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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF GPIXEL CHANGCHUN MICROELECTRONICS INC., CITIC SECURITIES (HONG KONG) LIMITED AND GUOTAI JUNAN CAPITAL LIMITED

INTRODUCTION

We report on the historical financial information of Gpixel Changchun Microelectronics Inc. (the "Company") and its subsidiaries (together, the "Group") set out on pages I-3 to I-100, 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 2023, 2024 and 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 2023, 2024 and 2025 and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-3 to I-100 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 9 April 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 2023, 2024 and 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.

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 I-3 have been made.

Dividends

We refer to note 11 to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Relevant Periods.

A handwritten signature in cursive script that reads 'Ernst & Young'.

Certified Public Accountants

Hong Kong

9 April 2026

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 Hong Kong Institute of Certified Public Accountants (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		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
REVENUE	5	604,835	673,048	856,513
Cost of sales		(220,881)	(276,186)	(283,232)
Gross profit		383,954	396,862	573,281
Other income and gains	5	29,542	55,161	58,150
Selling expenses		(22,653)	(27,858)	(29,446)
Administrative expenses		(62,196)	(64,721)	(84,060)
Research and development expenses		(131,546)	(130,215)	(186,168)
Impairment losses on trade receivables, net		(1,948)	(2,128)	(6,276)
Other expenses		(919)	(3,154)	(9)
Finance costs	7	(1,372)	(868)	(790)
Share of losses of associates		(2,371)	(2,243)	(561)
PROFIT BEFORE TAX	6	190,491	220,836	324,121
Income tax expense	10	(20,644)	(23,854)	(30,975)
PROFIT FOR THE YEAR		<u>169,847</u>	<u>196,982</u>	<u>293,146</u>
Attributable to:				
Owners of the parent		174,199	198,675	294,182
Non-controlling interests		(4,352)	(1,693)	(1,036)
		<u>169,847</u>	<u>196,982</u>	<u>293,146</u>
EARNINGS PER SHARE				
ATTRIBUTABLE TO ORDINARY				
EQUITY HOLDERS OF THE PARENT				
Basic and diluted (<i>RMB yuan</i>)	12	<u>0.47</u>	<u>0.54</u>	<u>0.80</u>

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
PROFIT FOR THE YEAR	169,847	196,982	293,146
OTHER COMPREHENSIVE (LOSS)/INCOME			
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations	(687)	(2,590)	2,088
Net other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods	(687)	(2,590)	2,088
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Equity investments designated at fair value through other comprehensive income:			
Changes in fair value	—	2,543	25,173
Income tax effect	—	(254)	(2,517)
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	—	2,289	22,656
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF TAX	(687)	(301)	24,744
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	169,160	196,681	317,890
Attributable to:			
Owners of the parent	173,322	198,560	318,467
Non-controlling interests	(4,162)	(1,879)	(577)
	169,160	196,681	317,890

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December		
Notes	2023	2024	2025	
	RMB'000	RMB'000	RMB'000	
NON-CURRENT ASSETS				
Property, plant and equipment	13	49,306	51,632	54,531
Time deposits	22	—	—	30,622
Right-of-use assets	14(a)	11,661	9,963	3,244
Other intangible assets	15	13,393	8,229	23,048
Investment in associates	16	6,785	11,443	10,944
Equity investments designated at fair value through other comprehensive income	17	75,886	78,429	103,602
Financial assets at fair value through profit and loss	21	15,127	18,700	20,301
Prepayments, other receivables and other assets	20	454	1,259	2,504
Deferred tax assets	28	3,444	2,555	437
Total non-current assets		176,056	182,210	249,233
CURRENT ASSETS				
Inventories	18	373,143	286,681	352,986
Trade and notes receivables	19	114,684	184,746	235,336
Prepayments, other receivables and other assets	20	28,670	20,962	33,474
Tax recoverable		—	654	9
Financial assets at fair value through profit or loss	21	90,625	100,894	271,197
Restricted cash	22	3,278	2,167	489
Cash and cash equivalents	22	92,713	402,984	236,305
Time deposits	22	434,719	309,782	708,029
Total current assets		1,137,832	1,308,870	1,837,825
CURRENT LIABILITIES				
Trade and notes payables	23	62,185	30,334	81,158
Other payables and accruals	24	121,189	91,753	293,747
Interest-bearing bank borrowings	26	2,000	—	—
Derivative financial instruments	25	—	199	—
Provision	27	2,525	2,553	3,973
Lease liabilities	14(b)	4,273	7,810	5,803
Tax payable		8,067	10,715	18,678
Total current liabilities		200,239	143,364	403,359
NET CURRENT ASSETS		937,593	1,165,506	1,434,466
TOTAL ASSETS LESS CURRENT LIABILITIES		1,113,649	1,347,716	1,683,699

		As at 31 December		
	<i>Notes</i>	2023	2024	2025
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
NON-CURRENT LIABILITIES				
Other payables and accruals	24	139,781	129,399	111,430
Lease liabilities	14(b)	10,720	6,307	519
Total non-current liabilities		<u>150,501</u>	<u>135,706</u>	<u>111,949</u>
Net assets		<u>963,148</u>	<u>1,212,010</u>	<u>1,571,750</u>
EQUITY				
Equity attributable to owners of the parent				
Share capital	29	370,000	370,000	370,000
Reserves	31	581,325	830,976	1,189,738
		<u>951,325</u>	<u>1,200,976</u>	<u>1,559,738</u>
Non-controlling interests		11,823	11,034	12,012
Total equity		<u>963,148</u>	<u>1,212,010</u>	<u>1,571,750</u>

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2023

	Attributable to owners of the parent								
	Share capital	Equity reserves*	Statutory surplus reserve*	Share option/award reserve*	Exchange fluctuation reserve*	Accumulated loss*	Total	Non-controlling interests	Total equity
	RMB'000 (note 29)	RMB'000 (note 31)	RMB'000 (note 31)	RMB'000 (note 30)	RMB'000 (note 31)	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	370,000	569,378	—	11,014	(2,008)	(222,353)	726,031	14,362	740,393
Profit for the year	—	—	—	—	—	174,199	174,199	(4,352)	169,847
Exchange differences on translation of foreign operations	—	—	—	—	(877)	—	(877)	190	(687)
Total comprehensive income for the year.	—	—	—	—	(877)	174,199	173,322	(4,162)	169,160
Equity-settled share-based payments arrangement (note 30)	—	—	—	51,358	—	—	51,358	1,519	52,877
Transfer to statutory surplus reserve	—	—	2,061	—	—	(2,061)	—	—	—
Share of reserves of associates	—	614	—	—	—	—	614	104	718
At 31 December 2023	<u>370,000</u>	<u>569,992</u>	<u>2,061</u>	<u>62,372</u>	<u>(2,885)</u>	<u>(50,215)</u>	<u>951,325</u>	<u>11,823</u>	<u>963,148</u>

Year ended 31 December 2024

	Attributable to owners of the parent									
	Share capital	Equity reserves*	Fair value reserve of financial assets at fair value through other comprehensive income*	Statutory surplus reserve*	Share option/award reserve*	Exchange fluctuation reserve*	Retained profits*	Total	Non-controlling interests	Total equity
	RMB'000 (note 29)	RMB'000 (note 31)	RMB'000	RMB'000 (note 31)	RMB'000 (note 30)	RMB'000 (note 31)	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024	370,000	569,992	—	2,061	62,372	(2,885)	(50,215)	951,325	11,823	963,148
Profit for the year	—	—	—	—	—	—	198,675	198,675	(1,693)	196,982
Exchange differences on translation of foreign operations	—	—	—	—	—	(2,404)	—	(2,404)	(186)	(2,590)
Change in fair value of equity investments at fair value through other comprehensive income, net of tax	—	—	2,289	—	—	—	—	2,289	—	2,289
Total comprehensive income for the year	—	—	2,289	—	—	(2,404)	198,675	198,560	(1,879)	196,681
Equity-settled share-based payments arrangement (note 30)	—	—	—	—	51,147	—	—	51,147	1,105	52,252
Transfer to statutory surplus reserve	—	—	—	20,782	—	—	(20,782)	—	—	—
Share of reserves of associates	—	(56)	—	—	—	—	—	(56)	(15)	(71)
At 31 December 2024	<u>370,000</u>	<u>569,936</u>	<u>2,289</u>	<u>22,843</u>	<u>113,519</u>	<u>(5,289)</u>	<u>127,678</u>	<u>1,200,976</u>	<u>11,034</u>	<u>1,212,010</u>

Year ended 31 December 2025

Attributable to owners of the parent										
	Share capital	Equity reserves*	Fair value reserve of financial assets at fair value through other comprehensive income*	Statutory surplus reserve*	Share option/award reserve*	Exchange fluctuation reserve*	Retained profits*	Total	Non-controlling interests	Total equity
	RMB'000 (note 29)	RMB'000 (note 31)	RMB'000	RMB'000 (note 31)	RMB'000 (note 30)	RMB'000 (note 31)	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2025.	370,000	569,936	2,289	22,843	113,519	(5,289)	127,678	1,200,976	11,034	1,212,010
Profit for the year.	—	—	—	—	—	—	294,182	294,182	(1,036)	293,146
Exchange differences on translation of foreign operations.	—	—	—	—	—	1,629	—	1,629	459	2,088
Change in fair value of equity investments at fair value through other comprehensive income, net of tax . . .	—	—	22,656	—	—	—	—	22,656	—	22,656
Total comprehensive income for the year.	—	—	22,656	—	—	1,629	294,182	318,467	(577)	317,890
Equity-settled share-based payments arrangement (note 30)	—	—	—	—	58,755	—	—	58,755	1,555	60,310
Transfer to statutory surplus reserve . . .	—	—	—	29,311	—	—	(29,311)	—	—	—
Dividends declared to shareholders . . .	—	—	—	—	—	—	(18,500)	(18,500)	—	(18,500)
Share of reserves of associates	—	40	—	—	—	—	—	40	—	40
At 31 December 2025	<u>370,000</u>	<u>569,976</u>	<u>24,945</u>	<u>52,154</u>	<u>172,274</u>	<u>(3,660)</u>	<u>374,049</u>	<u>1,559,738</u>	<u>12,012</u>	<u>1,571,750</u>

These reserve accounts comprise the consolidated reserves of RMB581,325,000, RMB830,976,000 and RMB1,189,738,000 in the consolidated statements of financial position as at 31 December 2023, 2024 and 2025, respectively.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		190,491	220,836	324,121
Adjustments for:				
Interest income		(8,468)	(10,294)	(10,698)
Finance costs	7	1,372	868	790
Depreciation of property, plant and equipment	13	9,382	10,773	12,243
Amortisation of other intangible assets	15	10,476	12,227	13,460
Depreciation of right-of-use assets	14	4,795	5,859	6,239
Impairment of inventories		20,996	10,743	18,087
Investment income from financial assets at fair value through profit or loss		(1,262)	(3,607)	(6,278)
Loss/(gain) on disposal of property, plant and equipment, net.		(3)	358	(59)
Impairment losses on trade receivables, net		1,948	2,128	6,276
Loss/(gain) on derecognition of right-of-use assets		24	(319)	—
Fair value changes of financial assets with the fair value changes through profit or loss		(664)	(4,361)	(2,985)
Dividend income from equity investments at fair value through profit or loss		(248)	(14)	—
Share-based payments expense		52,877	52,252	60,310
Share of losses of associates	16	2,371	2,243	561
Foreign exchange differences, net.		(983)	(665)	1,835
		<u>283,104</u>	<u>299,027</u>	<u>423,902</u>
(Increase)/decrease in inventories		(90,370)	75,719	(84,743)
Increase in trade and notes receivables.		(4,652)	(72,377)	(61,741)
(Increase)/decrease in prepayments, other receivables and other assets		(10,865)	7,054	(6,732)
Decrease in restricted cash		738	—	70
Increase/(decrease) in trade and notes payables		36,279	(31,851)	46,180
Increase/(decrease) in other payables and accruals		10,814	5,708	23,069
Increase/(decrease) in contract liabilities		1,468	(38,150)	147,687
(Decrease)/increase in provision		(273)	28	1,420
		<u>226,243</u>	<u>245,158</u>	<u>489,112</u>
Income tax paid		(17,985)	(20,317)	(22,766)
Net cash flows from operating activities		<u>208,258</u>	<u>224,841</u>	<u>466,346</u>

	Year ended 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment	(17,228)	(15,708)	(9,158)
Purchases of other intangible assets	(10,867)	(13,120)	(15,336)
Proceeds from disposal of items of property, plant and equipment	170	42	128
Purchases of financial assets at fair value through profit or loss	(297,000)	(1,135,000)	(1,828,000)
Recovery/(payment) of restricted cash	—	(1,650)	1,650
Purchases of equity investments designated at fair value through other comprehensive income	(39,000)	—	—
Purchase of shareholding of an associate	—	(7,000)	—
Placement of time deposits	(600,000)	(362,715)	(460,000)
Withdrawal of time deposits	322,000	490,000	40,000
Repayment of financial assets at fair value through profit or loss	227,000	1,125,093	1,658,188
Dividend received	248	14	—
Interest received	6,737	12,178	8,802
Net cash flows (used in)/from investing activities	<u>(407,940)</u>	<u>92,134</u>	<u>(603,726)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from bank borrowings	1,987	—	—
Repayment of bank borrowings	(1,500)	(2,045)	—
Payments of professional fees	(1,858)	(212)	—
Payments of listing expenses	—	—	(2,831)
(Payment)/recovery of restricted cash	(3,083)	2,761	—
Repayment of principal portion of lease liabilities	(2,632)	(4,617)	(5,729)
Interest paid	(643)	(632)	(363)
Dividend paid	—	—	(18,500)
Net cash flows used in financing activities	<u>(7,729)</u>	<u>(4,745)</u>	<u>(27,423)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(207,411)	312,230	(164,803)
Cash and cash equivalents at beginning of year	299,369	92,713	402,984
Effect of foreign exchange rate changes, net	755	(1,959)	(1,876)
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>92,713</u>	<u>402,984</u>	<u>236,305</u>

		Year ended 31 December		
		2023	2024	2025
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS				
Cash and bank balances	22	91,980	405,151	236,794
Non-pledged time deposits with original maturity of less than three months when acquired		4,011	—	—
Less: restricted cash	22	3,278	2,167	489
Cash and cash equivalents as stated in the consolidated statements of financial position and the consolidated statements of cash flows		<u>92,713</u>	<u>402,984</u>	<u>236,305</u>

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	<i>Notes</i>	As at 31 December		
		2023	2024	2025
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
NON-CURRENT ASSETS				
Property, plant and equipment	13	28,496	28,993	32,206
Time deposits	22	—	—	30,622
Right-of-use assets	14(a)	2,834	2,452	500
Other intangible assets	15	2,841	4,147	5,799
Investments in associates	16	5,696	11,220	10,667
Investments in subsidiaries	38	101,290	413,251	429,039
Equity investments designated at fair value through other comprehensive income	17	75,886	78,429	103,602
Financial asset at fair value through profit and loss	21	15,127	18,700	20,301
Prepayments, other receivables and other assets	20	386	1,180	2,446
Deferred tax assets	28	2,217	1,789	—
Total non-current assets		234,773	560,161	635,182
CURRENT ASSETS				
Inventories	18	303,939	218,913	267,825
Trade and notes receivables	19	78,296	122,706	95,574
Prepayments, other receivables and other assets	20	10,370	5,763	13,794
Financial assets at fair value through profit or loss	21	65,292	50,518	45,063
Due from subsidiaries	39	306,779	71,691	477,811
Cash and cash equivalents	22	26,421	140,311	91,424
Time deposits	22	171,200	246,802	373,177
Total current assets		962,297	856,704	1,364,668
CURRENT LIABILITIES				
Trade and notes payables	23	59,966	25,912	77,363
Other payables and accruals	24	67,314	54,090	175,097
Interest-bearing bank borrowings	26	2,000	—	—
Provision	27	2,525	2,553	3,664
Lease liabilities	14(b)	—	2,109	2,947
Due to subsidiaries	39	2,867	13,376	58,628
Tax payable		6,975	10,715	17,657
Total current liabilities		141,647	108,755	335,356
NET CURRENT ASSETS		820,650	747,949	1,029,312
TOTAL ASSETS LESS CURRENT LIABILITIES		1,055,423	1,308,110	1,664,494

		As at 31 December		
	<i>Notes</i>	2023	2024	2025
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
NON-CURRENT LIABILITIES				
Other payables and accruals	24	9,608	1,272	3,278
Lease liabilities	14(b)	5,057	3,741	492
Deferred tax liabilities	28	—	—	6
Total non-current liabilities		<u>14,665</u>	<u>5,013</u>	<u>3,776</u>
Net assets		<u>1,040,758</u>	<u>1,303,097</u>	<u>1,660,718</u>
EQUITY				
Share capital	29	370,000	370,000	370,000
Reserves	31	670,758	933,097	1,290,718
Total equity		<u>1,040,758</u>	<u>1,303,097</u>	<u>1,660,718</u>

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company is a limited liability company established in the People's Republic of China (the "PRC") on 3 September 2012. The registered office of the Company is located at Office Buildings 1 and 5, Phase I, Optoelectronic Information Industrial Park, No. 7691, Ziyou Road, Changchun Economic and Technological, Development Zone, Jilin Province, PRC.

