

APPENDIX I

ACCOUNTANTS’ REPORT

The following is the text of a report set out on pages I – [1] to I – [●], received from the Company’s reporting accountants, KPMG, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.



ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF 浙江和夏科技股份有限公司 HEXIA TECHNOLOGIES CO., LTD. AND VAST HARBOUR CORPORATE FINANCE LIMITED (FORMERLY KNOWN AS GOLDLINK CAPITAL (CORPORATE FINANCE) LIMITED)

Introduction

We report on the historical financial information of 浙江和夏科技股份有限公司 HEXIA Technologies Co., Ltd. (the “Company”) and its subsidiaries (together, the “Group”) set out on pages I-4 to I-73, which comprises the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2024, 31 December 2025 and 30 June 2026, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated cash flow statements for each of the years ended 31 December 2024 and 31 December 2025 and the six months ended 30 June 2026 (the “Track Record Period”), and material accounting policy information and other explanatory information (together, the “Historical Financial Information”). The Historical Financial Information set out on pages I-4 to I-91 forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [●] (the “Document”) in connection with the initial [REDACTED] of H shares of the Company on GEM of The Stock Exchange of Hong Kong Limited.

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 and presentation set out in Note 1 to the Historical Financial Information, and for such internal control as the directors of the Company 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 (the “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.

APPENDIX I

ACCOUNTANTS' REPORT

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 and presentation set out in Note 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 purpose of the accountants' report, a true and fair view of the Company's and the Group's financial position as at 31 December 2024, 31 December 2025 and 30 June 2026, and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

Review of unaudited interim financial information

We have reviewed the stub period corresponding financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the six months ended 30 June 2025 and other explanatory information (the "Stub Period Corresponding Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Stub Period Corresponding Financial Information in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Corresponding Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" as issued by the HKICPA. A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Corresponding Financial Information, for the purpose of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

APPENDIX I

ACCOUNTANTS' REPORT

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

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to Note 28(b) to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Track Record Period.

Certified Public Accountants

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

[Date]

APPENDIX I

ACCOUNTANTS’ REPORT

HISTORICAL FINANCIAL INFORMATION

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

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by KPMG under separate terms of engagement with the Company in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the “Underlying Financial Statements”).

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Expressed in RMB)

		Years ended 31 December		Six months ended 30 June	
	Note	2024	2025	2025	2026
		RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Revenue	4	137,763	204,575	74,153	92,858
Cost of sales		(93,135)	(152,983)	(53,246)	(68,452)
Gross profit		44,628	51,592	20,907	24,406
Other net income	5	1,477	3,874	1,481	5,437
Selling and marketing expenses		(9,827)	(9,995)	(3,885)	(4,160)
General and administrative expenses		(21,175)	(25,776)	(8,026)	(14,906)
Research and development expenses		(10,545)	(11,852)	(3,805)	(4,912)
Reversal of/(provision for) impairment loss on trade receivable and contract assets		38	4,366	3,943	(347)
Profit from operations		4,596	12,209	10,615	5,518
Share of profits less losses of associates		500	632	(167)	(622)
Finance costs	6(a)	(730)	(2,633)	(2,187)	(1,662)
Changes in carrying amount of redemption liabilities	25	(27,456)	(29,532)	(14,133)	–
(Loss)/profit before taxation	6	(23,090)	(19,324)	(5,872)	3,234
Income tax	7(b)	(637)	(523)	(1,391)	379
(Loss)/profit for the year/period		(23,727)	(19,847)	(7,263)	3,613

APPENDIX I

ACCOUNTANTS' REPORT

		Years ended 31 December		Six months ended 30 June	
	Note	2024	2025	2025	2026
		RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Attributable to:					
Equity shareholders of the Company		(23,727)	(19,847)	(7,263)	3,608
Non-controlling interests		—	—	—	5
(Loss)/profit for the year/period		<u>(23,727)</u>	<u>(19,847)</u>	<u>(7,263)</u>	<u>3,613</u>
(Loss)/earnings per share					
Basic and diluted (RMB)	10	<u>(0.91)</u>	<u>(0.76)</u>	<u>(0.28)</u>	<u>0.14</u>
(Loss)profit for the year/period		(23,727)	(19,847)	(7,263)	3,613
Item that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of financial statements of foreign operations		—	(48)	—	(52)
Other comprehensive income for the year/period		—	(48)	—	(52)
Total comprehensive income for the year/period		<u>(23,727)</u>	<u>(19,895)</u>	<u>(7,263)</u>	<u>3,561</u>
Attributable to:					
Equity shareholders of the Company		(23,727)	(19,895)	(7,263)	3,556
Non-controlling interests		—	—	—	5
Total comprehensive income for the year/period		<u>(23,727)</u>	<u>(19,895)</u>	<u>(7,263)</u>	<u>3,561</u>

The accompanying Notes form part of the Historical Financial Information.

