mr. Xu and the Pre-IPO Investors (including Huzhou Zhuosheng) (the "Pre-IPO Investors") on August 18, 2022 (the "Investment Agreement") and the supplemental agreement to the Investment Agreement entered among the Company, Mr. Xu and the Pre-IPO Investors (including Huzhou Zhuosheng) on August 18, 2022 (the "First Supplemental Agreement"), the Pre-IPO Investors were granted Special Rights which included redemption rights, anti-dilution rights, information rights, co-sale rights, right of first refusal and liquidation preferences granted by the Company, as well as redemption rights granted by Mr. Xu.

Prior to their termination, only certain information rights and director nomination rights among the Special Rights granted by the Company had been exercised in the ordinary course for governance and information purposes. There was no exercise of any redemption or other financial Special Rights granted by the Company throughout the Relevant Periods.

On 30 April 2025, the Company and the Pre-IPO Investors except for "Huzhou Zhuosheng Equity Investment Partnership (Limited Partnership) ("Huzhou Zhuosheng") subsequently entered into a supplemental agreement (the "Second Supplemental Agreement"), pursuant to which the redemption rights granted by the Company to such Pre-IPO Investors (excluding Huzhou Zhuosheng) were irrevocably terminated and became void ab initio. Subsequently, on June 27, 2025, the Company, Mr. Xu and the Pre-IPO Investors (excluding Huzhou Zhuosheng) entered into a further supplemental agreement (the "Third Supplemental Agreement"), pursuant to which (i) all other remaining Special Rights granted by the Company to such Pre-IPO Investors (including pre-emptive rights, anti-dilution rights, liquidation preferences and other rights as listed above) were terminated, effective on the date immediately preceding the Listing, and (ii) the redemption rights granted by Mr. Xu to such Pre-IPO Investors were terminated, effective on the date preceding the first submission of the listing application. Taking into account the legal and regulatory framework of the Company's jurisdiction and the governing law of the supplemental agreements, the directors considered that it is appropriate to present the Pre-IPO Investments except for Huzhou Zhuosheng as equity.

For the details of redemption liabilities recognised related to Huzhou Zhuosheng, please refer to Note 26 to the Historical Financial Information.

Had the Special Rights granted by the Company to the Pre-IPO Investors been accounted for as financial liabilities measured at present value of the redemption amount prior to entering into the supplemental agreements, (i) the redemption financial liabilities, total current liabilities, net current liabilities and net liabilities would have been:

	As at 31 December		
	2022 RMB'000	2023 RMB'000	2024 RMB'000
Redemption financial liabilities	697,684	811,676	876,794
Total current liabilities	724,403	885,232	979,770
Net current liabilities	(443,532)	(642,220)	(699,221)
Net liabilities	(368,570)	(566,978)	(679,010)

ACCOUNTANTS' REPORT

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

28. PAID-IN CAPITAL/SHARE CAPITAL (continued)

(ii) the changes in the carrying amounts of redemption liabilities, the net loss for the year, basic and dilutive loss per share would have been:

	For the year ended 31 December			For the ten months ended 31 October	
	2022 RMB'000	2023 RMB'000	2024 RMB'000	2024 RMB'000	2025 RMB'000
Changes in the carrying amounts of redemption liabilities	(44,575)	(59,220)	(65,118)	(53,914)	(34,537)
Total net loss	(109,702)	(150,881)	(119,295)	(98,582)	(83,943)
Loss per share					
Basic and diluted(RMB)	(1.27)	(1.51)	(1.19)	(0.99)	(0.84)

29. SHARE-BASED PAYMENTS

In recognition of the contributions of the Group's key employees and to incentivize them to further promote the Group's development, the Group awards the partnership interest in the employee shareholding platforms to the employees and adopts the employee stock ownership plan.

On 10 January 2022 and 28 February 2022, pursuant to the employee stock ownership plan, 19,032 shares and 5,947 shares of the Company were granted to eligible participants through the employee shareholding platforms, respectively, in the form of restricted shares. The grant date fair values of these shares were determined by an external valuer taking into the recent capital injection price from series C+ investors in August 2021 using the back-solve method and adopting the equity allocation model. The difference between the fair value of the shares granted and the subscription price was recorded in the share-based payment reserve within equity with the corresponding "share-based payment expenses" in profit or loss.