During the Relevant Periods, the Company and its subsidiaries (together, the "Group") were involved in the research and development, design and sale of CMOS image sensors, as well as related customised services.

As at the end of the Relevant Periods, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies, the particulars of the Company's subsidiaries of which are set out below:

Name	Place and date of incorporation/ registration and place of operations	Nominal value of registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Gpixel Hangzhou Microelectronics Inc.* ("Gpixel Hangzhou") (杭州長光辰芯微電子有限公司)	PRC/Chinese mainland 20 July 2020	RMB15,000,000	91.67	—	Research and development, design and sale of CMOS image sensors, as well as related customisation services
Gpixel Dalian Microelectronics Inc.* ("Gpixel Dalian") (大連長光辰芯微電子有限公司)	PRC/Chinese mainland 1 December 2021	RMB5,000,000	100	—	Research and development, design and sale of CMOS image sensors, as well as related customisation services
Gpixel Japan 株式會社 ("Gpixel Japan")	Japan 7 January 2016	JPY350,350,000	100	—	Module research and development, as well as the procurement of raw materials and packaging services
GPIXEL NV ("Gpixel Belgium")	Belgium 9 August 2018	EUR640,000	68.36	—	Research and development, design and sale of CMOS image sensors, as well as related customisation services
Changchun Changguang Yuanxin Integrated Circuit Co., Ltd.* ("Changguang Yuanxin") (長春長光圓芯集成電路有限公司)	PRC/Chinese mainland 30 October 2020	RMB25,500,000	50.98	—	Packaging of CMOS image sensors
Gpixel Microelectronics (HK) Limited ("Gpixel HK")	Hong Kong 30 December 2025	US\$10,000,000	100	—	Research and development, design and sale of CMOS image sensors, as well as related customisation services

* The English names of these entities registered in the PRC represent the best efforts made by the management of the Company to directly translate their Chinese names as they did not register any official English names.

2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) as issued by the HKICPA. All HKFRS 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.

The Historical Financial Information has been prepared under the historical cost convention, except for financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income and derivative financial instruments which have been measured at fair value.

Basis of consolidation

The Historical Financial Information include the financial statements of the Company and its subsidiaries for the Relevant Periods. 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 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 periods 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 combined 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.

2.2 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS

The Group has not applied the following new and amended HKFRS 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 HKFRS Accounting Standards, if applicable, when they become effective.

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

HKFRS 18 sets out requirements on presentation and disclosures in financial statements and it will replace HKAS 1 Presentation of Financial Statements. The new HKFRS Accounting Standard introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. Minor amendments to HKAS 7 Statement of Cash Flows and HKAS 33 Earnings per Share are also made. HKFRS 18 will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is not expected to have material impact on the financial performance and financial position the Group but is expected to affect the disclosures in the future financial statements. The Group will continue to assess the impact of HKFRS 18 on the Group's consolidated financial statements.

Except for the HKFRS 18, the adoption of the above standards and amendments will not expect to have significant impact on the operating results, comprehensive income and financial position of the Group.

2.3 MATERIAL ACCOUNTING POLICY INFORMATION

Investments in associates

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investments in associates are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. The Group's share of the post-acquisition results and other comprehensive income of associates is included in profit or loss and other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of associates, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's investments in the associates, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates is included as part of the Group's investments in associates.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Fair value measurement

The Group measures its derivative financial instruments, financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss at the end of each of the Relevant Periods. 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 Historical Financial Information 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 Historical Financial Information 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 of the Relevant Periods.

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 profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each of the Relevant Periods 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 amortisation/depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

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;
 - (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 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 estimated useful lives of property, plant and equipment are as follows:

	Estimated benefit period
Leasehold improvements	20 to 40 years
Buildings	10 years
Plant and machinery	3 to 5 years
Electronic devices	3 to 5 years
Motor vehicles	3 to 5 years
Office equipment	3 to 5 years

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 the end of each of the Relevant Periods.

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 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 cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. 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 of the Relevant Periods.

Software

Purchased software is stated at cost less any impairment losses and is amortised on the straight-line basis over the estimated useful life of the authorised period or 10 years, whichever is shorter.

Proprietary technology

Proprietary technology is stated at cost less any impairment losses and is amortised on the straight-line basis over the estimated useful life of 10 years.

Patents

Patents are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 10 years.

Research and development costs

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

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

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:

Office premises 2 to 7 years

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.

The Group's lease liabilities are presented separately in the consolidated statement of financial position.

(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 office premises, motor vehicles and office equipment (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). When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis.

Lease payments on short-term leases and leases of low-value assets, which are not capitalised, are recognised as an expense on a straight-line basis over the lease term.

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 HKFRS 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 profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through other comprehensive income (debt instruments)

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under HKAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

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 profit or loss.

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognised as other income in profit or loss when the right of payment has been established.

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 each reporting date, 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.

Debt investments at fair value through other comprehensive income and 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.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

The Group's financial liabilities include trade and notes payables, other payables and accruals, lease liabilities, derivative financial instruments and interest-bearing bank borrowings.

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by HKFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss. The net fair value gain or loss recognised in profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in HKFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognised in profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to profit or loss. The net fair value gain or loss recognised in profit or loss does not include any interest charged on these financial liabilities.

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

After initial recognition, trade and other payables and interest-bearing bank borrowings 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 profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

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 profit or loss.

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 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.

Derivative financial instruments

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as foreign currency options, to hedge its foreign currency risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average cost basis. 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 consolidated 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 each of the Relevant Periods 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 profit or loss.

The Group provides for warranties in relation to the sale of certain products for general replacement 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 replacements, 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 each of the Relevant Periods, 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 each of the Relevant Periods 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 and associates, 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 and associates, 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 of the Relevant Periods 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 of the Relevant Periods 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 each of the Relevant Periods.

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.

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.

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 or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

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

(a) CMOS image sensors

Revenue from the CMOS image sensors is recognised at the point in time when control of products is transferred to the customer, generally on delivery of the goods or upon the receipt of goods of customer. For domestic sales, control of product is transferred upon receipt of goods of customer. For exporting sales, control of product is transferred upon completion of customs clearance procedures and obtaining of the export goods declaration form.

(b) Customised sensor solutions

Revenue from customised sensor solutions is recognised at the point in time when the Group has completed the contractual obligations and obtained customer's acceptance confirmation.

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.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

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 or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Contract costs

Other than the costs which are capitalised as inventories, property, plant and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset and presented as inventories if all of the following criteria are met:

- (a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify;
- (b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- (c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to the statement of profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

Share-based payments

The Company operates an employee shareholding plan and a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees 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 is measured at the market value of the shares, further details of which are given in note 30 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 Relevant Periods 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 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 any expense not yet recognised for the award is recognised immediately.

Other employee benefits

Pension schemes

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

Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its financial statements, but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

Dividends

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

Foreign currencies

The financial statements is presented in Renminbi, 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 each of the Relevant Periods. Differences arising on settlement or translation of monetary items are recognised in 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).

The functional currencies of certain overseas subsidiaries are currencies other than RMB. As at the end of the Relevant Periods, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the Relevant Periods and their statements of profit or loss are 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.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements 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 financial statements:

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.

As at 31 December 2023, 2024 and 2025, the Group had tax losses of RMB107,625,000, RMB137,089,000 and RMB161,443,000 carried forward, 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. The subsidiaries have neither any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Group has determined that it cannot recognise deferred tax assets on the tax losses carried forward.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each of the Relevant Periods, 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 for groupings of various customer segments that have similar loss patterns (i.e., by customer type and rating).

The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates 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 in the manufacturing sector, 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.

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 19 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 of the Relevant Periods. Non-financial assets of the Group 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.

Fair value of unlisted equity investments

The unlisted equity investments have been valued based on a market-based valuation technique as detailed in note 36 to the Historical Financial Information. The valuation requires the Group to determine the comparable public companies (peers) and select the price multiple. In addition, the Group makes estimates about the discount for illiquidity and size differences. The Group classifies the fair value of these investments as Level 3. The fair value of the unlisted equity investments at 31 December 2023, 2024 and 2025 were RMB91,013,000, RMB97,129,000 and RMB123,903,000, respectively. Further details are included in note 17 and note 21 to the Historical Financial Information.

Net realisable value of inventories

Net realisable value of inventories is based on estimated selling prices less any estimated costs to be incurred to completion and disposal. These estimates, based on the current market condition and the historical experience in selling goods of a similar nature, include but not limited to economic outlook, sales forecasts and the forecast market value for the inventory items. They could change significantly as a result of changes in market conditions. The Group reassesses the estimation at the end of each of the Relevant Periods. The carrying amount of inventories is given in note 18 to the Historical Financial Information.

Leases — Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate (“**IBR**”) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group “would have to pay”, which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is not organised into business units based on their service and products and only has one reportable operating segment. Management monitors the operating results of the Group’s operating segment as a whole for the purpose of making decisions about resource allocation and performance assessment.

Geographical information

(a) Revenue from external customers

	Year ended 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Chinese mainland	424,367	497,844	659,968
Other regions	180,468	175,204	196,545
Total revenue	<u>604,835</u>	<u>673,048</u>	<u>856,513</u>

The revenue information of continuing operations above is based on the delivery destination.

(b) Non-current assets

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Chinese mainland	66,010	69,083	71,645
Other regions	15,589	13,443	22,626
Total non-current assets	<u>81,599</u>	<u>82,526</u>	<u>94,271</u>

The non-current asset information of continuing operations above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

Information about major customers

	Year ended 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Group A**	110,118	N/A*	N/A*
Group B**	69,322	100,989	142,298

* The corresponding revenue of the customer is not disclosed as the revenue did not individually account for 10% or more of the Group's revenue during the Relevant periods.

** Including sales to a group of entities which are known to be under common control with the same entity.

5. REVENUE, OTHER INCOME AND GAINS

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

	Year ended 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue from contracts with customers	604,835	673,048	856,513

Revenue from contracts with customers

(i) Disaggregated revenue information

	Year ended 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Types of goods or services			
CMOS image sensors	505,038	510,330	794,663
Customised sensor solutions	98,366	162,197	61,182
Others	1,431	521	668
Total	604,835	673,048	856,513

	Year ended 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Geographical markets			
Chinese mainland	424,367	497,844	659,968
Other regions	180,468	175,204	196,545
Total	604,835	673,048	856,513

	Year ended 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Timing of revenue recognition			
Goods transferred or services provided at a point in time.	604,835	673,048	856,513

The following table shows the amounts of revenue recognised that were included in the contract liabilities at the beginning of each of the Relevant Periods:

	Year ended 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
CMOS image sensors	15,372	11,989	10,930
Customised sensor solutions	55,512	70,988	13,142
Total	70,884	82,977	24,072

(ii) Performance obligations

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

CMOS image sensors

The performance of obligation is satisfied upon delivery or receipt of customers or customs clearance and payment is usually due within 30 to 60 days from the date of invoice, except for some customers, where payment in advance is required.

Customised sensor solutions

The performance obligation is satisfied upon the completion of service and customer acceptance and instalment payment is generally made according to the agreed development phase.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at end of the Relevant Periods are as follows:

	Year ended 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Amounts expected to be recognised as revenue:			
Within one year	152,458	93,958	246,614
After one year.	80,840	47,924	24,143
Total	233,298	141,882	270,757

The amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue related to customised sensor solutions. The amounts disclosed above do not include variable consideration which is constrained.

An analysis of the Group's other income and gains is as follows:

	Year ended 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Other income			
Bank interest income	11,213	12,995	13,064
Investment income from financial assets at fair value through profit or loss	1,262	3,607	6,278
Government grants*	15,843	33,151	33,984
Others	557	728	192
Total other income	<u>28,875</u>	<u>50,481</u>	<u>53,518</u>
Gains			
Gain on disposal of items of property, plant and equipment, net	3	—	59
Gain on termination of leases, net	—	319	—
Foreign exchange gain, net	—	—	1,588
Gains on fair value change of financial assets at fair value through profit or loss, net	664	4,361	2,985
Total gains	<u>667</u>	<u>4,680</u>	<u>4,632</u>
Total other income and gains	<u><u>29,542</u></u>	<u><u>55,161</u></u>	<u><u>58,150</u></u>

* The government grants mainly represent incentives awarded by the local governments to support the Group's operation.