APPENDIX I

ACCOUNTANTS' REPORT

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in RMB)

		As at 31 December		As at
	Note	2024	2025	30 June
		RMB'000	RMB'000	2026
				RMB'000
Non-current assets				
Property, plant and equipment	11	268,381	295,938	292,960
Investment property	11	10,734	10,256	10,013
Right-of-use assets	12	15,365	16,320	16,585
Intangible assets		—	—	324
Interests in associates	14	13,694	14,827	19,128
Deferred tax assets	26(b)	1,892	3,507	5,403
Other non-current assets	15	12,675	7,398	2,999
		<u>322,741</u>	<u>348,246</u>	<u>347,412</u>
Current assets				
Inventories	16	18,680	27,818	41,030
Contract assets	20	69,050	64,438	67,114
Trade and other receivables	17	73,783	88,828	84,390
Income tax recoverable	26(a)	515	972	1,414
Cash and cash equivalents	18	10,316	35,947	16,025
Restricted cash balances	18	289	853	—
		<u>172,633</u>	<u>218,856</u>	<u>209,973</u>
Current liabilities				
Trade and other payables	19	75,520	107,733	85,098
Contract liabilities	20	24,867	10,348	6,931
Interest-bearing borrowings	21	82,434	99,264	114,131
Income tax payable	26(a)	1,244	1,988	2,826
Lease liabilities	22	3,286	2,005	2,215
Other borrowings	24	23,368	33,949	17,340
Redemption liabilities	25	247,773	—	—
		<u>458,492</u>	<u>255,287</u>	<u>228,541</u>
Net current liabilities		<u>(285,859)</u>	<u>(36,431)</u>	<u>(18,568)</u>
Total assets less current liabilities		<u>36,882</u>	<u>311,815</u>	<u>328,844</u>

APPENDIX I

ACCOUNTANTS’ REPORT

		As at 31 December		As at
	Note	2024	2025	30 June
		RMB’000	RMB’000	2026
				RMB’000
Non-current liabilities				
Interest-bearing borrowings	21	35,768	36,106	56,768
Lease liabilities	22	8,445	9,427	9,820
Deferred income	23	882	2,224	2,103
Other borrowings	24	16,254	9,115	1,649
		<u>61,349</u>	<u>56,872</u>	70,340
NET (LIABILITIES)/ASSETS		<u>(24,467)</u>	<u>254,943</u>	<u>258,504</u>
CAPITAL AND RESERVES				
Share capital	28	26,117	26,630	26,630
Reserves		<u>(50,584)</u>	<u>228,313</u>	<u>231,869</u>
Total equity attributable to equity shareholders of the Company		(24,467)	254,943	258,499
Non-controlling interests		<u>—</u>	<u>—</u>	<u>5</u>
TOTAL (DEFICIT)/EQUITY		<u>(24,467)</u>	<u>254,943</u>	<u>258,504</u>

The accompanying Notes form part of the Historical Financial Information.

APPENDIX I

ACCOUNTANTS’ REPORT

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

(Expressed in RMB)

		As at 31 December		As at
	Note	2024	2025	30 June
		RMB’000	RMB’000	2026
				RMB’000
Non-current assets				
Property, plant and equipment	11	158,990	167,596	162,915
Investment property	11	10,734	10,256	10,013
Right-of-use assets	12	7,687	11,108	10,548
Intangible assets		–	–	324
Investments in subsidiaries	13	24,000	35,100	42,000
Interests in associates	14	13,694	14,804	14,604
Deferred tax assets	26(b)	1,759	2,833	4,704
Other non-current assets	15	6,408	4,785	2,815
		<u>223,272</u>	<u>246,482</u>	<u>247,923</u>
Current assets				
Inventories	16	14,230	19,315	13,819
Contract assets	20	37,629	38,846	37,546
Trade and other receivables	17	147,797	186,316	217,901
Income tax recoverable	26(a)	509	960	951
Cash and cash equivalents	18	5,803	13,788	2,869
Restricted cash balances	18	289	853	–
		<u>206,257</u>	<u>260,078</u>	<u>273,086</u>
Current liabilities				
Trade and other payables	19	59,250	111,971	134,563
Contract liabilities	20	24,636	10,244	5,921
Interest-bearing borrowings	21	65,093	84,212	89,111
Lease liabilities	22	984	1,169	912
Other borrowings	24	20,012	28,264	12,226
Redemption liabilities	25	247,773	–	–
		<u>417,748</u>	<u>235,860</u>	<u>242,733</u>
Net current (liabilities)/assets		<u>(211,491)</u>	<u>24,218</u>	<u>30,353</u>
Total assets less current liabilities		<u>11,781</u>	<u>270,700</u>	<u>278,276</u>

APPENDIX I

ACCOUNTANTS’ REPORT

		As at 31 December		As at
	Note	2024	2025	30 June
		RMB’000	RMB’000	2026
				RMB’000
Non-current liabilities				
Interest-bearing borrowings	21	35,768	29,768	56,768
Lease liabilities	22	1,263	4,787	4,319
Deferred income	23	882	2,224	2,103
Other borrowings	24	16,254	9,115	1,649
		<u>54,167</u>	<u>45,894</u>	<u>64,839</u>
NET (LIABILITIES)/ASSETS		<u>(42,386)</u>	<u>224,806</u>	<u>213,437</u>
CAPITAL AND RESERVES				
Share capital	28	26,117	26,630	26,630
Reserves		<u>(68,503)</u>	<u>198,176</u>	<u>186,807</u>
TOTAL (DEFICIT)/EQUITY		<u>(42,386)</u>	<u>224,806</u>	<u>213,437</u>

The accompanying Notes form part of the Historical Financial Information.