Shares granted during the Relevant Periods needs to meet service requirements from the date of grant to the later of (1) four years or five years since the grant date (the "Service Period") and (2) the date of successful IPO of the Company (the "Lock-up Period"). After taking into consideration of the best estimation of the IPO, the management determined the vesting period of the relevant shares based on the above service requirements. As such, the share-based payment expenses are amortised during the vesting period.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

29. SHARE-BASED PAYMENTS (continued)

Movements in the number of equity interest shares granted and the respective weighted average grant date fair values were as follows:

	Year ended 31 December			Ten months ended 31 October		
	2022	2023	2024	2023	2024	2025
	Weighted average grant date fair value RMB per share	Number of shares	Weighted average grant date fair value RMB per share	Number of shares	Weighted average grant date fair value RMB per share	Number of shares
At the beginning of the year/period	23.47	5,791,428	23.57	5,761,565	23.53	5,738,727
Granted	36.28	24,979	-	-	-	-
Forfeited	19.59	(54,842)	31.79	(22,838)	33.61	(82,075)
At the end of the year/period	23.57	5,761,565	23.53	5,738,727	23.39	5,656,652

Share-based payment expenses relating to employees recognised for the Relevant Periods and in the period covered by the Interim Comparative Financial Information are as follows:

	Year ended 31 December			Ten months ended 31 October		
	2022	2023	2024	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000 (unaudited)	RMB'000
Administrative expenses	1,974	1,974	1,974	1,974	1,645	1,239
Research and development costs	4,277	4,291	4,321	4,321	3,601	3,674
Selling and marketing expenses	1,573	1,578	1,548	1,548	1,290	1,166
Total	7,824	7,843	7,843	7,843	6,536	6,079

ACCOUNTANTS' REPORT

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

30. RESERVES

The Group

The amounts of the Group's reserves and the movements therein for the Relevant Periods are presented in the consolidated statements of changes in equity of the Historical Financial Information.

(i) Capital reserve

The capital reserve consists of premiums in issuing capitals and the amounts in relation to the recognition of the redemption liabilities as set out in note 26 to the Historical Financial Information.

(ii) Exchange fluctuation reserve

The exchange fluctuation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the Group's presentation currency.

(iii) Share-based payment reserve

The share-based payment reserve represents the equity-settled share awards as set out in note 29 to the Historical Financial Information.

The Company

	Capital reserve RMB'000	Share-based payment reserve RMB'000	Accumulated deficits RMB'000	Total RMB'000
As at 1 January 2022	320,632	127,539	(260,353)	187,818
Total comprehensive income for the year	-	-	(57,711)	(57,711)
Contribution from shareholders	200,925	-	-	200,925
Recognition of redemption liabilities (note 26)	(30,000)	-	-	(30,000)
Share-based payments	-	7,824	-	7,824
As at 31 December 2022 and 1 January 2023	491,557	135,363	(318,064)	308,856
Total comprehensive income for the year	-	-	(92,626)	(92,626)
Share-based payments	-	7,843	-	7,843
As at 31 December 2023 and 1 January 2024	491,557	143,206	(410,690)	224,073
Total comprehensive income for the year	-	-	(46,697)	(46,697)
Share-based payments	-	7,843	-	7,843
As at 31 December 2024 and 1 January 2025	491,557	151,049	(457,387)	185,219
Total comprehensive income for the period	-	-	(42,234)	(42,234)
Share-based payments	-	6,079	-	6,079
Conversion into a joint stock company	(411,418)	(122,247)	459,787	(73,878)
As at 31 October 2025	80,139	34,881	(39,834)	75,186

ACCOUNTANTS' REPORT

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

31. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the years ended 31 December 2022, 2023, 2024, and ten months ended 31 October 2025, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB187,000, RMB5,314,000, RMB188,000 and nil, respectively, in respect of lease arrangements for buildings.