6. PROFIT BEFORE TAX

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

	Notes	Year ended 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Cost of inventories sold ¹		161,843	177,381	254,463
Cost of services provided ¹		59,038	98,805	28,769
Depreciation of property, plant and equipment ²	13	9,382	10,773	12,243
Depreciation of right-of-use assets ²	14	4,795	5,859	6,239
Amortisation of other intangible assets ³	15	10,476	12,227	13,460
Research and development costs ⁴		131,546	130,215	186,168
Bank interest income		(11,213)	(12,995)	(13,064)
Government grants		(15,843)	(33,151)	(33,984)
Share of losses of associates		2,371	2,243	561
Auditor's remuneration		121	55	63
Listing expenses		—	—	15,815
Employee benefit expense (excluding directors', chief executive's and supervisors' remuneration (note 8)):				
Salaries, bonuses and allowances		113,494	134,892	160,833
Share-based payments expense ⁵		51,819	51,483	59,413
Pension scheme contributions (defined contribution scheme) ⁸		8,036	9,744	11,594
Total		173,349	196,119	231,840
Impairment of trade receivables, net	19	1,948	2,128	6,276
Write-down of inventories to net realisable value ⁶		20,996	10,743	18,087
Foreign exchange differences, net ⁷		894	2,618	(1,588)

- 1 The cost of inventories sold and cost of services provided included RMB30,778,000, RMB60,588,000 and RMB25,385,000 relating to employee benefit expense during the years ended 31 December 2023, 2024 and 2025.
- 2 The depreciation of property, plant and equipment and right-of-use assets is included in "Cost of sales", "Administrative expenses", "Selling expenses" and "Research and development expenses" in the consolidated statement of profit or loss.
- 3 The amortisation of other intangible assets is included in "Cost of sales", "Administrative expenses", "Selling expenses" and "Research and development expenses" in the consolidated statement of profit or loss.
- 4 Research and development costs include part of employee benefit expense, share-based payments expense, depreciation of property, plant and equipment, depreciation of right-of-use assets and amortisation of other intangible assets.
- 5 The share-based payments expense is included in "Cost of sales", "Research and development expenses", "Selling expenses" and "Administrative expenses" in the consolidated statement of profit or loss.
- 6 The write-down of inventories to net realisable value is included in "Cost of sales" in the consolidated statement of profit or loss.
- 7 The foreign exchange differences, net is included in "Other expenses" or "Other income and gains" in the consolidated statement of profit or loss.
- 8 There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Note	Year ended 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Interest on discounted notes receivable		729	236	427
Interest on lease liabilities	14(b)	643	632	363
Total		1,372	868	790

8. DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' REMUNERATION

The remuneration of the Company's directors, chief executive and supervisors is set out below:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Fees	300	300	300
Other emoluments:			
Salaries, bonuses and allowances	5,361	5,487	4,960
Share-based payments expense	1,058	769	897
Pension scheme contributions	188	212	179
Subtotal	6,607	6,468	6,036
Total	6,907	6,768	6,336

During the Relevant Periods, certain directors were granted shares under the employee shareholding plan, further details of which are set out in note 30 to the Historical Financial Information. The fair value of such 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 amount included in the Historical Financial Information for the Relevant Periods and the interim comparative financial information are included in the above directors', chief executive's and supervisors' remuneration disclosures.

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the Relevant Periods were as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Yan Dongming^	100	100	43
Gao Teng^	—	—	57
Dr. Wang Xinlu	100	100	100
Dr. Xie Ning	100	100	100
Total	300	300	300

[^] Yan Dongming resigned as an independent non-executive director and Dr. Gao Teng was appointed as an independent non-executive director on 5 June 2025.

There were no other emoluments payable to the independent non-executive directors during the Relevant Periods.

(b) Executive directors, non-executive directors and the chief executive

Year ended 31 December 2023	Salaries, bonuses, allowances and share-based payments	Pension scheme contributions	Total remuneration
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Executive directors:			
Dr. Wang Xinyang*	1,765	38	1,803
Dr. Zhang Yanxia	1,564	38	1,602
Wu Qinyun	1,765	38	1,803
Subtotal	5,094	114	5,208
Non-executive directors:			
Sun Shouhong**	—	—	—
Gao Jinsong**	—	—	—
Wang Xiaodong	—	—	—
Yang Yi	—	—	—
Subtotal	—	—	—
Total	5,094	114	5,208

Year ended 31 December 2024	Salaries, bonuses, allowances and share-based payments	Pension scheme contributions	Total remuneration
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Executive directors:			
Dr. Wang Xinyang*	1,782	44	1,826
Dr. Zhang Yanxia	1,581	44	1,625
Wu Qinyun	1,559	44	1,603
Subtotal	4,922	132	5,054
Non-executive directors:			
Gao Jinsong***	—	—	—
Wang Xiaodong***	—	—	—
Yang Yi	—	—	—
Subtotal	—	—	—
Total	4,922	132	5,054

Year ended 31 December 2025	Salaries, bonuses, allowances and share-based payments	Pension scheme contributions	Total remuneration
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Executive directors:			
Dr. Wang Xinyang*	1,791	48	1,839
Dr. Zhang Yanxia	1,587	48	1,635
Wu Qinyun	1,860	48	1,908
Subtotal	5,238	144	5,382
Non-executive directors:			
Gao Jinsong***	—	—	—
Wang Xiaodong***	—	—	—
Yang Yi	—	—	—
Chu Hairong***	—	—	—
Xiong Jingying***	—	—	—
Subtotal	—	—	—
Total	5,238	144	5,382

* Dr. Wang Xinyang is the chief executive during the Relevant Periods.

** Sun Shouhong resigned as a non-executive director and Gao Jinsong was appointed as a non-executive director on 27 December 2023.

*** Gao Jinsong and Wang Xiaodong resigned as non-executive directors and Chu Hairong and Xiong Jingying was appointed as non-executive directors on 5 June 2025.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the Relevant Periods.

(c) Supervisors

Year ended 31 December 2023	Salaries, bonuses, allowances and share-based payments	Pension scheme contributions	Total remuneration
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Xu Aimin	—	—	—
Zhou Quan	623	37	660
Liu Nan	702	37	739
Total	1,325	74	1,399

Year ended 31 December 2024	Salaries, bonuses, allowances and share-based payments	Pension scheme contributions	Total remuneration
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Xu Aimin	—	—	—
Zhou Quan	664	40	704
Liu Nan	670	40	710
Total	1,334	80	1,414

Year ended 31 December 2025	Salaries, bonuses, allowances and share-based payments	Pension scheme contributions	Total remuneration
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Xu Aimin	—	—	—
Zhou Quan	303	17	320
Liu Nan	316	18	334
Total	619	35	654

Pursuant to the amendment to the Company's articles of association, the Group has not maintained supervisor positions since 5 June 2025. The remuneration for the year ended 31 December 2025 included remuneration for the five months ended 31 May 2025.

There was no arrangement under which a supervisor waived or agreed to waive any remuneration during the Relevant Periods.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during each of the Relevant Periods included nil, nil and nil directors, respectively, details of whose remuneration are set out in note 8 above. Details of the remuneration for the remaining five, five and five highest paid employee who is neither a director nor chief executive of the Company during each of the Relevant periods are as follows:

	Year ended 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Salaries, bonuses and allowances	7,642	10,739	11,189
Share-based payments expense	29,258	33,671	37,240
Pension scheme contributions	91	120	129
Total	36,991	44,530	48,558

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

	Year ended 31 December		
	2023	2024	2025
HK\$5,000,001 to HK\$5,500,000	1	—	—
HK\$5,500,001 to HK\$6,000,000	1	—	—
HK\$7,000,001 to HK\$7,500,000	1	—	—
HK\$7,500,001 to HK\$8,000,000	—	1	—
HK\$8,500,001 to HK\$9,000,000	—	1	—
HK\$9,000,001 to HK\$9,500,000	—	1	1
HK\$10,000,001 to HK\$10,500,000	—	1	2
HK\$10,500,001 to HK\$11,000,000	1	—	—
HK\$11,000,001 to HK\$11,500,000	—	—	1
HK\$11,500,001 to HK\$12,000,000	1	—	—
HK\$12,000,001 to HK\$12,500,000	—	1	1
Total	5	5	5

During the Relevant Periods, no remuneration was paid by the Group to the non-director and non-chief executive highest paid employee as an inducement to join or upon joining the Group or as compensation for loss of office.

10. INCOME TAX

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

The provision for PRC corporate income tax (“CIT”) is based on the statutory rate of 25% of the assessable profits of certain PRC subsidiaries of the Group as determined in accordance with the PRC Corporate Income Tax Law.

The Company, Gpixel Hangzhou and Gpixel Dalian are qualified as High and New Technology Enterprises and were entitled to a preferential income tax rate of 15% during the Relevant Periods, which will expire on 16 October 2026, 19 December 2028 and 12 December 2026, respectively.

According to the “Announcement by the Ministry of Finance, State Taxation Administration, National Development and Reform Commission, and Ministry of Industry and Information Technology on Corporate Income Tax Policies for Promoting High-Quality Development of the Integrated Circuit Industry and Software Industry”, the Company is qualified as a member of National List of Encouraged Key Integrated Circuit Design Enterprises and exempt from corporate income tax from the first to the fifth year starting from its first profit-making year, then subject to a reduced corporate income tax rate of 10%.

The Company’s subsidiary incorporated and operating in Japan was subject to corporation tax at a rate of 23.2% on the taxable income during each of the Relevant Periods.

The Company’s subsidiary incorporated and operating in Belgium was subject to corporation tax at a rate of 25% on the taxable income during each of the Relevant Periods.

The major components of income tax expense of the Group during the Relevant Periods are analysed as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current			
Charge for the year	25,382	21,984	31,296
(Overprovision)/underprovision in prior years	(3,056)	1,235	78
Deferred tax (note 28)	(1,682)	635	(399)
Total tax charge for the year	<u>20,644</u>	<u>23,854</u>	<u>30,975</u>

A reconciliation of the tax expense applicable to profit before tax at the statutory tax rate for the jurisdiction in which the Company and the majority of the Group's subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

	Year ended 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Profit before tax	190,491	220,836	324,121
Tax at the applicable tax rate of 10%	19,049	22,084	32,412
Effect of different tax rates for subsidiaries . .	(2,336)	462	1,832
Adjustments in respect of current tax of previous periods	(3,056)	1,235	78
Additional deductible allowance for research and development expenses	(11,993)	(10,456)	(14,625)
Expenses not deductible for tax	7,615	5,394	6,928
Tax losses utilised from previous periods . . .	—	—	(1,338)
Deferred tax assets not recognised	11,365	5,135	5,688
Tax charge at the Group's effective tax rate . .	20,644	23,854	30,975

11. DIVIDENDS

On 5 June 2025, the Company declared dividends of RMB18,500,000 to its shareholders, which were fully paid on 6 August 2025.

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

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares outstanding during the Relevant Periods.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2023, 2024 and 2025 in respect of a dilution as the impact of options outstanding was not considered since the contingencies of the deemed exercise have not been met.

The calculations of basic and diluted earnings per share are based on:

	Year ended 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Earnings			
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	174,199	198,675	294,182
	<u>174,199</u>	<u>198,675</u>	<u>294,182</u>
	Number of shares		
	Year ended 31 December		
	2023	2024	2025
Shares			
Weighted average number of ordinary shares outstanding during the year used in the basic earnings per share calculation	370,000,000	370,000,000	370,000,000
	<u>370,000,000</u>	<u>370,000,000</u>	<u>370,000,000</u>

13. PROPERTY, PLANT AND EQUIPMENT

The Group

	Leasehold improvements	Buildings	Plant and machinery	Electronic devices	Motor vehicles	Office equipment	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2023								
At 1 January 2023:								
Cost	21,310	1,823	12,022	8,759	1,609	2,050	2,611	50,184
Accumulated depreciation	(3,751)	(198)	(2,572)	(4,004)	(820)	(674)	—	(12,019)
Net carrying amount	<u>17,559</u>	<u>1,625</u>	<u>9,450</u>	<u>4,755</u>	<u>789</u>	<u>1,376</u>	<u>2,611</u>	<u>38,165</u>
At 1 January 2023, net of accumulated depreciation	17,559	1,625	9,450	4,755	789	1,376	2,611	38,165
Additions	890	—	15,009	2,011	405	217	2,922	21,454
Disposals	—	—	(656)	(16)	—	(26)	—	(698)
Depreciation provided during the year (note 6)	(4,817)	(71)	(2,375)	(1,488)	(345)	(286)	—	(9,382)
Transfers	1,993	—	2,613	—	—	—	(4,866)	(260)
Exchange realignment	4	—	34	7	1	(19)	—	27
At 31 December 2023, net of accumulated depreciation	<u>15,629</u>	<u>1,554</u>	<u>24,075</u>	<u>5,269</u>	<u>850</u>	<u>1,262</u>	<u>667</u>	<u>49,306</u>
At 31 December 2023:								
Cost	24,207	1,823	28,881	10,692	2,017	2,207	667	70,494
Accumulated depreciation	(8,578)	(269)	(4,806)	(5,423)	(1,167)	(945)	—	(21,188)
Net carrying amount	<u>15,629</u>	<u>1,554</u>	<u>24,075</u>	<u>5,269</u>	<u>850</u>	<u>1,262</u>	<u>667</u>	<u>49,306</u>

	Leasehold improvements	Buildings	Plant and machinery	Electronic devices	Motor vehicles	Office equipment	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2024								
At 1 January 2024:								
Cost	24,207	1,823	28,881	10,692	2,017	2,207	667	70,494
Accumulated depreciation	(8,578)	(269)	(4,806)	(5,423)	(1,167)	(945)	—	(21,188)
Net carrying amount	<u>15,629</u>	<u>1,554</u>	<u>24,075</u>	<u>5,269</u>	<u>850</u>	<u>1,262</u>	<u>667</u>	<u>49,306</u>
At 1 January 2024, net of accumulated depreciation								
15,629	1,554	24,075	5,269	850	1,262	667	49,306	
Additions	7	—	5,743	1,262	644	255	6,383	14,294
Disposals	(393)	—	(20)	(10)	(83)	(14)	—	(520)
Depreciation provided during the year (note 6)	(5,369)	(70)	(2,987)	(1,759)	(265)	(323)	—	(10,773)
Transfers	1,914	—	—	126	—	12	(2,628)	(576)
Exchange realignment	(49)	—	(17)	(15)	—	(18)	—	(99)
At 31 December 2024, net of accumulated depreciation	<u>11,739</u>	<u>1,484</u>	<u>26,794</u>	<u>4,873</u>	<u>1,146</u>	<u>1,174</u>	<u>4,422</u>	<u>51,632</u>
At 31 December 2024:								
Cost	25,403	1,823	34,557	11,787	2,131	2,401	4,422	82,524
Accumulated depreciation	(13,664)	(339)	(7,763)	(6,914)	(985)	(1,227)	—	(30,892)
Net carrying amount	<u>11,739</u>	<u>1,484</u>	<u>26,794</u>	<u>4,873</u>	<u>1,146</u>	<u>1,174</u>	<u>4,422</u>	<u>51,632</u>
31 December 2025								
At 1 January 2025:								
Cost	25,403	1,823	34,557	11,787	2,131	2,401	4,422	82,524
Accumulated depreciation	(13,664)	(339)	(7,763)	(6,914)	(985)	(1,227)	—	(30,892)
Net carrying amount	<u>11,739</u>	<u>1,484</u>	<u>26,794</u>	<u>4,873</u>	<u>1,146</u>	<u>1,174</u>	<u>4,422</u>	<u>51,632</u>
At 1 January 2025, net of accumulated depreciation								
11,739	1,484	26,794	4,873	1,146	1,174	4,422	51,632	
Additions	171	—	6,184	2,831	330	673	4,636	14,825
Disposals	—	—	—	(6)	(41)	—	—	(47)
Depreciation provided during the year (note 6)	(5,536)	(70)	(3,926)	(2,009)	(322)	(380)	—	(12,243)
Transfers	5,324	—	3,488	—	—	—	(8,914)	(102)
Exchange realignment	23	—	31	25	—	5	382	466
At 31 December 2025, net of accumulated depreciation	<u>11,721</u>	<u>1,414</u>	<u>32,571</u>	<u>5,714</u>	<u>1,113</u>	<u>1,472</u>	<u>526</u>	<u>54,531</u>
At 31 December 2025:								
Cost	30,946	1,823	44,341	14,693	2,030	3,070	526	97,429
Accumulated depreciation	(19,225)	(409)	(11,770)	(8,979)	(917)	(1,598)	—	(42,898)
Net carrying amount	<u>11,721</u>	<u>1,414</u>	<u>32,571</u>	<u>5,714</u>	<u>1,113</u>	<u>1,472</u>	<u>526</u>	<u>54,531</u>