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Expressed in RMB)

	Note	Attributable to equity shareholders of the Company				TOTAL EQUITY/ (DEFICIT) RMB'000
		Share capital RMB'000	Capital reserve RMB'000	Exchange reserve RMB'000	Accumulated losses RMB'000	
Balance at 1 January 2024		<u>25,651</u>	<u>16,312</u>	<u>–</u>	<u>(36,480)</u>	<u>5,483</u>
Changes in equity for 2024						
Total comprehensive loss		<u>–</u>	<u>–</u>	<u>–</u>	<u>(23,727)</u>	<u>(23,727)</u>
Capital contribution from a shareholder	28	–	2,500	–	–	2,500
Share issuance	28	466	19,534	–	–	20,000
Redemption rights granted upon share issuance	25	–	(20,000)	–	–	(20,000)
Redemption rights granted upon transfer of shares from the ultimate controlling shareholder	25	–	(10,000)	–	–	(10,000)
Equity-settled share-based transactions	27	<u>–</u>	<u>1,277</u>	<u>–</u>	<u>–</u>	<u>1,277</u>
Balance at 31 December 2024 and 1 January 2025		<u><u>26,117</u></u>	<u><u>9,623</u></u>	<u><u>–</u></u>	<u><u>(60,207)</u></u>	<u><u>(24,467)</u></u>
Changes in equity for 2025:						
Loss for the year		–	–	–	(19,847)	(19,847)
Other comprehensive income		<u>–</u>	<u>–</u>	<u>(48)</u>	<u>–</u>	<u>(48)</u>
Total comprehensive loss		<u>–</u>	<u>–</u>	<u>(48)</u>	<u>(19,847)</u>	<u>(19,895)</u>
Share issuance	28	513	21,487	–	–	22,000
Redemption rights granted upon share issuance	25	–	(22,000)	–	–	(22,000)
Termination of redemption rights	25	<u>–</u>	<u>299,305</u>	<u>–</u>	<u>–</u>	<u>299,305</u>
Balance at 31 December 2025		<u><u>26,630</u></u>	<u><u>308,415</u></u>	<u><u>(48)</u></u>	<u><u>(80,054)</u></u>	<u><u>254,943</u></u>

APPENDIX I

ACCOUNTANTS’ REPORT

Note	Attributable to equity shareholders of the Company					Non-	TOTAL EQUITY
	Share capital RMB’000	Capital reserve RMB’000	Exchange reserve RMB’000	Accumulated losses RMB’000	Total RMB’000	controlling interests RMB’000	
Balance at 31 December 2025 and 1 January 2026	26,630	308,415	(48)	(80,054)	254,943	–	254,943
Changes in equity for six months ended 30 June 2026							
Profit for the period	–	–	–	3,608	3,608	5	3,613
Other comprehensive income	–	–	(52)	–	(52)	–	(52)
Total comprehensive income	–	–	(52)	3,608	3,556	5	3,561
Balance at 30 June 2026	26,630	308,415	(100)	(76,446)	258,499	5	258,504

(unaudited)

Note	Attributable to equity shareholders of the Company			TOTAL
	Share capital RMB’000	Capital reserve RMB’000	Accumulated losses RMB’000	DEFICIT RMB’000
Balance at 31 December 2024 and 1 January 2025	26,117	9,623	(60,207)	(24,467)
Changes in equity for six months ended 30 June 2025:				
Loss for the period	–	–	(7,263)	(7,263)
Total comprehensive loss	–	–	(7,263)	(7,263)
Balance at 30 June 2025	26,117	9,623	(67,470)	(31,730)

The accompanying Notes form part of the Historical Financial Information.

APPENDIX I

ACCOUNTANTS' REPORT

CONSOLIDATED CASH FLOW STATEMENTS

(Expressed in RMB)

		Years ended 31 December		Six months ended 30 June	
	Note	2024	2025	2025	2026
		RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Operating activities					
Cash generated from/(used in) operations	18(b)	14,214	53,254	12,492	(972)
Interest received		253	28	4	7
Income tax paid		(3,578)	(1,851)	(2,474)	(1,121)
Net cash generated from/(used in) operating activities		<u>10,889</u>	<u>51,431</u>	<u>10,022</u>	<u>(2,086)</u>
Investing activities					
Payment for the purchase of property, plant and equipment		(52,731)	(58,852)	(34,168)	(23,353)
Payment for the purchase of intangible assets		–	–	–	(373)
Payments for the investments in associates		(2,000)	(501)	(100)	(400)
Repayment of advances to a related party		1,348	–	–	–
Net cash used in investing activities		<u>(53,383)</u>	<u>(59,353)</u>	<u>(34,268)</u>	<u>(24,126)</u>
Financing activities					
Capital element of lease rentals paid	18(c)	(1,437)	(307)	–	(794)
Interest element of lease rentals paid	18(c)	(538)	(341)	(210)	(200)
Proceeds from interest-bearing borrowings	18(c)	72,035	97,172	18,000	120,000
Repayments of interest-bearing borrowings	18(c)	(79,515)	(80,004)	(11,861)	(84,471)
Interest paid for interest-bearing borrowings	18(c)	(4,699)	(5,094)	(2,697)	(2,327)
Payment of capitalised [REDACTED] [REDACTED]		–	(298)	–	(620)
Capital contributions from a shareholder	28(a)(i)	2,500	–	–	–
Share issuance	25	20,000	22,000	–	–
Proceeds from other borrowings	18(c)	46,574	40,377	36,738	15,159
Repayments of other borrowings	18(c)	(16,867)	(36,935)	(15,858)	(39,234)
Interest paid for other borrowings	18(c)	(2,679)	(2,969)	(1,307)	(1,171)
Net cash generated from financing activities		<u>35,374</u>	<u>33,601</u>	<u>22,805</u>	<u>6,342</u>