(b) Changes in liabilities arising from financing activities

	Interest-bearing bank borrowings RMB'000	Lease liabilities RMB'000	Redemption liabilities RMB'000	Total RMB'000
At 1 January 2022	-	6,195	-	6,195
Changes from financing cash flows	-	(2,284)	30,000	27,716
New leases	-	187	-	187
Interest expense	-	209	-	209
Changes in the carrying amounts of redemption liabilities	-	-	775	775
At 31 December 2022	-	4,307	30,775	35,082
Changes from financing cash flows	36,058	(3,502)	-	32,556
New leases	-	5,314	-	5,314
Interest expense	619	203	-	822
Changes in the carrying amounts of redemption liabilities	-	-	2,469	2,469
At 31 December 2023	36,677	6,322	33,244	76,243
Changes from financing cash flows	21,843	(3,167)	-	18,676
New leases	-	188	-	188
Interest expense	1,206	187	-	1,393
Changes in the carrying amounts of redemption liabilities	-	-	2,667	2,667
At 31 December 2024	59,726	3,530	35,911	99,167
Changes from financing cash flows	38,332	(2,292)	-	36,040
Interest expense	2,082	73	-	2,155
Changes in the carrying amounts of redemption liabilities	-	-	2,370	2,370
At 31 October 2025	100,140	1,311	38,281	139,732

ACCOUNTANTS' REPORT

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

31. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

(c) Total cash outflow for leases

The total cash outflow for leases included in the statements of cash flows is as follows:

	As at 31 December			As at 31 October	
	2022 RMB'000	2023 RMB'000	2024 RMB'000	2024 RMB'000 (unaudited)	2025 RMB'000
Within operating activities	123	406	149	130	202
Within financing activities	2,284	3,502	3,167	2,646	2,292
Total	2,407	3,908	3,316	2,776	2,494

32. CONTINGENT LIABILITIES

During the relevant periods, the Company had been a defendant in a patent dispute lawsuit filed by a party alleging that the Company infringed its invention patent in Chinese mainland. This lawsuit is still ongoing and has not yet been scheduled for court. The Company had obtained an appraisal report issued by an authoritative judicial appraisal center. The report concludes that the technical features of implicated products are neither identical nor equivalent to those covered by the plaintiff's patent. The Company's PRC litigation advisor is of the view that there are reasonable grounds to believe the court would dismiss the claims on the basis that the said chip products should not fall under the protection of such invention patent. The directors, based on the advice from Company's PRC litigation advisor, believe that the Company has a valid defense against the allegation and, accordingly, the Group has not provided for any claim arising from the litigation, other than the related legal and other costs.

33. COMMITMENTS

The Group had the following capital commitments at the end of the Relevant Periods:

	As at 31 December			As at 31 October	
	2022 RMB'000	2023 RMB'000	2024 RMB'000	2024 RMB'000	2025 RMB'000
Contracted, but not provided for:					
Properties, plant and equipment	189	1,456	-	-	-

34. RELATED PARTY TRANSACTIONS

The directors are of the opinion that the following parties are related parties that had material transactions or balances with the Group during the Relevant Periods and in the period covered by the Interim Comparative Financial Information.

(a) Names of related parties and their relationship with the Group

Name	Relationship with the Group
Mr. Xu Xiaolin ("Mr. Xu")	Founder, chairman of the board and director
Mr. Liu Baoliang	Co-founder and director

(b) Transactions with related parties:

	As at 31 December			As at 31 October	
	2022 RMB'000	2023 RMB'000	2024 RMB'000	2024 RMB'000 (unaudited)	2025 RMB'000
Loans repaid by directors	2,646	-	-	-	-
Interest income from directors	9	-	-	-	-

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

34. RELATED PARTY TRANSACTIONS (continued)

The Group and the Company

The Company granted loans to the directors, with interest rates set at 4.85% and 4.75% respectively. As of 31 December 2022, the directors had fully repaid the principal amounts and the accrued interest.

Redemption rights of the Pre-IPO Investors granted by Mr. Xu

Pursuant to the investment agreement entered into on 18 August 2022, the Pre-IPO Investors had been granted the redemption rights by the Company and/or Mr. Xu Xiaolin. According to the supplemental agreements entered into on 27 June 2025 by the Company and the Pre-IPO Investors (excluding "Huzhou Zhuosheng"), Mr. Xu has been designated as the sole obligor for the redemption rights, and the Company is no longer a party to the redemption rights. The relevant redemption liabilities shall automatically terminate one day prior to the Company's submission of its initial public offering application to the Hong Kong Stock Exchange (the "Listing Application"). However, the provisions relating to the redemption liabilities shall automatically resume effectiveness, and shall have retroactive effect from the earliest of the following events:

- (1) the Company voluntarily withdraws the Listing Application;
- (2) the Listing Application is rejected or returned by the Hong Kong Stock Exchange;
- (3) the Listing Application fails to be approved at the hearing by the Hong Kong Stock Exchange; or
- (4) the earlier of the 18-month of the date of signing this agreement and the completion of the Listing Application.