The Company

	Leasehold improvements	Buildings	Plant and machinery	Electronic devices	Motor vehicles	Office equipment	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2023								
At 1 January 2023:								
Cost	17,357	687	9,636	5,206	678	1,099	—	34,663
Accumulated depreciation . .	(2,599)	(94)	(2,326)	(2,139)	(536)	(331)	—	(8,025)
Net carrying amount	14,758	593	7,310	3,067	142	768	—	26,638
At 1 January 2023, net of accumulated depreciation .								
	14,758	593	7,310	3,067	142	768	—	26,638
Additions	—	—	6,511	1,366	—	5	716	8,598
Disposals	—	—	(516)	—	—	(7)	—	(523)
Depreciation provided during the year	(3,307)	(16)	(1,496)	(891)	(103)	(144)	—	(5,957)
Transfers	222	—	—	—	—	—	(482)	(260)
At 31 December 2023, net of accumulated depreciation								
	11,673	577	11,809	3,542	39	622	234	28,496
At 31 December 2023:								
Cost	17,579	687	15,482	6,552	678	1,080	234	42,292
Accumulated depreciation . .	(5,906)	(110)	(3,673)	(3,010)	(639)	(458)	—	(13,796)
Net carrying amount	11,673	577	11,809	3,542	39	622	234	28,496
31 December 2024								
At 1 January 2024:								
Cost	17,579	687	15,482	6,552	678	1,080	234	42,292
Accumulated depreciation . .	(5,906)	(110)	(3,673)	(3,010)	(639)	(458)	—	(13,796)
Net carrying amount	11,673	577	11,809	3,542	39	622	234	28,496
At 1 January 2024, net of accumulated depreciation .								
	11,673	577	11,809	3,542	39	622	234	28,496
Additions	—	—	5,396	771	338	46	712	7,263
Disposals	—	—	(20)	(10)	(17)	(5)	—	(52)
Depreciation provided during the year	(3,367)	(18)	(1,540)	(1,057)	(14)	(142)	—	(6,138)
Transfers	302	—	—	18	—	—	(896)	(576)
At 31 December 2024, net of accumulated depreciation								
	8,608	559	15,645	3,264	346	521	50	28,993
At 31 December 2024:								
Cost	17,881	687	20,857	7,180	667	1,117	50	48,439
Accumulated depreciation . .	(9,273)	(128)	(5,212)	(3,916)	(321)	(596)	—	(19,446)
Net carrying amount	8,608	559	15,645	3,264	346	521	50	28,993

	Leasehold improvements	Buildings	Plant and machinery	Electronic devices	Motor vehicles	Office equipment	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2025								
At 1 January 2025:								
Cost	17,881	687	20,857	7,180	667	1,117	50	48,439
Accumulated depreciation	(9,273)	(128)	(5,212)	(3,916)	(321)	(596)	—	(19,446)
Net carrying amount	<u>8,608</u>	<u>559</u>	<u>15,645</u>	<u>3,264</u>	<u>346</u>	<u>521</u>	<u>50</u>	<u>28,993</u>
At 1 January 2025, net of accumulated depreciation								
Additions	89	—	4,433	1,826	—	470	3,655	10,473
Disposals	—	—	—	(5)	—	(1)	—	(6)
Depreciation provided during the year	(3,722)	(16)	(1,998)	(1,182)	(64)	(172)	—	(7,154)
Transfers	3,387	—	—	—	—	—	(3,487)	(100)
At 31 December 2025, net of accumulated depreciation								
	<u>8,362</u>	<u>543</u>	<u>18,080</u>	<u>3,903</u>	<u>282</u>	<u>818</u>	<u>218</u>	<u>32,206</u>
At 31 December 2025:								
Cost	21,357	687	25,290	9,000	667	1,579	218	58,798
Accumulated depreciation	(12,995)	(144)	(7,210)	(5,097)	(385)	(761)	—	(26,592)
Net carrying amount	<u>8,362</u>	<u>543</u>	<u>18,080</u>	<u>3,903</u>	<u>282</u>	<u>818</u>	<u>218</u>	<u>32,206</u>

14. LEASES

The Group as a lessee

The Group has lease contracts for items of office used in its operations. Leases of office premises generally have lease terms between 2 and 7 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

	Office premises
	RMB'000
As at 1 January 2023	16,982
Additions	557
Termination	(660)
Depreciation provided during the year (note 6).	(4,795)
Exchange realignment	(423)
As at 31 December 2023 and 1 January 2024.	<u>11,661</u>
Additions	2,208
Termination	(2,940)
Increase as a result of lease modifications	4,916
Depreciation provided during the year (note 6).	(5,859)
Exchange realignment	(23)
As at 31 December 2024 and 1 January 2025	<u>9,963</u>
Additions	285
Lease modification	(1,047)
Depreciation provided during the year (note 6).	(6,239)
Exchange realignment	282
As at 31 December 2025.	<u><u>3,244</u></u>

(b) *Lease liabilities*

The carrying amount of lease liabilities and the movements during the Relevant Periods are as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Carrying amount at beginning of year	17,500	14,993	14,117
New leases	557	2,208	285
Accretion of interest recognised during the year (note 7)	643	632	363
Termination	(636)	(3,259)	—
Lease modifications	—	4,916	(1,047)
Payments	(3,275)	(5,249)	(7,657)
Exchange realignment	204	(124)	261
Carrying amount at end of year	<u>14,993</u>	<u>14,117</u>	<u>6,322</u>
Analysed into:			
Current portion	4,273	7,810	5,803
Non-current portion	<u>10,720</u>	<u>6,307</u>	<u>519</u>

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Analysed into:			
Lease liabilities repayable:			
Within 1 year	4,273	7,810	5,803
1 to 2 years	6,878	6,167	519
2 to 5 years	3,842	140	—
Total	<u>14,993</u>	<u>14,117</u>	<u>6,322</u>

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

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

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Interest on lease liabilities	643	632	363
Depreciation charge of right-of-use assets	4,795	5,859	6,239
Loss/(gain) on termination of leases, net	24	(319)	—
Expenses relating to short-term leases and low-value leases (included in administrative expenses, research and development expenses and selling expenses)	756	1,212	1,914
Total amount recognised in profit or loss	<u>6,218</u>	<u>7,384</u>	<u>8,516</u>

15. OTHER INTANGIBLE ASSETS

The Group

	Software	Proprietary technology	Patents	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2023				
Cost at 1 January 2023, net of accumulated amortisation	2,832	—	2,650	5,482
Additions	18,319	—	—	18,319
Amortisation provided during the year (note 6)	(10,176)	—	(300)	(10,476)
Exchange realignment	68	—	—	68
At 31 December 2023, net of accumulated amortisation	<u>11,043</u>	<u>—</u>	<u>2,350</u>	<u>13,393</u>
At 31 December 2023:				
Cost	41,583	5,600	2,825	50,008
Accumulated amortisation	(30,540)	(5,600)	(475)	(36,615)
Net carrying amount	<u>11,043</u>	<u>—</u>	<u>2,350</u>	<u>13,393</u>
	Software	Proprietary technology	Patents	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2024				
Cost at 1 January 2024, net of accumulated amortisation	11,043	—	2,350	13,393
Additions	6,686	—	—	6,686
Transfer	576	—	—	576
Amortisation provided during the year (note 6)	(11,927)	—	(300)	(12,227)
Exchange realignment	(199)	—	—	(199)
At 31 December 2024, net of accumulated amortisation	<u>6,179</u>	<u>—</u>	<u>2,050</u>	<u>8,229</u>
At 31 December 2024:				
Cost	47,145	5,600	2,825	55,570
Accumulated amortisation	(40,966)	(5,600)	(775)	(47,341)
Net carrying amount	<u>6,179</u>	<u>—</u>	<u>2,050</u>	<u>8,229</u>

	Software	Proprietary technology	Patents	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2025				
Cost at 1 January 2025, net of accumulated amortisation	6,179	—	2,050	8,229
Additions	28,082	—	—	28,082
Transfer	100	—	—	100
Amortisation provided during the year (note 6)	(13,160)	—	(300)	(13,460)
Exchange realignment	97	—	—	97
At 31 December 2025, net of accumulated amortisation	<u>21,298</u>	<u>—</u>	<u>1,750</u>	<u>23,048</u>
At 31 December 2025:				
Cost	78,000	5,600	2,825	86,425
Accumulated amortisation	(56,702)	(5,600)	(1,075)	(63,377)
Net carrying amount	<u>21,298</u>	<u>—</u>	<u>1,750</u>	<u>23,048</u>

The Company

	Software	Proprietary technology	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2023			
Cost at 1 January 2023, net of accumulated amortisation	2,217	—	2,217
Additions	3,229	—	3,229
Amortisation provided during the year	(2,605)	—	(2,605)
At 31 December 2023, net of accumulated amortisation	<u>2,841</u>	<u>—</u>	<u>2,841</u>
At 31 December 2023:			
Cost	8,292	5,600	13,892
Accumulated amortisation	(5,451)	(5,600)	(11,051)
Net carrying amount	<u>2,841</u>	<u>—</u>	<u>2,841</u>
	Software	Proprietary technology	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2024			
Cost at 1 January 2024, net of accumulated amortisation	2,841	—	2,841
Additions	5,289	—	5,289
Transfer	575	—	575
Amortisation provided during the year	(4,558)	—	(4,558)
At 31 December 2024, net of accumulated amortisation	<u>4,147</u>	<u>—</u>	<u>4,147</u>
At 31 December 2024:			
Cost	14,155	5,600	19,755
Accumulated amortisation	(10,008)	(5,600)	(15,608)
Net carrying amount	<u>4,147</u>	<u>—</u>	<u>4,147</u>

	<u>Software</u>	<u>Proprietary technology</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2025			
Cost at 1 January 2025, net of accumulated amortisation	4,147	—	4,147
Additions	6,194	—	6,194
Transfer	100	—	100
Amortisation provided during the year	(4,642)	—	(4,642)
At 31 December 2025, net of accumulated amortisation	<u>5,799</u>	<u>—</u>	<u>5,799</u>
At 31 December 2025:			
Cost	20,450	5,600	26,050
Accumulated amortisation	(14,651)	(5,600)	(20,251)
Net carrying amount	<u>5,799</u>	<u>—</u>	<u>5,799</u>

16. INVESTMENT IN ASSOCIATES

The Group

	<u>As at 31 December</u>		
	<u>2023</u>	<u>2024</u>	<u>2025</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Share of net assets	<u>6,785</u>	<u>11,443</u>	<u>10,944</u>

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

	<u>As at 31 December</u>		
	<u>2023</u>	<u>2024</u>	<u>2025</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Share of the associates' loss for the year	(2,371)	(2,243)	(561)
Share of the associates' total comprehensive loss	(2,295)	(2,271)	(539)
Aggregate carrying amount of the Group's investment in the associates	<u>6,785</u>	<u>11,443</u>	<u>10,944</u>

The Company

	<u>As at 31 December</u>		
	<u>2023</u>	<u>2024</u>	<u>2025</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Share of net assets	<u>5,696</u>	<u>11,220</u>	<u>10,667</u>

The following table illustrates the aggregate financial information of the Company's associates that are not individually material:

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Share of the associates' loss and total comprehensive loss for the year	(1,237)	(1,454)	(593)
Aggregate carrying amount of the Group's investment in the associates	<u>5,696</u>	<u>11,220</u>	<u>10,667</u>

17. EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The Group and the Company

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Equity investments designated at fair value through other comprehensive income			
Unlisted equity investments, at fair value:			
Changchun Changguang Zhengyuan Microelectronics Technology Co., Ltd. ("Changguang Zhengyuan")	65,000	65,000	65,000
Changchun Changguang Yuanchen Microelectronics Technology Co., Ltd. ("Changguang Yuanchen")	8,386	10,239	28,662
Shanghai Yukan Technology Co., Ltd. ("Shanghai Yukan")	1,500	2,190	8,283
Changchun Changguang Qichen Technology Co., Ltd. ("Changguang Qichen")	1,000	1,000	1,657
Total	<u>75,886</u>	<u>78,429</u>	<u>103,602</u>

The above equity investments were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature.

18. INVENTORIES

The Group

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Raw materials	94,609	42,358	66,378
Work in progress	83,043	56,569	118,239
Finished goods	110,874	116,361	73,265
Costs to fulfil a contract	84,617	71,393	95,104
Total	<u>373,143</u>	<u>286,681</u>	<u>352,986</u>

The Company

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Raw materials	73,072	26,251	54,631
Work in progress	91,849	64,424	121,539
Finished goods	113,406	119,090	78,675
Costs to fulfil a contract	25,612	9,148	12,980
Total	<u>303,939</u>	<u>218,913</u>	<u>267,825</u>

19. TRADE AND NOTES RECEIVABLES

The Group

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables	117,555	186,156	239,674
Notes receivable	159	3,744	6,860
	117,714	189,900	246,534
Impairment	(3,030)	(5,154)	(11,198)
Net carrying amount	<u>114,684</u>	<u>184,746</u>	<u>235,336</u>

The Group's trading terms with its customers are mainly on credit. The credit period is generally 30 to 60 days depending on the specific payment terms in each contract. Each customer has a maximum credit limit. Overdue balances are reviewed regularly by senior management. Since the Group only trades with recognised customers with good credit standing, no guarantee is required.

As at 31 December 2023, 2024 and 2025, the Group was exposed to certain credit risk concentration, as 70.1%, 52.7% and 56.8% of trade receivables are from top five customers in each year during the Relevant Periods. The Group does not hold any security or other credit increment over the balances of accounts receivable. Trade receivables are non-interest-bearing.

Included in the Group's trade receivables were trade receivables of RMB39,880,000, RMB42,380,000 and RMB45,581,000 as at 31 December 2023, 2024 and 2025, respectively, due from the Group's related parties, which were repayable on credit terms similar to those offered to the major customers of the Group.

An ageing analysis of the trade receivables as at the end of each of the Relevant Periods, based on the transaction date, is as follows:

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within 6 months	77,650	145,542	189,368
6 to 12 months	34,736	15,875	16,863
1 to 2 years	5,169	23,661	21,133
2 to 3 years	—	1,078	11,925
Over 3 years	—	—	385
Total	117,555	186,156	239,674

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

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At beginning of year	1,079	3,030	5,154
Impairment losses, net (<i>note 6</i>)	1,948	2,128	6,276
Exchange realignment	3	(4)	11
Amount written off as uncollectible	—	—	(243)
At end of year	3,030	5,154	11,198

An impairment analysis is performed at the end of each of the Relevant Periods using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by ageing). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the end of each of the Relevant Periods about past events, current conditions and forecasts of future economic conditions.