APPENDIX I

ACCOUNTANTS’ REPORT

		Years ended 31 December		Six months ended 30 June	
	Note	2024	2025	2025	2026
		RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Net (decrease)/increase in cash and cash equivalents		(7,120)	25,679	(1,441)	(19,870)
Cash and cash equivalents at the beginning of the year/period		17,436	10,316	10,316	35,947
Effect of foreign exchange rate changes		—	(48)	—	(52)
Cash and cash equivalents at the end of the year/period	18(a)	<u>10,316</u>	<u>35,947</u>	<u>8,875</u>	<u>16,025</u>

The accompanying Notes form part of the Historical Financial Information.

APPENDIX I

ACCOUNTANTS’ REPORT

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

(Expressed in RMB)

1 Basis of preparation and presentation of Historical Financial Information

HEXIA Technologies Co., Ltd. (浙江和夏科技股份有限公司) (Original name was Zhejiang Hexia Automotive Testing Technology Co., Ltd. (浙江和夏汽車檢測技術有限公司)) (hereinafter referred to as “the Company”) was incorporated in the People’s Republic of China (the “PRC”) on 23 October 2017 as a limited liability company under the Company Law of the PRC. In August 2020, the Company was converted from a limited liability company into a joint stock limited liability company.

The Company and its subsidiaries (hereinafter referred to as “the Group”) are engaged in delivering automotive testing solutions for domestic and international automotive and components manufacturers. Automotive testing solutions includes (i) automotive testing, (ii) testing facility solutions and (iii) the sales of automotive components. The Group’s operations are mainly in the PRC.

The financial statements of the Company and the subsidiaries of the Group for which there are statutory requirements were prepared in accordance with the relevant accounting rules and regulations applicable to entities in the countries in which they were incorporated and/or established. The financial statements of the Company for the year ended 31 December 2024 were prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC (the “PRC GAAP”) and audited by Lianda Certified Public Accountants (Special General Partnership) Shanghai Branch (利安達會計師事務所(特殊普通合夥)上海分所). The financial statements of the Company for the year ended 31 December 2025 were prepared in accordance with the PRC GAAP and audited by Beijing zhongmingguocheng Certified Public Accountants (Special General Partnership) (北京中名國成會計師事務所(特殊普通合夥)).

As at the date of this report, the Company has direct or indirect interests in the following subsidiaries, all of which are private and limited liability companies:

Name of company	Note	Date and location of incorporation/ establishment	Particulars of registered capital/ paid-up capital	Proportion of ownership interest		Principal place of operation and activities
				Held by the Company	Held by the subsidiary	
Jinan Hexia Automotive Technology Co., Ltd. (濟南和夏汽車技術有限公司)	(i)(iv)	The PRC/ 13 March 2017	RMB2,000,000/ RMB2,000,000	100%	–	The PRC/ No substantial operation
Zhejiang Hexia Testing and Certification Technology Co., Ltd. (浙江和夏檢測認證技術有限公司)	(i)(iii)	The PRC/ 24 June 2022	RMB20,000,000/ RMB2,000,000	100%	–	The PRC/ No substantial operation
Shanghai Hexia New Energy Technology Co., Ltd. (上海和夏新能源科技有限公司)	(i)(iii)	The PRC/ 19 January 2017	RMB10,000,000/ RMB10,000,000	100%	–	The PRC/ Automotive service& manufacturing
Shanghai Hexia Jundao Intelligent Technology Co., Ltd. (上海和夏駿道智能科技有限公司)	(i)(iii)	The PRC/ 3 September 2021	RMB10,000,000/ RMB10,000,000	100%	–	The PRC/ Automotive service& manufacturing
Rugao Junfu Technology Co., Ltd. (如皋駿富科技有限公司)	(i)(iii)	The PRC/ 1 November 2023	RMB1,000,000/ Nil	100%	–	The PRC/ Automotive service& manufacturing
Shanghai Hexia Junzhi Technology Co., Ltd. (上海和夏駿智科技有限公司)	(i)(iii)	The PRC/ 25 January 2021	RMB20,000,000/ RMB20,000,000	–	100%	The PRC/ Automotive service & manufacturing
Chongqing Meiyaersi Technology Development Co., Ltd. (重慶美雅爾斯科技發展有限公司)	(i)(iii)	The PRC/ 15 March 2016	RMB10,000,000/ RMB1	–	100%	The PRC/ Automotive service& manufacturing