There were no side agreements or arrangements between the Company and Mr. Xu regarding the redemption rights of the Pre-IPO Investors, nor had the Company provided any form of guarantee in connection with any potential default or failure by Mr. Xu to fulfill his obligations relating to such redemption rights. Although the Company was a signing party to the agreements entered into between the Pre-IPO Investors and Mr. Xu, the Company had no connection or involvement in the arrangements concerning redemption rights between the Pre-IPO Investors (excluding "Huzhou Zhuosheng") and Mr. Xu, nor did it bear any obligation to repurchase any Shares under such terms. Accordingly, no financial liability pertaining to redemption rights, other than for "Huzhou Zhuosheng", was recognized during the Relevant Periods.

(c) Outstanding balances with related parties:

The Company

	As at 31 December			As at 31 October
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Due from subsidiaries				
Trade related:				
Fourier Technology Limited	65,071	133,815	139,365	168,809
Shenzhen FourSemi Electronics Company Limited	-	-	4,997	5,369
Non-trade related:				
Fourier Technology Limited	4,322	4,251	4,051	3,869
Shanghai FourSemi Electronics Technology Company Limited	4,703	4,049	4,049	4,049
Total	74,096	142,115	152,462	182,096
Due to subsidiaries				
Trade related:				
Fourier Technology Limited	1,162	25,931	47,496	63,703
Shanghai FourSemi Electronics Technology Company Limited	-	-	93	-
Shenzhen FourSemi Electronics Company Limited	-	-	-	487
Total	1,162	25,931	47,589	64,190

As at 31 December 2022, 2023, 2024 and 31 October 2025, all the remaining balances due to related parties were non-interest-bearing, unsecured and repayable on demand.

ACCOUNTANTS' REPORT

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

34. RELATED PARTY TRANSACTIONS (continued)

(d) Compensation of key management personnel of the Group

	Year ended 31 December			Ten months ended 31 October	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Salaries, bonuses, allowances and benefits in kind	3,495	3,425	3,529	2,856	4,270
Performance related bonuses	259	356	1,911	1,593	469
Share-based payments	1,468	1,468	1,468	1,223	1,223
Pension scheme contributions and social welfare	189	219	287	227	301
Total compensation paid to key management personnel	5,411	5,468	7,195	5,899	6,263

Further details of directors' and the chief executive's emoluments are included in note 8 to Historical Financial Information.

35. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods are as follows:

The Group

As at 31 December 2022

Financial assets

	Financial assets at amortised cost RMB'000
Financial assets included in prepayments, deposits and other receivables	1,322
Non-pledged time deposits	51,769
Trade receivables	14,153
Cash and cash equivalents	182,899
Total	250,143

Financial liabilities

	Financial liabilities at amortised cost RMB'000
Trade payables	11,557
Financial liabilities included in other payables and accruals	2,608
Redemption liabilities	30,775
Total	44,940

ACCOUNTANTS' REPORT

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

35. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods are as follows: (continued)

As at 31 December 2023

Financial assets

Financial assets at amortised cost
RMB'000

Financial assets included in prepayments, deposits and other receivables	1,295
Non-pledged time deposits	53,640
Trade receivables	30,457
Pledged time deposits	20,577
Restricted cash	5
Cash and cash equivalents	105,325
Total	211,299

Financial liabilities

Financial liabilities at amortised cost
RMB'000

Trade payables	16,069
Financial liabilities included in other payables and accruals	2,475
Interest-bearing bank borrowings	36,677
Redemption liabilities	33,244
Total	88,465

As at 31 December 2024

Financial assets

Financial assets at amortised cost
RMB'000

Financial assets included in prepayments, deposits and other receivables	1,276
Non-pledged time deposits	33,204
Pledged time deposits	21,197
Trade receivables	41,901
Cash and cash equivalents	66,075
Total	163,653