The Group applies the simplified approach to providing for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected credit loss provision for all trade receivables. The Group considers the overall characteristics of the shared credit risk of the trade receivables to measure the expected credit losses. All of the receivables were relate to diversified customers for whom there was no recent history of default.

The expected credit losses below incorporate forward-looking information, as there was no material change in the types or credit profiles of the customers and overall risk in the CMOS image sensor industry, the expected credit loss rate remained stable during the Relevant Periods.

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

As at 31 December 2023			
	Gross carrying amount	Expected credit loss rate	Expected credit losses
	<i>RMB'000</i>		<i>RMB'000</i>
Trade receivables aged:			
Within 6 months	77,650	1.00%	776
6 to 12 months	34,736	5.00%	1,737
1 to 2 years	5,169	10.00%	517
Total	<u>117,555</u>	2.58%	<u>3,030</u>
As at 31 December 2024			
	Gross carrying amount	Expected credit loss rate	Expected credit losses
	<i>RMB'000</i>		<i>RMB'000</i>
Trade receivables aged:			
Within 6 months	145,542	1.00%	1,455
6 to 12 months	15,875	5.00%	794
1 to 2 years	23,661	10.00%	2,366
2 to 3 years	1,078	50.00%	539
Total	<u>186,156</u>	2.77%	<u>5,154</u>
As at December 31, 2025			
	Gross carrying amount	Expected credit loss rate	Expected credit losses
	<i>RMB'000</i>		<i>RMB'000</i>
Trade receivables aged:			
Within 6 months	189,368	1.00%	1,894
6 to 12 months	16,863	5.00%	843
1 to 2 years	21,133	10.00%	2,113
2 to 3 years	11,925	50.00%	5,963
Over 3 years	385	100.00%	385
Total	<u>239,674</u>	4.67%	<u>11,198</u>

The Group's notes receivable were all aged within one year and were neither past due nor impaired.

At the end of each of the Relevant Periods, the Group endorsed certain notes receivable accepted by certain banks in the PRC (the "Endorsed Notes") to certain of its suppliers in order to settle the trade payables due to such suppliers with carrying amounts in aggregate of RMB556,000, RMB1,159,000 and RMB2,580,000 as at 31 December 2023, 2024 and 2025, respectively (the "Endorsement"). In addition, the Group discounted certain notes receivable (the "Discounted Notes") with carrying amounts in aggregate of RMB50,456,000, RMB33,103,000 and RMB70,316,000 as at 31 December 2023, 2024 and 2025, respectively (the "Discount"). The above Discounted Notes included bank acceptance bills of RMB50,456,000, RMB33,103,000 and RMB70,316,000 as at 31 December 2023, 2024 and 2025, respectively. The Endorsed Notes and the Discounted Notes had a maturity within six months as at 31 December 2023, 2024 and 2025. In accordance with the Law of Negotiable

Instruments in the PRC, the holders of the Endorsed Notes and the Discounted Notes may exercise the right of recourse against any, several or all of the persons liable for the Endorsed Notes and Discounted Notes, including the Group, in disregard of the order of precedence (the “Continuing Involvement”).

The Group has transferred substantially all risks and rewards relating to certain Endorsed Notes accepted by large and reputable banks with amounts of RMB556,000, RMB1,159,000 and RMB2,580,000 as at 31 December 2023, 2024 and 2025, respectively, and the Discounted Notes accepted by large and reputable banks with amounts of RMB50,456,000, RMB33,103,000 and RMB70,316,000 as at 31 December 2023, 2024 and 2025, respectively (the “Derecognised Notes”). The risk of the Group being claimed by the holders of the Derecognised Notes is remote in the absence of a default of the accepted banks. Accordingly, it has derecognised the full carrying amounts of the Derecognised Notes and the associated trade payables settled by the Endorsed Notes. The maximum exposure to loss from the Group’s Continuing Involvement in the Derecognised Notes and the undiscounted cash flows to repurchase these Derecognised Notes is equal to their carrying amounts. The fair values of the Group’s Continuing Involvement in the Derecognised Notes are not significant. During the Relevant Periods, the Group recognised the interest expense on the Discounted Notes amounting to RMB729,000, RMB236,000 and RMB427,000, respectively. No gains or losses were recognised from the Continuing Involvement. The Endorsement and Discount have been made evenly throughout the year.

As at 31 December 2023, 2024 and 2025, notes receivable of RMB159,000, RMB3,744,000 and RMB6,860,000, respectively, whose fair values approximate to their carrying values, were classified as financial assets at fair value through other comprehensive income under HKFRS 9. The fair value changes of these notes receivable at fair value through other comprehensive income were insignificant during the Relevant Periods.

The Company

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables	73,719	116,652	104,817
Notes receivable	7,159	10,484	272
	80,878	127,136	105,089
Impairment	(2,582)	(4,430)	(9,515)
Net carrying amount	78,296	122,706	95,574

An ageing analysis of the trade receivables as at the end of each of the Relevant Periods, based on the transaction date, is as follows:

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within 6 months	34,058	76,471	58,973
6 to 12 months	34,493	15,685	15,506
1 to 2 years	5,168	23,418	18,028
2 to 3 years	—	1,078	11,925
Over 3 years	—	—	385
Total	73,719	116,652	104,817

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

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At beginning of year	561	2,582	4,430
Impairment losses, net	2,021	1,848	5,085
At end of year	<u>2,582</u>	<u>4,430</u>	<u>9,515</u>

An impairment analysis is performed at the end of each of the Relevant Periods using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by ageing). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the end of each of the Relevant Periods about past events, current conditions and forecasts of future economic conditions.

The Company applies the simplified approach to providing for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected credit loss provision for all trade receivables. The Company considers the overall characteristics of the shared credit risk of the trade receivables to measure the expected credit losses. All of the receivables were relate to diversified customers for whom there was no recent history of default.

The expected credit losses below incorporate forward-looking information, as there was no material change in the types or credit profiles of the customers and overall risk in the CMOS image sensor industry, the expected credit loss rate remained stable during the Relevant Periods.

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

	As at 31 December 2023		
	Gross carrying amount	Expected credit loss rate	Expected credit losses
	<i>RMB'000</i>		<i>RMB'000</i>
Trade receivables aged:			
Within 6 months	34,058	1.00%	340
6 to 12 months	34,493	5.00%	1,725
1 to 2 years	5,168	10.00%	517
Total	<u>73,719</u>	3.50%	<u>2,582</u>

	As at 31 December 2024		
	Gross carrying amount	Expected credit loss rate	Expected credit losses
	<i>RMB'000</i>		<i>RMB'000</i>
Trade receivables aged:			
Within 6 months	76,471	1.00%	765
6 to 12 months	15,685	5.00%	784
1 to 2 years	23,418	10.00%	2,342
2 to 3 years	1,078	50.00%	539
Total	<u>116,652</u>	3.80%	<u>4,430</u>

	As at 31 December 2025		
	Gross carrying amount	Expected credit loss rate	Expected credit losses
	<i>RMB'000</i>		<i>RMB'000</i>
Trade receivables aged:			
Within 6 months	58,973	1.00%	589
6 to 12 months	15,506	5.00%	775
1 to 2 years	18,028	10.00%	1,803
2 to 3 years	11,925	50.00%	5,963
Over 3 years	385	100.00%	385
Total	<u>104,817</u>	9.08%	<u>9,515</u>

20. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Prepayments	8,886	9,952	17,933
Prepayments for property, plant and equipment and other assets	454	1,259	2,504
Deposits and other receivables	7,015	4,061	6,706
Deferred listing expense	—	—	3,938
Deductible input value-added tax	12,769	6,949	4,897
Total	<u>29,124</u>	<u>22,221</u>	<u>35,978</u>
Analysed into:			
Current portion	28,670	20,962	33,474
Non-current portion	454	1,259	2,504

The Company

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Prepayments	5,459	4,625	8,806
Prepayments for property, plant and equipment and other assets	386	1,180	2,446
Deposits and other receivables	3,333	1,138	1,050
Deferred listing expense	—	—	3,938
Deductible input value-added tax	1,578	—	—
Total	<u>10,756</u>	<u>6,943</u>	<u>16,240</u>
Analysed into:			
Current portion	10,370	5,763	13,794
Non-current portion	386	1,180	2,446

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Unlisted equity investments, at fair value. . . .	15,127	18,700	20,301
Shanghai Zhusi Enterprise Management Center (Limited Partnership) (“ Shanghai Zhusi ”)	5,000	5,000	4,379
Jacal Electronic (Wuxi) Co, Ltd. (“ Jacal ”)	10,127	13,700	15,922
Other unlisted investments, at fair value	90,625	100,894	271,197
Total	105,752	119,594	291,498
Analysed into:			
Current	90,625	100,894	271,197
Non-current	15,127	18,700	20,301

The Group’s shareholding in Shanghai Zhusi and Jacal was 10% and 2%, respectively and the Group could not control, jointly control or have significant influence on them. Shanghai Zhusi was established as a limited partnership with a six-year term commencing on its incorporation date. According to the investment agreement signed by the Company and Jacal, if certain conditions are unsatisfied, the Company shall have the right to require Jacal or its founder(s) to repurchase the Company’s shares in Jacal at a price equal to the original investment amount plus a fixed rate of return of 8% per annum calculated on a simple interest basis. The above equity investments were classified as financial assets at fair value through profit or loss as they were held for trading and their contractual cash flows were not solely payments of principal and interest.

The above other unlisted investments were structured deposits issued by banks in Chinese mainland with a maturity period within one year. The fair values of the financial assets approximate to their costs plus expected interest. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

The Company

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Unlisted equity investments, at fair value. . . .	15,127	18,700	20,301
Other unlisted investments, at fair value	65,292	50,518	45,063
Total	80,419	69,218	65,364
Analysed into:			
Current	65,292	50,518	45,063
Non-current	15,127	18,700	20,301

22. CASH AND CASH EQUIVALENTS, RESTRICTED CASH AND TIME DEPOSITS

The Group

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cash and bank balances	91,980	405,151	236,794
Time deposits	438,730	309,782	738,651
Subtotal	530,710	714,933	975,445
Less:			
Restricted cash	3,278	2,167	489
Time deposits with original maturity of over three months when acquired	434,719	309,782	738,651
Cash and cash equivalents	92,713	402,984	236,305

Time deposits are classified as follows:

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Current:			
Time deposits at amortised cost	322,431	20,172	30,283
Time deposits at fair value through other comprehensive income	112,288	289,610	677,746
Subtotal	434,719	309,782	708,029
Non-Current:			
Time deposits at amortised cost	—	—	30,622
Total	434,719	309,782	738,651

Time deposits at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while time deposits 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.

The cash and cash equivalents and restricted cash are denominated in the following currencies:

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cash and cash equivalents denominated in:			
RMB	61,446	377,550	142,689
United States dollar (“US\$”)	22,839	20,005	85,205
European dollar (“EUR”)	3,678	1,932	973
Japanese Yen (“JPY”)	4,746	3,495	7,437
Others	4	2	1
Total	<u>92,713</u>	<u>402,984</u>	<u>236,305</u>
Restricted cash denominated in:			
RMB	3,071	1,650	—
JPY	—	—	—
EUR	207	447	489
US\$	—	70	—
Total	<u>3,278</u>	<u>2,167</u>	<u>489</u>

The RMB is not freely convertible into other currencies, however, under Chinese mainland’s Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on a daily basis. The bank balances and restricted cash are deposited with creditworthy banks with no history of default and with low credit risk.

As at 31 December 2023, 2024 and 2025, restricted cash of RMB3,278,000, RMB2,167,000 and RMB489,000 had been pledged for letter of credits, currency options, bank bill acceptance and leases.

The Company

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cash and bank balances	26,421	140,311	91,424
Time deposits	171,200	246,802	403,799
Subtotal	<u>197,621</u>	<u>387,113</u>	<u>495,223</u>
Less:			
Deposits with original maturity of over three months when acquired	171,200	246,802	403,799
Cash and cash equivalents	<u>26,421</u>	<u>140,311</u>	<u>91,424</u>

Time deposits are classified as follows:

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Current:			
Time deposits at amortised cost	150,998	20,172	30,283
Time deposits at fair value through other comprehensive income	20,202	226,630	342,894
Subtotal	171,200	246,802	373,177
Non-Current:			
Time deposits at amortised cost	—	—	30,622
Total	171,200	246,802	403,799

The cash and cash equivalents and restricted cash are denominated in the following currencies:

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cash and cash equivalents denominated in:			
RMB	19,886	135,034	86,435
US\$	6,535	3,998	4,985
EUR	—	1,279	4
Total	26,421	140,311	91,424

23. TRADE AND NOTES PAYABLES

The Group

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	62,185	27,401	81,158
Notes payables	—	2,933	—
Net carrying amount	62,185	30,334	81,158

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

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	60,513	24,526	76,949
1 to 2 years	1,354	5,175	3,256
2 to 3 years	318	503	953
Over 3 years	—	130	—
Total	62,185	30,334	81,158

The trade payables are non-interest-bearing and generally the credit terms range from 30 to 60 days.

The Company

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	58,294	20,232	73,325
1 to 2 years	1,354	5,047	3,151
2 to 3 years	318	503	887
Over 3 years	—	130	—
Total	59,966	25,912	77,363

24. OTHER PAYABLES AND ACCRUALS

The Group

	<i>Notes</i>	As at 31 December		
		2023	2024	2025
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Contract liabilities	(a)	120,727	82,577	230,264
Other payables and accruals	(b)	115,260	104,388	122,003
Taxes payable other than corporate income tax		4,237	7,808	19,502
Payroll payable		19,848	24,161	30,447
Deferred income		898	2,218	2,961
Total		260,970	221,152	405,177
Analysed into:				
Current portion		121,189	91,753	293,747
Non-current portion		139,781	129,399	111,430

Notes:

(a) Details of contract liabilities are as follows:

	As at 1 January	As at 31 December		
	2023	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<i>Advances received from customers</i>				
CMOS image sensors	18,147	20,520	15,161	92,170
Customised sensor solutions	101,112	100,207	67,416	138,094
Total	119,259	120,727	82,577	230,264

Contract liabilities include advances received to deliver products and provide customised sensor solutions. Contract liabilities remained relatively stable as of 31 December 2023. The decrease in 2024 was mainly due to the decrease in advances received from customers in relation to the customised sensor solutions. The increase in contract liabilities in 2025 was mainly due to the increase in advances received from customers in relation to the customised sensor solutions.

(b) Other payables are unsecured and non-interest-bearing.

In December 2022, Gpixel Hangzhou entered into a Capital Increase Agreement and Shareholders' Agreement with Zhejiang Province Industrial Fund Co., Ltd. ("Zhejiang Industrial Fund"). Under these agreements, Zhejiang Industrial Fund invested RMB100,000,000 to subscribe RMB1,250,000 of newly increased registered capital of Gpixel Hangzhou.

According to the terms, Gpixel Hangzhou or its designated third party, as the repurchaser, is required to repurchase the minority equity held by Zhejiang Industrial Fund and repay the RMB100,000,000 to Zhejiang Industrial Fund. If the Group can fulfil certain conditions such as talents and innovation set by local government and repurchase the equity in certain years, the Group will bear no any interests.