APPENDIX I

ACCOUNTANTS’ REPORT

Name of company	Note	Date and location of incorporation/ establishment	Particulars of registered capital/ paid-up capital	Proportion of ownership interest		Principal place of operation and activities
				Held by the Company	Held by the subsidiary	
Shenzhen Zhongka Automotive Parts Co., Ltd. (深圳市眾卡汽車零部件有限公司)	(i)(iii)(v)	The PRC/ 30 August 2018	RMB5,000,000/ RMB3,000,000	–	100%	The PRC/ Automotive service& manufacturing
Zhejiang Jiayu Intelligent Equipment Co., Ltd. (浙江嘉馭智能裝備有限公司)	(i)(vii)	The PRC/ 23 July 2025	RMB10,000,000/ RMB10,000,000	100%	–	The PRC/ Automotive service& manufacturing
Zhejiang Jiayi Intelligent Technology Co., Ltd. (浙江嘉際智能科技有限公司)	(i)(vii)	The PRC/ 24 September 2025	RMB10,000,000/ RMB10,000,000	100%	–	The PRC/ No substantial operation
Shanghai Chike Intelligent Technology Co., Ltd. (上海馳科智能科技有限公司)	(i)(ii)(vi)	The PRC/ June 25 2023	RMB5,000,000/ RMB5,000,000	–	100%	The PRC/ Automotive service& manufacturing
Zhejiang Chike Intelligent Equipment Co., Ltd. (浙江馳科智能裝備有限公司)	(i)(ii)	The PRC/ March 13 2026	RMB10,000,000/ Nil	–	95%	The PRC/ No substantial operation
Chongqing Jiuhuan Technology Service Co., Ltd. (重慶九寰科技服務有限公司)	(i)(ii)	The PRC/ March 23 2026	RMB500,000/ Nil	–	60%	The PRC/ No substantial operation
Jiangsu Chike Intelligent Equipment Co., Ltd. (江蘇馳科智能裝備有限公司)	(i)(ii)	The PRC/ July 14 2026	RMB10,000,000/ Nil		100%	The PRC/ No substantial operation
Singmobility Technology Surveillance Pte Ltd.	(ii)	Singapore/ 18 March 2025	SGD400,000/ SGD400,000	–	100%	Singapore/ Automotive service& manufacturing

Notes:

- (i) These entities are limited liability companies established in the PRC. The official name of these entities is in Chinese. The English name is for identification purpose only.
- (ii) No audited financial statements of these entities for the years ended 31 December 2024 and 31 December 2025 were prepared.
- (iii) The financial statements of these entities for the year ended 31 December 2024 were prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC and were audited by Lianda Certified Public Accountants (Special General Partnership) Shanghai Branch (利安達會計師事務所(特殊普通合夥)上海分所). The financial statements of these entities for the year ended 31 December 2025 were prepared in accordance with the PRC GAAP and audited by Beijingzhongmingguocheng Certified Public Accountants (Special General Partnership) (北京中名國成會計師事務所(特殊普通合夥)).
- (iv) In January 2026, the subsidiary was de-registered. The financial statements of this entity for the year ended 31 December 2024 were prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC and were audited by Lianda Certified Public Accountants (Special General Partnership) Shanghai Branch (利安達會計師事務所(特殊普通合夥)上海分所). No audited financial statements of this entity were prepared for the year ended 31 December 2025.
- (v) In March 2026, the subsidiary was de-registered.
- (vi) From the establishment of the entity until January 2026, the Group held a 60% proportion of ownership interest in the subsidiary. In February 2026, the Group acquired the remaining 40% minority interest for nil consideration.

APPENDIX I

ACCOUNTANTS’ REPORT

- (vii) No audited financial statements of these entities for the years ended 31 December 2024, as they have not been incorporated. The financial statements of these entities for the year ended 31 December 2025 were prepared in accordance with the PRC GAAP and audited by Beijingzhongmingguocheng Certified Public Accountants (Special General Partnership) (北京中名國成會計師事務所 (特殊普通合夥)).

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

The Group had net current liabilities of RMB18,568,000 as at 30 June 2026. Based on the projection of the Group’s profit and cash inflows from operations and the unutilised banking facilities of RMB8,002,000 as at 30 June 2026, the directors concluded that the Group is able to continue as a going concern for the next twelve months from the date of this report.

The Historical Financial Information has been prepared in accordance with all applicable IFRS Accounting Standards as issued by the International Accounting Standards Board (the “IASB”). Further details of the material accounting policy information are set out in Note 2.

The IASB has issued a number of new and revised IFRS Accounting Standards. For the purpose of preparing the Historical Financial Information, the Group has adopted all applicable new and revised IFRS Accounting Standards to the Track Record Period, except for any new standards or interpretations that are not yet effective for the Track Record Period. The revised and new accounting standards and interpretations issued but not yet effective for the Track Record Period are set out in Note 33.

The Historical Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited.

The accounting policies set out below have been applied consistently to all periods presented in the Historical Financial Information.

The Stub Period Corresponding Financial Information has been prepared in accordance with the same basis of preparation and presentation adopted in respect of the Historical Financial Information.

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

2 Material accounting policy information

(a) Basis of measurement

The measurement basis used in the preparation of the Historical Financial Information is the historical cost basis except that certain bills receivables are stated at their fair value as explained in Notes 2(e) and 2(m).

(b) Use of estimates and judgements

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

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

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

(c) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

APPENDIX I

ACCOUNTANTS' REPORT

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment. For each business combination, the Group can elect to measure any non-controlling interests ("NCI") either at fair value or at the NCI's proportionate share of the subsidiary's net identifiable assets. NCI are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. NCI in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statements of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between NCI and the equity shareholders of the Company. Loans from holders of NCI and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with Notes 2(o), (p) or (q) depending on the nature of the liability.