Financial liabilities

Financial liabilities at amortised cost
RMB'000

Trade payables	35,462
Financial liabilities included in other payables and accruals	652
Interest-bearing bank borrowings	59,726
Redemption liabilities	35,911
Total	131,751

ACCOUNTANTS' REPORT

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

35. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods are as follows: (continued)

As at 31 October 2025

Financial assets

	Financial assets at amortised cost RMB'000
Financial assets included in prepayments, deposits and other receivables	1,290
Pledged time deposits	21,707
Trade receivables	47,797
Cash and cash equivalents	73,463
Total	144,257

Financial liabilities

	Financial liabilities at amortised cost RMB'000
Trade payables	27,597
Financial liabilities included in other payables and accruals	3,258
Interest-bearing bank borrowings	100,140
Redemption liabilities	38,281
Total	169,276

For the details of pre-IPO investments, please refer to Note 28 to the Historical Financial Information.

36. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts			Fair values		
	As at 31 December		As at 31 October	As at 31 December		As at 31 October
	2023 RMB'000	2024 RMB'000	2025 RMB'000	2023 RMB'000	2024 RMB'000	2025 RMB'000
Financial liability						
Interest-bearing bank borrowings - non-current	-	19,696	19,600	-	19,784	19,617

Management has assessed that the fair values of cash and cash equivalents, current portion of time deposits, pledged deposits, trade receivables, trade payables, financial assets included in prepayments, deposits and other receivables, short-term interest-bearing bank borrowings, financial liabilities included in other payables and accruals and redemption liabilities approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

36. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

The fair values of non-current portion of time deposits, pledged deposits, interest-bearing bank borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for Interest-bearing bank borrowings as at 31 December 2023 and 2024 and 31 October 2025 was assessed to be insignificant.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise Interest-bearing bank borrowings and cash and bank balances. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables, and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are recognised below.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bank borrowings.

The Group's policy is to manage its interest cost using a mix of fixed and variable rate debts. As at 31 December 2023, 2024 and 31 October 2025, none of the Group's interest-bearing borrowings bore interest at floating rates. Accordingly, as at the end of each of the Relevant Periods, the Group did not have any significant exposure to the interest rate risk in the cash flows.

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies. The Group principally conducted business in RMB, which is exposed to foreign currency risk with respect to transactions denominated in currencies other than RMB. In addition, the functional currency of the Company's subsidiary incorporated in Hong Kong is USD, which is exposed to foreign currency risk with respect to transactions denominated in currencies other than USD. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in currencies that are not the functional currencies of the relevant group entities.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the USD/RMB exchange rate, with all other variables held constant, of the Group's loss before tax (arising from USD/RMB denominated financial instruments) and the Group's equity (due to changes in the fair value of forward currency contracts).

ACCOUNTANTS' REPORT

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign currency risk (continued)

	Increase/ (decrease) in RMB/USD rate %	Increase/ (decrease) in loss before tax RMB'000	Increase/ (decrease) in equity RMB'000
31 October 2025			
If RMB weakens against USD	(1)	656	656
If RMB strengthens against USD	1	(656)	(656)
2024			
If RMB weakens against USD	(1)	404	404
If RMB strengthens against USD	1	(404)	(404)
2023			
If RMB weakens against USD	(1)	827	827
If RMB strengthens against USD	1	(827)	(827)
2022			
If RMB weakens against USD	(1)	109	109
If RMB strengthens against USD	1	(109)	(109)

Credit risk

The Group only offers credit terms to recognised and creditworthy customers. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific verification procedures.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at the end of Relevant Periods.

As at 31 December 2022

	12-month ECLs		Lifetime ECLs		Total RMB'000
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	
Trade receivables*	-	-	-	14,296	14,296
Financial assets included in prepayments, deposits and other receivables					
- Normal**	1,322	-	-	-	1,322
Non-pledged time deposits					
- Not yet past due	51,769	-	-	-	51,769
Cash and cash equivalents					
- Not yet past due	182,899	-	-	-	182,899
Total	235,990	-	-	14,296	250,286

ACCOUNTANTS' REPORT

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			Total RMB'000
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	
Trade receivables*	-	-	-	30,765	30,765
Financial assets included in prepayments, deposits and other receivables					
- Normal**	1,295	-	-	-	1,295
Non-pledged time deposits					
- Not yet past due	53,640	-	-	-	53,640
Pledged time deposits					
- Not yet past due	20,577	-	-	-	20,577
Restricted cash					
- Not yet past due	5	-	-	-	5
Cash and cash equivalents					
- Not yet past due	105,325	-	-	-	105,325
Total	180,842	-	-	30,765	211,607