The Company

	Notes	As at 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Contract liabilities	(a)	59,167	32,962	139,466
Other payables and accruals	(b)	4,227	3,234	9,251
Taxes payable other than corporate income tax		3,571	7,144	16,332
Payroll payable		9,059	10,750	12,244
Deferred income		898	1,272	1,082
Total		76,922	55,362	178,375
Analysed into:				
Current portion		67,314	54,090	175,097
Non-current portion		9,608	1,272	3,278

Notes:

(a) Details of contract liabilities are as follows:

	As at 1 January	As at 31 December		
	2023	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Advances received from customers				
CMOS image sensors	16,092	17,142	13,959	68,563
Customised sensor solutions	46,030	42,025	19,003	70,903
Total	62,122	59,167	32,962	139,466

(b) Other payables and accruals are unsecured and non-interest-bearing.

25. DERIVATIVE FINANCIAL INSTRUMENTS

The Group

	As at 31 December		
	2023	2024	2025
	Liabilities	Liabilities	Liabilities
	RMB'000	RMB'000	RMB'000
Options for foreign currency	—	199	—

26. INTEREST-BEARING BANK BORROWINGS

The Group and the Company

	Effective interest rate (%)	Maturity	31 December 2023 <i>RMB'000</i>
Current			
Interest-bearing bank loans — unsecured . . .	1.30	2024	2,000
	<u>1.30</u>	<u>2024</u>	<u>2,000</u>
	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Analysed into:			
Interest-bearing bank loans:			
Within one year	2,000	—	—
Total	<u>2,000</u>	<u>—</u>	<u>—</u>

27. PROVISION

The Group

	Warranties <i>RMB'000</i>
At 1 January 2023	2,798
Additional provision	2,525
Amounts utilised/reversed during the year	(2,798)
At 31 December 2023 and 1 January 2024	2,525
Additional provision	2,553
Amounts utilised/reversed during the year	(2,525)
At 31 December 2024 and 1 January 2025	2,553
Additional provision	3,973
Amounts utilised/reversed during the year	(2,553)
At 31 December 2025	<u>3,973</u>

The Company

	Warranties
	<i>RMB'000</i>
At 1 January 2023	2,798
Additional provision	2,525
Amounts utilised/reversed during the year	(2,798)
At 31 December 2023 and 1 January 2024	2,525
Additional provision	2,553
Amounts utilised/reversed during the year	(2,525)
At 31 December 2024 and 1 January 2025	2,553
Additional provision	3,664
Amounts utilised/reversed during the year	(2,553)
At 31 December 2025	<u>3,664</u>

The Group provides warranties to its customers on certain of its products for replacement of defects occurring during the warranty period. The amount of the provision for the warranties is estimated based on sales volumes and past experience of the level of replacement. The estimation basis is reviewed on an ongoing basis and revised where appropriate.

28. DEFERRED TAX

The Group

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

Deferred tax assets

	Impairment of trade receivables	Impairment of inventories	Unrealised profits from inter-company transactions	Lease liabilities	Provision	Deferred income	Changes in fair value of financial assets at fair value through profit or loss	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2023	56	1,195	827	2,772	280	193	4	5,327
Deferred tax credited/(charged) to profit or loss during the year (note 10)	202	1,098	437	(581)	(27)	(105)	(4)	1,020
At 31 December 2023 and 1 January 2024	258	2,293	1,264	2,191	253	88	—	6,347
Deferred tax credited/(charged) to profit or loss during the year (note 10)	185	(172)	(425)	(76)	2	39	—	(447)
At 31 December 2024 and 1 January 2025	443	2,121	839	2,115	255	127	—	5,900
Deferred tax credited/(charged) to profit or loss during the year (note 10)	509	960	(303)	(1,206)	111	(19)	—	52
At 31 December 2025	<u>952</u>	<u>3,081</u>	<u>536</u>	<u>909</u>	<u>366</u>	<u>108</u>	<u>—</u>	<u>5,952</u>

Deferred tax liabilities

	Changes in fair value of financial assets at fair value through profit or loss	Changes in fair value of financial assets at fair value through other comprehensive income	Investment with technology	Right-of-use assets	Accrued interest income	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	—	—	906	2,659	—	3,565
Deferred tax charged/(credited) to profit or loss during the year (note 10)	29	—	—	(691)	—	(662)
At 31 December 2023 and 1 January 2024	29	—	906	1,968	—	2,903
Deferred tax charged to other comprehensive income during the year	—	254	—	—	—	254
Deferred tax charged/(credited) to profit or loss during the year (note 10)	381	—	—	(193)	—	188
At 31 December 2024 and 1 January 2025	410	254	906	1,775	—	3,345
Deferred tax charged to other comprehensive income during the year	—	2,517	—	—	—	2,517
Deferred tax charged/(credited) to profit or loss during the year (note 10)	133	—	—	(1,160)	680	(347)
At 31 December 2025	543	2,771	906	615	680	5,515

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		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	3,444	2,555	437
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		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Deductible temporary differences	10,515	13,834	14,773
Tax losses	107,625	137,089	161,443
Total	118,140	150,923	176,216

The Group has tax losses of RMB107,625,000, RMB137,089,000 and RMB161,443,000 as at 31 December 2023, 2024 and 2025, respectively, that will expire in one to ten years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these tax losses as it is not considered probable that taxable profits will be available against which the above items can be utilised.

The Company

Deferred tax assets

	Impairment of	Impairment of	Lease liabilities	Provision	Deferred income	Changes in	Total
	trade receivables	inventories				fair value of	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	at fair value	RMB'000
						through profit or	
						loss	
At 1 January 2023	56	1,234	491	280	193	4	2,258
Deferred tax							
credited/(charged) to profit							
or loss during the year . . .	202	1,096	15	(27)	(105)	(4)	1,177
At 31 December 2023 and							
1 January 2024	258	2,330	506	253	88	—	3,435
Deferred tax							
credited/(charged) to profit							
or loss during the year . . .	185	(136)	79	2	39	—	169
At 31 December 2024 and							
1 January 2025	443	2,194	585	255	127	—	3,604
Deferred tax							
credited/(charged) to profit							
or loss during the year . . .	509	980	(241)	111	(19)	—	1,340
At 31 December 2025	952	3,174	344	366	108	—	4,944

The Company

Deferred tax liabilities

	Changes in fair value of financial assets at fair value through profit or loss	Changes in fair value of financial assets at fair value through other comprehensive income	Investment with technological achievements	Right-of-use assets	Accrued interest income	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	—	—	906	378	—	1,284
Deferred tax charged/(credited) to profit or loss during the year	29	—	—	(95)	—	(66)
At 31 December 2023 and 1 January 2024	29	—	906	283	—	1,218
Deferred tax charged to other comprehensive income during the year	—	254	—	—	—	254
Deferred tax charged/(credited) to profit or loss during the year	381	—	—	(38)	—	343
At 31 December 2024 and 1 January 2025	410	254	906	245	—	1,815
Deferred tax charged to other comprehensive income during the year	—	2,517	—	—	—	2,517
Deferred tax charged/(credited) to profit or loss during the year	133	—	—	(195)	680	618
At 31 December 2025	543	2,771	906	50	680	4,950

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 Company for financial reporting purposes:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	2,217	1,789	—
Net deferred tax liabilities recognised in the consolidated statement of financial position	—	—	6

29. SHARE CAPITAL

The Group and the Company

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Authorised:			
Ordinary shares with par value of RMB1.00 each	370,000	370,000	370,000
Issued and fully paid:			
Ordinary shares with par value of RMB1.00 each	370,000	370,000	370,000

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

	Number of shares in issue	Share capital <i>RMB'000</i>
At 1 January 2023, 31 December 2023, 2024 and 2025	370,000,000	370,000

30. SHARE-BASED PAYMENTS

Employee shareholding plan

On 21 July 2021, the board of directors of the Company adopted an employee shareholding plan (“**Employee Shareholding Plan**”), which was then supplemented on 24 October 2022 and further amended and approved on 5 June 2025, to incentivise employees by indirectly holding the Company's shares through employee shareholding platforms at the authorisation of the shareholders of the Company. The shares underlying the Employee Shareholding Plan were held by two direct shareholding platforms Zhuhai Yunchen Qixin Investment Partnership Enterprise (Limited Partnership) (“**Zhuhai Yunchen**”) and Zhuhai Xuchen Qixin Investment Partnership Enterprise (Limited Partnership) (“**Zhuhai Xuchen**”), holding 52,800,000 shares and 22,200,000 shares of the Company after the Conversion into a joint stock company in December 2022, respectively.

From July 2021 to October 2022, total 7,500,000 shares of the Company before the conversion into a joint stock company were all granted to certain of directors, senior management and employees of the Group at total consideration of RMB124,050,000. Pursuant to the terms of shareholding agreements, 5,787,000 shares were granted and vested; 1,713,000 shares can be exercisable after 36 months from the date the Company being listed (the “**Lock-up Period**”) and shall exercise in installment of 20%, 20%, 15%, 15%, 10%, 10% and 10% each year after the Lock-up Period. Employees should remain employment during the exercise periods or 5 years. The Lock-up Period was approved to shorten to 12 months from the date the Company being listed and the exercise period amended to in installment of 5%, 5%, 10%, 20%, 15%, 15%, 10%, 10% and 10% each year after the Lock-up Period in June 2025.

The following shares were outstanding under the employee shareholding plan during the Relevant Periods:

	<u>Number of shares</u>
At 1 January 2023, 31 December 2023, 2024 and 2025	<u>17,130,000</u>

The fair values of the shares granted were estimated as at the grant date by an external valuer using the discount cash flow method or using the recent market transaction value.

Share option scheme

On 16 June 2023, the board of directors of the Company approved the establishment a share option scheme (the “**Pre-IPO Share Option Scheme**”), which was further amended and approved on 5 June 2025, to attract and retain outstanding talents and motivate the management and employees. The maximum number of shares that maybe issued under this option scheme shall be 6,173,000 ordinary shares. The share option scheme shall be valid and effective for the period of from 20 June 2023.

Total 6,173,000 shares under the share option scheme were granted to 23 employees and three connected persons with 573,000 shares and 5,600,000 shares, respectively at the exercise price of RMB 10 per share on 20 June 2023 (the “**Grant Date**”). The share options can be exercisable after the later of (1) the date before the first trading day after 20 months from the Grant Date, and (2) the Company being listed and the employees shall satisfy certain performance targets. The Company has right to repurchase the exercised shares at lower price if the employees resign in the five years after the Grant Date, which was further extended to seven years in June 2025.

Subject to the satisfaction of the vesting conditions, the employees can exercise the options in instalments under the following arrangement:

- (1) the first exercise period: 50% of exercisable numbers of share options from the first vesting date after the vesting period until the last trading day within 22 months after the vesting period; and
- (2) the second exercise period: 50% of exercisable numbers of share options from first trading day after the first exercise period until the last trading day within 39 months after the vesting period, which was further shortened to from first trading day after the first exercise period until the last trading day within 29 months after the vesting period.

The following shares were outstanding under the share option scheme during the Relevant Periods:

	<u>Number of option</u>	<u>Exercise price</u>
		<i>RMB yuan</i>
At 1 January 2023	—	—
Granted during the year	6,173,000	10
At 31 December 2023, 2024	6,173,000	10
Forfeited during the year	(11,000)	10
At 31 December 2025	<u>6,162,000</u>	

The fair value of equity-settled share options granted during the Relevant Periods was estimated as at the Grant Date based on the market transaction price and using binomial model with the following assumptions used:

Expected volatility	61.87%/62.85%
Risk-free interest rate	2.37%/2.46%
Exercise multiple	2.8
Expected forfeiture rate	0%
Expected life of options	3.5 years/4.9 years

During the Relevant Periods, the Group recognised share-based payments expense of RMB52,877,000, RMB52,252,000 and RMB60,310,000, respectively.

31. 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.

Equity reserves

Equity reserves of the Group mainly represents share premium arising from issue of shares at a price in excess of their par value. Share premium of the Company represent the share premium contributed by the shareholders of the Company upon its conversion into a joint stock company in December 2022. Share option/award reserve transfers to share premium upon the vesting.

Statutory surplus reserve

In accordance with the Company Law of the PRC, certain subsidiaries of the Group which is a domestic enterprise is required to allocate 10% of its profit after tax, as determined in accordance with the relevant PRC accounting standards, to its statutory surplus reserve until the reserve reaches 50% of its registered capital. Subject to certain restrictions set out in the Company Law of the PRC, part of the statutory surplus reserve may be converted to registered capital, provided that the remaining balance after the capitalisation is not less than 25% of the registered capital.

Exchange fluctuation reserve

The exchange fluctuation reserve is used to record exchange differences arising from the translation of the Historical Financial Information of entities of which the functional currency is not RMB.

The Company

The amounts of the Company's reserves and the movements therein for the Relevant Periods are presented as below:

	Equity reserves	Share option/ award reserve	Fair value reserve of financial assets at fair value through other comprehensive income	Statutory surplus reserve	Retained profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	585,449	11,432	—	—	(184,159)	412,722
Profit for the year	—	—	—	—	204,771	204,771
Equity-settled share-based payments arrangement	—	52,877	—	—	—	52,877
Transfer to statutory surplus reserve	—	—	—	2,061	(2,061)	—
Others	388	—	—	—	—	388
At 31 December 2023 and 1 January 2024	585,837	64,309	—	2,061	18,551	670,758
Profit for the year	—	—	—	—	207,820	207,820
Change in fair value of equity investments at fair value through other comprehensive income, net of tax	—	—	2,289	—	—	2,289
Equity-settled share-based payments arrangement	—	52,252	—	—	—	52,252
Transfer to statutory surplus reserve	—	—	—	20,782	(20,782)	—
Others	(22)	—	—	—	—	(22)
At 31 December 2024 and 1 January 2025	585,815	116,561	2,289	22,843	205,589	933,097
Profit for the year	—	—	—	—	293,115	293,115
Change in fair value of equity investments at fair value through other comprehensive income, net of tax	—	—	22,656	—	—	22,656
Equity-settled share-based payments arrangement	—	60,310	—	—	—	60,310
Transfer to statutory surplus reserve	—	—	—	29,311	(29,311)	—
Dividends declared to shareholders	—	—	—	—	(18,500)	(18,500)
Others	40	—	—	—	—	40
At 31 December 2025	585,855	176,871	24,945	52,154	450,893	1,290,718

32. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the years ended 31 December 2023, 2024 and 2025, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB557,000, RMB2,208,000 and RMB285,000, respectively, in respect of lease arrangements for office premises.

During the year ended 31 December 2025, the lease liabilities of RMB1,565,000 were discharged through the endorsement of notes receivable.