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

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

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

(d) Associates

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

An interest in an associate is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group classified as held for sale). They are initially recognised at cost, which includes transaction costs. Subsequently, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income ("OCI") of those investees, until the date on which significant influence ceases.

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method, together with any other long-term interests that in substance form part of the Group's net investment in the associate, after applying the ECL model to such other long-term interests where applicable (see Note 2(j)).

Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent there is no evidence of impairment.

In the Company's statements of financial position, investments in associates are accounted for using the equity method.

(e) Other investments in securities

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

(i) Non-equity investments

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

- amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Expected credit losses, interest income calculated using the effective interest method (see Note 2(u)(iv)), foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
- FVOCI – recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses are recognised in profit or loss and computed in the same manner as if the financial asset was measured at amortised cost. The difference

APPENDIX I

ACCOUNTANTS' REPORT

between the fair value and the amortised cost is recognised in OCI. When the investment is derecognised, the amount accumulated in OCI is recycled from equity to profit or loss.

- FVPL if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

(f) *Investment property*

Investment property is stated at cost less accumulated depreciation and impairment losses (see Note 2(j)(ii)). Depreciation is calculated to write-off the cost of investment property less its estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

- Investment properties-Lands 25 – 50 years

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

Any gain or loss on disposal of investment property is recognised in profit or loss. Rental income from investment properties is recognised in accordance with Note 2(u)(vi).

(g) *Property, plant and equipment*

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

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

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components).

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss. Any related revaluation surplus is transferred from the revaluation reserve to retained profits and is not reclassified to profit or loss.

Depreciation is calculated to write-off the cost of items of property, plant and equipment less their estimated residual values, if any, using the straight-line method over their estimated useful lives as follows:

- Buildings 20 – 50 years
- Equipment and machinery 3 – 10 years
- Building and leasehold improvements Shorter of useful lives or lease terms

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

(h) *Intangible assets*

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

Intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses (see note 2(j)).

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

- Software 5 years

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

APPENDIX I

ACCOUNTANTS' REPORT

(i) *Leased assets*

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

(i) *As a lessee*

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

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

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

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

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

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

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

(ii) *As a lessor*

The Group determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. Otherwise, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The rental income from operating leases is recognised in accordance with Note 2(u)(vi).

When the Group is an intermediate lessor, the sub-leases are classified as a finance lease or as an operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the exemption described in Note 2(i)(i), then the Group classifies the sub-lease as an operating lease.

APPENDIX I

ACCOUNTANTS' REPORT

(j) *Credit losses and impairment of assets*

(i) *Credit losses from financial instruments*

The Group recognises a loss allowance for expected credit losses ("ECLs") on the financial assets measured at amortised cost, including cash and cash equivalents, restricted cash balances, trade and other receivables, contract assets and non-equity securities measured at FVOCI.

Measurement of ECLs

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

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

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

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

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

ECLs are measured on either of the following bases:

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

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

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held). The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

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

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

APPENDIX I

ACCOUNTANTS' REPORT

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Credit-impaired financial assets

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

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

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

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

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

(ii) Impairment of other non-current assets

At each reporting date, the Group reviews the carrying amounts of the following non-financial assets to determine whether there is any indication of impairment:

- property, plant and equipment, including the construction in progress;
- intangible assets;
- right-of-use assets;
- Investment property;
- Investments in subsidiaries in the Company's statements of financial position;
- Interests in associates.

If any such indication exists, the asset's recoverable amount is estimated.

Calculation of recoverable amount

The recoverable amount of an asset is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

Reversals of impairment losses

The impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

APPENDIX I

ACCOUNTANTS' REPORT

(k) Inventories

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

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

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

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

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

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

(l) Contract assets and contract liabilities

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

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

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method.

(m) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has unconditional right to receive consideration, the amount is presented as a contract asset.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs.

Except for certain bills receivable measured at FCOVI, receivables are subsequently stated at amortised cost, using the effective interest method and including an allowance for credit losses (see Note 2(j)(i)).

(n) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECL in accordance with the policy set out in Note 2(j)(i)).

(o) Trade and other payables

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

(p) Redemption Liabilities

A contract that contains an obligation to purchase the Company's equity instruments for cash or another financial asset gives rise to a financial liability for the redemption amount, even if the Company's obligations to purchase is conditional on the counterparty exercising a right to redeem. The redemption liability is measured at the highest redemption amount (on a present value basis) the Company could be

APPENDIX I

ACCOUNTANTS' REPORT

required to pay from time to time. Any change in the carrying amount of the redemption liability arising from remeasurement of the redemption amount is recognised in profit or loss. The then carrying amount of the redemption liability is reclassified to equity upon a termination of the counterparty's redemption right.

The redemption liability is classified as current as the Company does not have the right at the reporting date to defer settlement of the liability for at least 12 months from the reporting date.

(q) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with the Group's accounting policy for borrowing costs (see Note 2(x)).

(r) Employee benefits

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

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

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

(ii) Equity-settled share-based payments

The grant-date fair value of equity-settled share-based payments granted to employees is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service conditions at the vesting date.

(iii) Termination benefits

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

(s) Income tax

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

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

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

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

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;
- temporary differences related to investment in subsidiaries and associates to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;
- taxable temporary differences arising on the initial recognition of goodwill; and
- those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Global Anti-Base Erosion Model Rules ("Pillar Two model rules") published by the Organisation for Economic Co-operation and Development.