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			Total RMB'000
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	
Trade receivables*	-	-	-	42,325	42,325
Financial assets included in prepayments, deposits and other receivables					
- Normal**	1,276	-	-	-	1,276
Non-pledged time deposits					
- Not yet past due	33,204	-	-	-	33,204
Pledged time deposits					
- Not yet past due	21,197	-	-	-	21,197
Cash and cash equivalents					
- Not yet past due	66,075	-	-	-	66,075
Total	121,752	-	-	42,325	164,077

ACCOUNTANTS' REPORT

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

As at 31 October 2025

	12-month ECLs		Lifetime ECLs		Total RMB'000
	Stage 1 RMB'000	Stage 2 RMB'000	Stage 3 RMB'000	Simplified approach RMB'000	
Trade receivables*	-	-	-	48,280	48,280
Financial assets included in prepayments, deposits and other receivables					
- Normal**	1,290	-	-	-	1,290
Pledged time deposits					
- Not yet past due	21,707	-	-	-	21,707
Cash and cash equivalents					
- Not yet past due	73,463	-	-	-	73,463
Total	96,460	-	-	48,280	144,740

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 18 to the Historical Financial Information.

** The credit quality of the financial assets included in prepayments, deposits and other receivables is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Liquidity risk

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management of the Group to finance the operations and mitigate the effects of fluctuations in cash flows.

The maturity profile of the Group's financial liabilities as at the end of each of the Relevant Periods, based on the contractual undiscounted payments, is as follows:

	31 December 2022				
	Within 1 year or on demand RMB'000	1 to 2 years RMB'000	2 to 3 years RMB'000	3 to 5 years RMB'000	Total RMB'000
Trade payables	11,557	-	-	-	11,557
Financial liabilities included in other payables and accruals	2,608	-	-	-	2,608
Lease liabilities	2,427	1,129	772	160	4,488
Redemption liabilities	30,775	-	-	-	30,775
Total	47,367	1,129	772	160	49,428
	31 December 2023				
	Within 1 year or on demand RMB'000	1 to 2 years RMB'000	2 to 3 years RMB'000	3 to 5 years RMB'000	Total RMB'000
Interest-bearing bank borrowings	37,076	-	-	-	37,076
Trade payables	16,069	-	-	-	16,069
Financial liabilities included in other payables and accruals	2,475	-	-	-	2,475
Lease liabilities	3,072	2,538	940	41	6,591
Redemption liabilities	33,244	-	-	-	33,244
Total	91,936	2,538	940	41	95,455

ACCOUNTANTS' REPORT

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

	31 December 2024			
	Within 1 year or on demand RMB'000	1 to 2 years RMB'000	2 to 3 years RMB'000	Total RMB'000
Interest-bearing bank borrowings	40,963	19,923	-	60,886
Trade payables	35,462	-	-	35,462
Financial liabilities included in other payables and accruals	652	-	-	652
Lease liabilities	2,637	942	41	3,620
Redemption liabilities	35,911	-	-	35,911
Total	115,625	20,865	41	136,531

	31 October 2025			
	Within 1 year or on demand RMB'000	1 to 2 years RMB'000	2 to 3 years RMB'000	Total RMB'000
Interest-bearing bank borrowings	81,601	20,077	-	101,678
Trade payables	27,597	-	-	27,597
Financial liabilities included in other payables and accruals	3,258	-	-	3,258
Lease liabilities	1,268	61	-	1,329
Redemption liabilities	38,281	-	-	38,281
Total	152,005	20,138	-	172,143

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

The Group monitors capital using a debt-to-asset ratio which is total liabilities divided by total assets. As at 31 December 2022, 2023, 2024 and 31 October 2025, the Group's debt-to-asset ratios were 17%, 34%, 50% and 62%, respectively.

38. EVENTS AFTER THE RELEVANT PERIODS

There are no significant subsequent events undertaken by the Company or by the Group after 31 October 2025.

39. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies now comprising the Group in respect of any period subsequent to 31 October 2025.