(b) Changes in liabilities arising from financing activities

	Bank and other loans	Lease liabilities	Other payables and accruals
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2023	1,500	17,500	100,000
Changes from financing cash flows	487	(3,275)	—
New leases.	—	557	—
Interest expense accrued	13	643	—
Effect of foreign exchange rate changes.	—	204	—
Termination of redemption liabilities	—	(636)	—
At 31 December 2023 and 1 January 2024.	2,000	14,993	100,000
Changes from financing cash flows	(2,045)	(5,249)	—
Lease modifications	—	4,916	—
New leases.	—	2,208	—
Interest expense accrued	45	632	—
Effect of foreign exchange rate changes.	—	(124)	—
Termination of redemption liabilities	—	(3,259)	—
At 31 December 2024 and 1 January 2025.	—	14,117	100,000
Changes from financing cash flows	—	(6,092)	—
Non-cash settlement	—	(1,565)	—
Lease modifications	—	(1,047)	—
Interest expense accrued	—	363	—
New leases.	—	285	—
Effect of foreign exchange rate changes.	—	261	—
At 31 December 2025.	—	6,322	100,000

(c) Total cash outflow for leases

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

	Year ended 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within operating activities.	756	1,212	1,914
Within financing activities.	3,275	5,249	6,092
Total	4,031	6,461	8,006

33. COMMITMENTS

At the end of each of the Relevant Periods, the Group did not have any significant contractual commitments.

34. RELATED PARTY TRANSACTIONS

Details of the Group's principal related parties are as follows:

<u>Name</u>	<u>Relationship</u>
Beijing Haomo Technology Co., Ltd. (" Beijing Haomo ")	An associate
Group A	A shareholder's controlling shareholder and three entities ultimately controlled by the shareholder
Changchun UP Optotech Co., Ltd. (" UP OPTOTECH Group ")	A shareholder and one entity controlled by the same shareholder
LUSTER LightTech Co., LTD. (" Luster Group ") (<i>note (a)</i>)	A shareholder and three entities ultimately controlled by the shareholder

Notes:

- (a) Beijing LUSTER LightTech Co., Ltd. was a subsidiary of Luster Group from 2020 to March 2023 and was not a related party since March 2023.

(a) The Group had the following transactions with related parties during the Relevant Periods:

	Notes	Year ended 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Sales of products to:				
Group A*	(i)	42,109	31,865	27,063
Luster Group	(i)	4,958	5,960	10,402
Beijing Haomo	(i)	N/A	31	369
		<u>47,067</u>	<u>37,856</u>	<u>37,834</u>
Providing services to:				
Group A*	(i)	68,009	8,081	384
Purchases of products from:				
Group A	(ii)	15	—	166
Purchase of services from:				
Group A	(ii)	3	11	63
Beijing Haomo	(ii)	N/A	—	469
		<u>3</u>	<u>11</u>	<u>532</u>
Purchase of other intangible assets from:				
Beijing Haomo	(ii)	—	—	354
Rental paid to:				
Group A	(iii)	—	641	294

Notes:

- (i) The sales to related parties were made according to the published prices and conditions offered to the major customers of the Group.
- (ii) The purchases from related parties were made according to the published prices and conditions offered by the related parties to their major customers.
- (iii) The rental paid to related parties were charged with reference to prices mutually agreed between the parties.

* Including sales products to UP OPTOTECH Group of RMB110,000, RMB224,000 and RMB200,000 and providing provision service to UP OPTOTECH Group of nil, RMB2,798,000 and nil during the years ended 31 December, 2023, 2024 and 2025.

The related party transactions in respect items sales of product to UP OPTOTECH Group and Luster Group and providing services to UP OPTOTECH Group also constitute connected transactions as defined in Chapter 14A of Listing Rules.

(b) Outstanding balances with related parties:

	Note	As at 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Trade receivables (trade):				
Group A		39,407	41,159	43,700
Luster Group	(i)	473	1,221	1,652
Beijing Haomo		—	—	229
		<u>39,880</u>	<u>42,380</u>	<u>45,581</u>
Contract liabilities (trade):				
Group A		9,684	5,916	19,868
Luster Group		1,016	—	—
		<u>10,700</u>	<u>5,916</u>	<u>19,868</u>

Note:

(i) As at 31 December 2023, 2024 and 2025, the Group's outstanding balances with related parties are unsecured, interest-free and repayable on demand.

(c) Compensation of key management personnel of the Group:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Salaries, bonuses, allowances and benefits in kind	6,890	7,054	6,587
Share-based payments expense	9,342	6,784	8,702
Pension scheme contributions	226	256	227
Total compensation paid to key management personnel	<u>16,458</u>	<u>14,094</u>	<u>15,516</u>

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

Redemption rights of the Pre-IPO Investors granted by the Selling Shareholders as defined in Prospectus

Prior to the Relevant Periods, the Pre-IPO Investors had been granted the repurchase rights by the Selling Shareholders (the "SS Redemption Right"). The Company is not a party to the relevant equity transfer agreements entered into by and between the Selling Shareholders and the Pre-IPO Investors. Pursuant to supplemental agreements entered into by the Selling Shareholders and the Pre-IPO Investors, the SS Redemption Right was terminated in June 2023.

The Company has not provided any form of guarantee in connection with any potential default or failure by the Selling Shareholders to fulfill their obligations relating to SS Redemption Right. Accordingly, no financial liability regarding SS Redemption Right was recorded during the Relevant Periods.

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

31 December 2023

Financial assets

	Financial assets at fair value through profit or loss		Financial assets at fair value through other comprehensive income		Financial assets at amortised cost	Total
	Mandatorily designated as such	Debt investments	Equity investments			
	RMB'000	RMB'000	RMB'000	RMB'000		
Equity investments designated at fair value through other comprehensive income	—	—	75,886	—	—	75,886
Financial assets at fair value through profit and loss	105,752	—	—	—	—	105,752
Trade and notes receivables	—	159	—	114,525	—	114,684
Financial assets include in prepayments, other receivables and other assets	—	—	—	7,015	—	7,015
Restricted cash	—	—	—	3,278	—	3,278
Cash and cash equivalents	—	—	—	92,713	—	92,713
Time deposits	—	112,288	—	322,431	—	434,719
Total	105,752	112,447	75,886	539,962	—	834,047

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Trade and notes payables	62,185
Financial liabilities included in other payables and accruals	115,260
Interest-bearing bank borrowings	2,000
Lease liabilities	14,993
Total	194,438

31 December 2024

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income		Financial assets at amortised cost	Total
	Mandatorily designated as such	Debt investments	Equity investments		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Equity investments designated at fair value through other comprehensive income	—	—	78,429	—	78,429
Financial assets at fair value through profit and loss	119,594	—	—	—	119,594
Trade and notes receivables	—	3,744	—	181,002	184,746
Financial assets include in prepayments, other receivables and other assets . . .	—	—	—	4,061	4,061
Restricted cash	—	—	—	2,167	2,167
Cash and cash equivalents	—	—	—	402,984	402,984
Time deposits	—	289,610	—	20,172	309,782
Total	<u>119,594</u>	<u>293,354</u>	<u>78,429</u>	<u>610,386</u>	<u>1,101,763</u>

Financial liabilities

	Financial liabilities at fair value through profit or loss	Financial liabilities at amortized cost	Total
	Held for trading		
	RMB'000	RMB'000	RMB'000
Trade and notes payables	—	30,334	30,334
Financial liabilities included in other payables and accruals	—	104,388	104,388
Derivative financial instruments	199	—	199
Lease liabilities	—	14,117	14,117
Total	<u>199</u>	<u>148,839</u>	<u>149,038</u>

31 December 2025

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income		Financial assets at amortised cost	Total
	Mandatorily designated as such	Debt investments	Equity investments		
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Equity investments designated at fair value through other comprehensive income	—	—	103,602	—	103,602
Financial assets at fair value through profit and loss	291,498	—	—	—	291,498
Trade and notes receivables	—	6,860	—	228,476	235,336
Financial assets include in prepayments, other receivables and other assets . . .	—	—	—	6,706	6,706
Restricted cash	—	—	—	489	489
Cash and cash equivalents	—	—	—	236,305	236,305
Time deposits	—	677,746	—	60,905	738,651
Total	<u>291,498</u>	<u>684,606</u>	<u>103,602</u>	<u>532,881</u>	<u>1,612,587</u>

Financial liabilities

	Financial liabilities at amortised cost
	<i>RMB'000</i>
Trade and notes payables	81,158
Financial liabilities included in other payables and accruals	122,003
Lease liabilities	6,322
Total	<u>209,483</u>

The Company

31 December 2023

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income		Financial assets at amortised cost	Total
	Mandatorily designated as such	Debt investments	Equity investments		
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Equity investments designated at fair value through other comprehensive income	—	—	75,886	—	75,886
Financial assets at fair value through profit and loss.	80,419	—	—	—	80,419
Trade and notes receivables	—	159	—	78,137	78,296
Financial assets include in prepayments, other receivables and other assets . . .	—	—	—	3,333	3,333
Due from subsidiaries	—	—	—	306,779	306,779
Cash and cash equivalents	—	—	—	26,421	26,421
Time deposits	—	20,202	—	150,998	171,200
Total	80,419	20,361	75,886	565,668	742,334

Financial liabilities

	Financial liabilities at amortised cost
	<i>RMB'000</i>
Trade and notes payables	59,966
Financial liabilities included in other payables and accruals	3,244
Interest-bearing bank borrowings	2,000
Due to subsidiaries	2,867
Lease liabilities	5,057
Total	73,134

31 December 2024

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income		Financial assets at amortised cost	Total
	Mandatorily designated as such	Debt investments	Equity investments		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Equity investments designated at fair value through other comprehensive income	—	—	78,429	—	78,429
Financial assets at fair value through profit and loss	69,218	—	—	—	69,218
Trade and notes receivables	—	484	—	122,222	122,706
Financial assets include in prepayments, other receivables and other assets . . .	—	—	—	1,138	1,138
Due from subsidiaries	—	—	—	71,691	71,691
Cash and cash equivalents	—	—	—	140,311	140,311
Time deposits	—	226,630	—	20,172	246,802
Total	<u>69,218</u>	<u>227,114</u>	<u>78,429</u>	<u>355,534</u>	<u>730,295</u>

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Trade and notes payables	25,912
Financial liabilities included in other payables and accruals	1,541
Due to subsidiaries	13,376
Lease liabilities	5,850
Total	<u>46,679</u>

31 December 2025

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income		Financial assets at amortised cost	Total
	Mandatorily designated as such	Debt investments	Equity investments		
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Equity investments designated at fair value through other comprehensive income	—	—	103,602	—	103,602
Financial assets at fair value through profit and loss	65,364	—	—	—	65,364
Trade and notes receivables	—	272	—	95,302	95,574
Financial assets include in prepayments, other receivables and other assets . . .	—	—	—	1,050	1,050
Due from subsidiaries	—	—	—	477,811	477,811
Cash and cash equivalents	—	—	—	91,424	91,424
Time deposits	—	342,895	—	60,904	403,799
Total	<u>65,364</u>	<u>343,167</u>	<u>103,602</u>	<u>726,491</u>	<u>1,238,624</u>

Financial liabilities

	Financial liabilities at amortised cost
	<i>RMB'000</i>
Trade and notes payables	77,363
Financial liabilities included in other payables and accruals	9,251
Due to subsidiaries	58,628
Lease liabilities	3,439
Total	<u>148,681</u>

36. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the notes receivable classified as financial assets at fair value through other comprehensive income under HKFRS 9 as at the end of each of the Relevant Periods have been calculated by discounting the expected future cash flows, which are the par values of the notes receivable. In addition, the notes receivable will mature within one year, and thus their fair values approximate to their carrying values.

The Group invests in unlisted investments, which represent structured deposits issued by banks in Chinese mainland. The Group has estimated the fair values of these unlisted investments by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

The fair values of the time deposits classified as financial assets at fair value through other comprehensive income under HKFRS 9 as at the end of each of the Relevant Periods have been calculated by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

The fair values of unlisted equity investments designated at fair value through other comprehensive income and unlisted equity investments at fair value through profit and loss have been estimated using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates. The valuation requires the directors to determine comparable public companies (peers) based on industry, size, leverage and strategy, and to calculate an appropriate price multiple, such as price to earnings (“P/E”) multiple, for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by an earnings measure. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding earnings measure of the unlisted equity investments to measure the fair value. The estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in other comprehensive income and profit or loss, are reasonable, and that they were the most appropriate values at the end of the Relevant Periods.

For the fair value of the unlisted equity investments at fair value through other comprehensive income and the unlisted equity investments at fair value through profit and loss, management has estimated the potential effect of using reasonably possible alternatives as inputs to the valuation model.

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at the end of the Relevant Periods:

	<i>RMB'000</i>	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Unlisted equity investments.	26,000–64,566	Recent transaction method/ Asset-based approach	N/A or Discount rate	N/A or 12%	N/A or 5% increase/decrease in discount rate would result in increase/decrease in fair value by RMB1,000–RMB33,000
Unlisted equity investments.	8,386–28,662	Market multiple method	EV/S	3.87x–6.62x	5% increase/decrease in EV/S would result in increase/decrease in fair value by RMB466,000–RMB1,575,000
			Discount for lack of liquidity (“DLOM”)	21%–23%	5% increase/decrease in DLOM would result in decrease/increase in fair value by RMB115,000–RMB261,000
Unlisted equity investments.	1,500–8,283	Market multiple method	EV/S	0.74x–0.83x	5% increase/decrease in EV/S would result in increase/decrease in fair value by RMB22,000–RMB67,000
			DLOM	24%–25%	5% increase/decrease in DLOM would result in decrease/increase in fair value by RMB33,000–RMB251,000
Unlisted equity investments.	1,000–1,657	Market multiple method	EV/S	1.04x–1.20x	5% increase/decrease in EV/S would result in increase/decrease in fair value by RMB23,000–RMB51,000
			DLOM	19%–20%	5% increase/decrease in DLOM would result in decrease/increase in fair value by RMB12,000–RMB19,000
Unlisted equity investments.	10,127–15,922	Market multiple method	EV/S	6.62x–9.81x	5% increase/decrease in EV/S would result in increase/decrease in fair value by RMB168,000–RMB325,000
			DLOM	16%–23%	5% increase/decrease in DLOM would result in decrease/increase in fair value by RMB25,000–RMB88,000
Unlisted equity investments.	4,367	Asset-based approach	N/A	N/A	N/A

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's and the Company's financial instruments:

Assets measured at fair value:

The Group

As at 31 December 2023

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	(Level 1)	(Level 2)	(Level 3)	
	RMB'000	RMB'000	RMB'000	
Equity investments designated at fair value through other comprehensive income	—	—	75,886	75,886
Debt investments at fair value through other comprehensive income	—	112,447	—	112,447
Financial assets at fair value through profit or loss	—	90,625	15,127	105,752
Total	—	203,072	91,013	294,085

As at 31 December 2024

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	(Level 1)	(Level 2)	(Level 3)	
	RMB'000	RMB'000	RMB'000	
Equity investments designated at fair value through other comprehensive income	—	—	78,429	78,429
Debt investments at fair value through other comprehensive income	—	293,354	—	293,354
Financial assets at fair value through profit or loss	—	100,894	18,700	119,594
Total	—	394,248	97,129	491,377

As at 31 December 2025

	Fair value measurement using			Total
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	(Level 1)	(Level 2)	(Level 3)	
	RMB'000	RMB'000	RMB'000	
Equity investments designated at fair value through other comprehensive income	—	—	103,602	103,602
Debt investments at fair value through other comprehensive income	—	684,606	—	684,606
Financial assets at fair value through profit or loss	—	271,197	20,301	291,498
Total	—	955,803	123,903	1,079,706