APPENDIX I

ACCOUNTANTS' REPORT

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

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

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

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

(t) Provisions and contingent liabilities

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

A provision for warranties is recognised when the underlying products of services are sold, based on historical warranty data and a weighting of possible outcomes against their associated probabilities.

A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract, which is determined based on the incremental costs of fulfilling the obligation under that contract and an allocation of other costs directly related to fulfilling that contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract (see Note 2(j)(ii)).

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

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

(u) Revenue and other income

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

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

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

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

(i) Automotive testing

Revenue from automotive testing is recognised upon transfer of test data or data validation report to the client.

(ii) Testing facility solutions

Revenue from testing facility solutions is recognised upon the transfer of control to the customer, which occurs when equipment is delivered to the client's designated site and final customer acceptance is obtained.

APPENDIX I

ACCOUNTANTS' REPORT

(iii) Sales of automotive components

Sales of automotive components is recognised when control of the goods transfers to the customer, which occurs upon delivery to the client's site and their acceptance of the goods.

(iv) Interest income

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

(v) Government grants

Government grants are recognised in the statements of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are recognised initially as deferred income and amortised to profit or loss on a straight-line basis over the useful life of the asset by way of being recognised in other income.

(vi) Rental income from operating leases

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are earned.

(v) Translation of foreign currencies

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

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

(w) Sale and leaseback transactions

The Group applies the requirements of IFRS 15 Revenue from Contracts with Customers to assess whether sale and leaseback transaction constitutes a sale by the Group.

The Group as a seller-lessee

For a transfer that does not satisfy the requirements of IFRS 15 as a sale, the Group as a seller-lessee continues to recognise the assets and accounts for the sale proceeds as other borrowings within the scope of IFRS 9 Financial Instruments.

(x) Borrowing costs

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

(y) Related parties

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

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

APPENDIX I

ACCOUNTANTS' REPORT

- (b) An entity is related to the Group if any of the following conditions applies:
 - (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a Group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

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

(z) Segment reporting

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

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

3 Critical accounting judgement and estimates

(a) Allowance for impairment of trade and other receivables

The Group's management determines the loss allowance for expected credit losses on trade and other receivables based on an assessment of the present value of all expected cash shortfalls. These estimates are based on the information about past events, current conditions and forecasts of future economic conditions. The Group's management reassesses the loss allowance at each reporting period end.

(b) Depreciation and amortisation

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

4 Revenue and segment reporting

(a) Revenue

The principal activities of the Group are providing automotive testing, testing facility solutions and sales of automotive components.

The Group's chief operating decision maker is the general manager of the Group, who reviews the Group's results of operations as a whole for the purpose of making decisions about resource allocation and performance assessment. Accordingly, the Group has one reportable operating segment with no reportable segment information presented.

APPENDIX I

ACCOUNTANTS’ REPORT

(i) *Disaggregation of revenue*

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

	Years ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
			(unaudited)	
Revenue from contracts with customers within the scope of IFRS 15				
Disaggregated by major products or service lines				
– Automotive testing	112,680	153,959	70,844	69,036
– Testing facility solutions	21,666	45,833	1,070	23,201
– Sales of automotive components	3,417	4,783	2,239	621
	<u>137,763</u>	<u>204,575</u>	<u>74,153</u>	<u>92,858</u>

The Group’s revenue from contracts with customers were recognised at point in time.

(ii) *Information about major customers:*

During the Track Record Period, the Group’s customers with whom transactions have exceeded 10% of the total revenue of the Group in the respective years/periods are as follows:

	Years ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
			(unaudited)	
Customer A	N/A*	28,288	N/A*	N/A*
Customer B	N/A*	N/A*	8,777	18,052
Customer C	N/A*	N/A*	N/A*	10,388

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

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

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

(b) *Segment reporting*

(i) *Segment information*

IFRS 8, Operating Segments, requires identification and disclosure of operating segment information based on internal financial reports that are regularly reviewed by the Company’s chief operating decision maker for the purpose of resources allocation and performance assessment. The Group manages its businesses as a whole by the most senior executive management for the purposes of resource allocation and performance assessment. The Group’s chief operating decision maker is the chief executive officer of the Group who reviews the Group’s consolidated results of operations in assessing performance of and making decisions about allocations to this segment. On this basis, the Company has determined that it only has one operating segment.

APPENDIX I

ACCOUNTANTS’ REPORT

Geographical information

The following table sets out information about the geographical location of the Group’s revenue from external customers. The geographical location of customers is based on the location of the customers.

	Years ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000
			(unaudited)	
The PRC	133,913	200,730	74,103	92,858
Other Asian countries *	3,850	3,845	50	—
	<u>137,763</u>	<u>204,575</u>	<u>74,153</u>	<u>92,858</u>

* Other Asian countries primarily include Japan and Malaysia.

The geographical location of specified non-current assets (primarily property, plant and equipment, investment property, right-of-use assets, intangible assets and interest in associate) is based on the physical location of the assets, in the case of property, plant and equipment, investment property and right-of-use assets, and the location of operations, in the case of interest in an associate. During the Track Record Period, all of the Group’s specified non-current assets are physically located in the Chinese Mainland. Accordingly, no segment analysis based on geographical locations of the assets is provided.