The movements in fair value measurements within Level 3 during the Relevant Periods are as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Equity investments designated at fair value through other comprehensive income			
At 1 January	36,886	75,886	78,429
Total gains recognised in other comprehensive income	—	2,543	25,173
Purchases	39,000	—	—
Total	75,886	78,429	103,602

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Financial assets at fair value through profit or loss			
At 1 January	15,127	15,127	18,700
Total gains recognised in profit or loss included in other income	—	3,573	1,601
Total	15,127	18,700	20,301

The Company

As at 31 December 2023

	Fair value measurement using			Total
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	(Level 1)	(Level 2)	(Level 3)	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	
Equity investments designated at fair value through other comprehensive income	—	—	75,886	75,886
Debt investments at fair value through other comprehensive income	—	20,361	—	20,361
Financial assets at fair value through profit or loss	—	65,292	15,127	80,419
Total	—	85,653	91,013	176,666

As at 31 December 2024

	Fair value measurement using			Total
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	(Level 1)	(Level 2)	(Level 3)	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	
Equity investments designated at fair value through other comprehensive income	—	—	78,429	78,429
Debt investments at fair value through other comprehensive income	—	227,114	—	227,114
Financial assets at fair value through profit or loss	—	50,518	18,700	69,218
Total	—	277,632	97,129	374,761

As at 31 December 2025

	Fair value measurement using			Total
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	(Level 1)	(Level 2)	(Level 3)	
	RMB'000	RMB'000	RMB'000	
Equity investments designated at fair value through other comprehensive income	—	—	103,602	103,602
Debt investments at fair value through other comprehensive income	—	343,167	—	343,167
Financial assets at fair value through profit or loss	—	45,063	20,301	65,364
Total	—	388,230	123,903	512,133

The movements in fair value measurements within Level 3 during the Relevant Periods are as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Equity investments designated at fair value through other comprehensive income			
At 1 January	36,886	75,886	78,429
Total gains recognised in other comprehensive income	—	2,543	25,173
Purchases	39,000	—	—
Total	75,886	78,429	103,602

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Financial assets at fair value through profit or loss			
At 1 January	15,127	15,127	18,700
Total gains recognised in profit or loss included in other income	—	3,573	1,601
Total	15,127	18,700	20,301

Liabilities measured at fair value:

The Group

As at 31 December 2024

	Fair value measurement using			Total
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	(Level 1)	(Level 2)	(Level 3)	
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Derivative financial instruments	—	199	—	199

The Company did not have any financial liabilities measured at fair value as at 31 December 2023, 2024 and 2025.

The Group did not have any financial liabilities measured at fair value as at 31 December 2023 and 2025.

During the Relevant Periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for financial assets.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments include interest-bearing bank borrowings, cash and cash equivalents. 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 and other receivables, other payables and accruals and trade and notes payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are 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 summarised below.

Foreign currency risk

Foreign currency risk is the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between RMB and other currencies in which the Group conducts business may affect the Group's financial condition and results of operations. The Group seeks to limit its exposure to foreign currency risk by minimising its net foreign currency position.

The following table demonstrates the sensitivity at the end of the Relevant Periods to a reasonably possible change in the United States dollar, European dollar and Japanese Yen exchange rates, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities).

The Group

As at 31 December 2023			
	Increase/(decrease) in foreign currency rate	Increase/(decrease) in profit before tax	Increase/(decrease) in equity
	%	RMB'000	RMB'000
If the RMB weakens against the US\$	5	1,142	1,142
If the RMB strengthens against the US\$	(5)	(1,142)	(1,142)
If the RMB weakens against the EUR	5	184	184
If the RMB strengthens against the EUR	(5)	(184)	(184)
If the RMB weakens against the JPY	5	237	237
If the RMB strengthens against the JPY	(5)	(237)	(237)

As at 31 December 2024			
	Increase/(decrease) in foreign currency rate	Increase/(decrease) in profit before tax	Increase/(decrease) in equity
	%	RMB'000	RMB'000
If the RMB weakens against the US\$	5	1,000	1,000
If the RMB strengthens against the US\$	(5)	(1,000)	(1,000)
If the RMB weakens against the EUR	5	97	97
If the RMB strengthens against the EUR	(5)	(97)	(97)
If the RMB weakens against the JPY	5	175	175
If the RMB strengthens against the JPY	(5)	(175)	(175)

As at 31 December 2025			
	Increase/(decrease) in foreign currency rate	Increase/(decrease)in profit before tax	Increase/(decrease) in equity
	%	RMB'000	RMB'000
If the RMB weakens against the US\$	5	1,525	1,525
If the RMB strengthens against the US\$	(5)	(1,525)	(1,525)
If the RMB weakens against the EUR	5	137	137
If the RMB strengthens against the EUR	(5)	(137)	(137)
If the RMB weakens against the JPY	5	288	288
If the RMB strengthens against the JPY	(5)	(288)	(288)

The Company

As at 31 December 2023			
	Increase/(decrease) in foreign currency rate	Increase/(decrease) in profit before tax	Increase/(decrease) in equity
	%	RMB'000	RMB'000
If the RMB weakens against the US\$	5	327	327
If the RMB strengthens against the US\$	(5)	(327)	(327)

As at 31 December 2024			
	Increase/(decrease) in foreign currency rate	Increase/(decrease) in profit before tax	Increase/(decrease) in equity
	%	RMB'000	RMB'000
If the RMB weakens against the US\$	5	200	200
If the RMB strengthens against the US\$	(5)	(200)	(200)
If the RMB weakens against the EUR	5	64	64
If the RMB strengthens against the EUR	(5)	(64)	(64)

As at 31 December 2025			
	Increase/(decrease) in foreign currency rate	Increase/(decrease) in profit before tax	Increase/(decrease) in equity
	%	RMB'000	RMB'000
If the RMB weakens against the US\$	5	(2,773)	(2,773)
If the RMB strengthens against the US\$	(5)	2,773	2,773

Credit risk

The Group trades mainly with recognised and creditworthy third parties. 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.

Maximum exposure and year-end staging

The table below shows 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 31 December 2023, 2024 and 2025. The amounts presented are gross carrying amounts for financial assets.

The Group

31 December 2023

	12-month ECLs	Lifetime ECLs			Total
	Stage 1	Stage 2	Stage 3	Simplified approach	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables*	—	—	—	117,555	117,555
Financial assets included in prepayments, other receivables and other assets					
— Normal**	7,015	—	—	—	7,015
Restricted cash					
— Not yet past due	3,278	—	—	—	3,278
Cash and cash equivalents					
— Not yet past due	92,713	—	—	—	92,713
Time deposits					
— Not yet past due	322,431	—	—	—	322,431
Total	425,437	—	—	117,555	542,992

31 December 2024

	12-month ECLs		Lifetime ECLs		Total
	Stage 1	Stage 2	Stage 3	Simplified approach	
	RMB'000	RMB'000	RMB'000	RMB'000	
Trade receivables*	—	—	—	186,156	186,156
Financial assets included in prepayments, other receivables and other assets					
— Normal**	4,061	—	—	—	4,061
Restricted cash					
— Not yet past due	2,167	—	—	—	2,167
Cash and cash equivalents					
— Not yet past due	402,984	—	—	—	402,984
Time deposits					
— Not yet past due	20,172	—	—	—	20,172
Total	429,384	—	—	186,156	615,540

31 December 2025

	12-month ECLs		Lifetime ECLs		Total
	Stage 1	Stage 2	Stage 3	Simplified approach	
	RMB'000	RMB'000	RMB'000	RMB'000	
Trade receivables*	—	—	—	239,674	239,674
Financial assets included in prepayments, other receivables and other assets					
— Normal**	6,706	—	—	—	6,706
Restricted cash					
— Not yet past due	489	—	—	—	489
Cash and cash equivalents					
— Not yet past due	236,305	—	—	—	236,305
Time deposits					
— Not yet past due	60,905	—	—	—	60,905
Total	304,405	—	—	239,674	544,079

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 19 to the Historical Financial Information.

** The credit quality of notes receivable and financial assets included in prepayments, other receivables and other assets 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”.

Further quantitative data in respect of the Group’s exposure to credit risk arising from trade receivables are disclosed in note 19 to the Historical Financial Information.

The Company

31 December 2023

	12-month ECLs	Lifetime ECLs			Total
	Stage 1	Stage 2	Stage 3	Simplified approach	
	RMB'000	RMB'000	RMB'000	RMB'000	
Trade and notes receivables*	—	—	—	80,719	80,719
Due from subsidiaries	—	—	—	306,779	306,779
Financial assets included in prepayments, other receivables and other assets					
— Normal**	3,333	—	—	—	3,333
Cash and cash equivalents					
— Not yet past due	26,421	—	—	—	26,421
Time deposits					
— Not yet past due	150,998	—	—	—	150,998
Total	180,752	—	—	387,498	568,250

31 December 2024

	12-month ECLs	Lifetime ECLs			Total
	Stage 1	Stage 2	Stage 3	Simplified approach	
	RMB'000	RMB'000	RMB'000	RMB'000	
Trade and notes receivables*	—	—	—	126,652	126,652
Due from subsidiaries	—	—	—	71,691	71,691
Financial assets included in prepayments, other receivables and other assets					
— Normal**	1,138	—	—	—	1,138
Cash and cash equivalents					
— Not yet past due	140,311	—	—	—	140,311
Time deposits					
— Not yet past due	20,172	—	—	—	20,172
Total	161,621	—	—	198,343	359,964

31 December 2025

	12-month	Lifetime ECLs			Total
	ECLs	ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables*	—	—	—	104,817	104,817
Due from subsidiaries	—	—	—	477,811	477,811
Financial assets included in prepayments, other receivables and other assets					
— Normal**	1,050	—	—	—	1,050
Restricted cash					
— Not yet past due	—	—	—	—	—
Cash and cash equivalents					
— Not yet past due	91,424	—	—	—	91,424
Time deposits					
— Not yet past due	60,904	—	—	—	60,904
Total	153,378	—	—	582,628	736,006

* For trade receivables to which the Company applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 19 to the Historical Financial Information.

** The credit quality of notes receivable and financial assets included in prepayments, other receivables and other assets 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”.

Further quantitative data in respect of the Company’s exposure to credit risk arising from trade receivables are disclosed in note 19 to the Historical Financial Information.

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial investments and financial assets (e.g., trade receivables and other financial assets) and projected cash flows from operations.

The Group’s objective is to maintain a balance between continuity of funding and flexibility through the use of other borrowings.

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

The Group

31 December 2023						
On demand	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total	
<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	
Trade and notes payables	62,185	—	—	—	—	62,185
Other payables	114	6,019	7,993	101,134	—	115,260
Lease liabilities	294	1,135	3,226	6,850	4,048	15,553
Interest-bearing bank borrowings	—	—	2,000	—	—	2,000
Net carrying amount	<u>62,593</u>	<u>7,154</u>	<u>13,219</u>	<u>107,984</u>	<u>4,048</u>	<u>194,998</u>

31 December 2024						
On demand	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total	
<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	
Trade and notes payables	30,334	—	—	—	—	30,334
Other payables	186	2,120	2,082	100,000	—	104,388
Lease liabilities	—	1,416	6,860	5,566	923	14,765
Derivative financial instruments	—	—	199	—	—	199
Net carrying amount	<u>30,520</u>	<u>3,536</u>	<u>9,141</u>	<u>105,566</u>	<u>923</u>	<u>149,686</u>

31 December 2025						
On demand	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total	
<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	
Trade and notes payables	81,158	—	—	—	—	81,158
Other payables	167	7,882	7,313	106,641	—	122,003
Lease liabilities	—	2,032	3,907	524	—	6,463
Net carrying amount	<u>81,325</u>	<u>9,914</u>	<u>11,220</u>	<u>107,165</u>	<u>—</u>	<u>209,624</u>

The Company

31 December 2023						
On demand	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total	
<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	
Trade and notes payables	59,966	—	—	—	—	59,966
Other payables	41	983	719	—	—	1,743
Due to subsidiaries	—	2,867	—	—	—	2,867
Lease liabilities	—	—	—	5,257	—	5,257
Interest-bearing bank borrowings	—	—	2,000	—	—	2,000
Net carrying amount	<u>60,007</u>	<u>3,850</u>	<u>2,719</u>	<u>5,257</u>	<u>—</u>	<u>71,833</u>

31 December 2024						
	On demand	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and notes payables	25,912	—	—	—	—	25,912
Other payables	55	1,036	479	—	—	1,570
Due to subsidiaries	—	13,376	—	—	—	13,376
Lease liabilities	—	—	2,307	3,846	—	6,153
Net carrying amount	25,967	14,412	2,786	3,846	—	47,011

31 December 2025						
	On demand	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and notes payables	77,363	—	—	—	—	77,363
Other payables	31	5,947	1,962	1,311	—	9,251
Due to subsidiaries	—	58,628	—	—	—	58,628
Lease liabilities	—	1,209	1,813	496	—	3,518
Net carrying amount	77,394	65,784	3,775	1,807	—	148,760

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 and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or 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 gearing ratio, which is debt divided by total equity. Debt includes interest-bearing bank borrowings and lease liabilities. The gearing ratios as at the end of each of the Relevant Periods were as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Interest-bearing bank borrowings	2,000	—	—
Lease liabilities	14,993	14,117	6,322
Debt	16,993	14,117	6,322
Total equity	963,148	1,212,010	1,571,750
Gearing ratio	1.8%	1.2%	0.4%

38. INVESTMENTS IN SUBSIDIARIES

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Investments, at cost			
Gpixel Belgium	31,029	31,029	31,029
Gpixel Hangzhou	28,040	337,245	349,214
Gpixel Japan	19,741	19,741	19,741
Changguang Yuanxin	16,602	18,857	22,030
Gpixel Dalian	5,878	6,379	7,025
	<u>101,290</u>	<u>413,251</u>	<u>429,039</u>

The Company assessed the subsidiaries' operation and were of the opinion that no impairment was needed for the investments in subsidiaries as at 31 December 2023, 2024 and 2025.

For Gpixel Japan, the Company believes no impairment is needed given that this subsidiary realised retained earnings as at 2025 and net profit as management expected during the Relevant Periods.

For the remaining subsidiaries, management assessed that there was no impairment at the end of each of the Relevant Periods. Gpixel Belgium was profitable during the Relevant Periods and its financial performance was consistent with management's expectations. For Gpixel Hangzhou, Gpixel Dalian and Changguang Yuanxin, as these subsidiaries were in the startup stage and the research and development activities are under normal process, net losses incurred for the Relevant Periods are within management's expectation.

39. AMOUNTS DUE FROM/(TO) SUBSIDIARIES

As at 31 December 2023, 2024 and 2025, amounts due from/(to) subsidiaries were unsecured, interest-free and repayable on demand. The carrying amounts of balances with subsidiaries approximate to their fair values.

40. EVENTS AFTER THE RELEVANT PERIODS

As at 28 February 2026, Gpixel Hangzhou entered into an asset transaction contract, pursuant to which Gpixel Hangzhou agreed to purchase an office building for RMB 48,705,000.

41. SUBSEQUENT FINANCIAL STATEMENTS

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