5 Other net income

	Years ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000
			(unaudited)	
Government grants	1,744	2,554	1,420	401
Net gain on disposal of PPE and early termination of lease	—	860	—	—
Interest income	253	28	4	7
Rental income, net	675	594	144	229
Gain on the dilution of interests in an associate	—	—	—	4,523
Others	(1,195)	(162)	(87)	277
	<u>1,477</u>	<u>3,874</u>	<u>1,481</u>	<u>5,437</u>

Government grants are primarily represent reward and subsidies provided to the Group for its contribution to the local innovation and technology growth.

6 (Loss)/profit before taxation

(Loss)/profit before taxation is arrived at after charging:

(a) Finance costs

	Years ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000
			(unaudited)	
Interest on interest-bearing borrowings	4,699	5,094	2,697	2,327
Interest on other borrowings	2,679	2,969	1,307	1,171
Interest on lease liabilities	539	407	234	200
Less: interest expense capitalised into construction in progress*	(7,187)	(5,837)	(2,051)	(2,036)
	<u>730</u>	<u>2,633</u>	<u>2,187</u>	<u>1,662</u>

APPENDIX I

ACCOUNTANTS’ REPORT

* The borrowing costs have been capitalized at a rate range of 3.1%-6.95%, 2.7%-6.95%, 2.7%-6.95% (unaudited) and 2.5%-6.78% per annum, respectively, for the years ended December 31, 2024 and 2025 and six months ended June 30, 2025 and 2026.

(b) *Staff costs*

	Years ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
			(unaudited)	
Equity-settled share-based payment expenses	1,277	–	–	–
Salaries, wages and other benefits	43,594	42,377	17,767	19,508
Contributions to defined contribution retirement plans (i)	2,359	2,314	1,122	1,293
	<u>47,230</u>	<u>44,691</u>	<u>18,889</u>	<u>20,801</u>

(i) Employees of the Group’s PRC entities are required to participate in a defined contribution scheme administered and operated by the local municipal government authorities, whereby the PRC entities are required to make contribution at the rates required by different local government authorities. The local government authorities are responsible for the pension obligations payable to the retired employees covered under the Schemes. The Group has no other material obligation for the payment of retirement benefits associated with these schemes beyond the annual contributions described above.

(c) *Other items*

	Years ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
			(unaudited)	
Depreciation and Amortisation				
– Investment property, property, plant and equipment (Note 11)	18,279	23,654	12,505	13,739
– Right-of-use assets (Note 12)	2,321	2,165	1,160	1,132
– Intangible assets	–	–	–	5
Cost of inventories (Note 16(b))	92,988	151,945	53,008	67,598
Research and development expenses	10,545	11,852	3,805	4,912
[REDACTED]	–	7,761	–	4,781

(i) During the years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026, cost of inventories and research and development expenses include staff costs, depreciation and amortisation expenses of RMB40,460,000, RMB47,201,000, RMB21,890,000 (unaudited) and RMB25,384,000, respectively, which amounts are also included in the respective total amounts disclosed separately above.

7 Income tax in the consolidated statements of profit or loss

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

	Years ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
			(unaudited)	
Current tax				
Provision for the year/period	1,390	2,138	1,195	1,517
Deferred tax				
Origination and reversal of temporary differences	(753)	(1,615)	196	(1,896)
	<u>637</u>	<u>523</u>	<u>1,391</u>	<u>(379)</u>

APPENDIX I

ACCOUNTANTS’ REPORT

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

	Years ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
(Loss)/profit before taxation	(23,090)	(19,324)	(5,872)	3,234
Notional tax on (loss)/profit before taxation, calculated at the rates applicable to profits in the countries concerned	(5,773)	(4,831)	(1,468)	809
Effect of preferential tax rate	2,466	1,408	514	(380)
Tax effect of non-deductible expenses	4,610	4,849	2,195	55
Tax effect of share of (profits)/losses of associates	(75)	(95)	25	93
Tax effect of gain on the dilution of interests in an associate	–	–	–	(678)
Tax effect of super deduction for research and development (i)	(1,387)	(1,313)	(418)	(562)
Tax effect of unused tax losses and deductible temporary differences not recognised	796	505	543	311
Tax impact of utilisation of unrecognised tax losses in prior years	–	–	–	(27)
Actual tax expense	637	523	1,391	(379)

(i) : Under the Enterprise Income Tax (the “CIT”) Law of the PRC (the “CIT Law”) and its relevant regulations, 100% additional tax deduction is allowed for qualified research and development costs during the Track Record Period.

Pursuant to the PRC CIT Law , the Company and its subsidiaries established and operated in the PRC are liable to CIT at a rate of 25% unless otherwise specified.

According to the Administrative Measures for Determination of High-Tech Enterprises (Guokefahuo [2016] No. 32), the Company, along with its subsidiaries Shanghai Hexia New Energy Technology Co., Ltd., Shanghai Hexia Junzhi Technology Co., Ltd. and Shanghai Hexia Jundao Intelligent Technology Co., Ltd., were entitled to High Tech Enterprise qualification and enjoyed a preferential tax rate of 15% during the Track Record Period.

Certain subsidiaries of the Group meet the conditions as small-scaled minimal profit enterprise and were qualified for the entitlement of preferential tax treatment of 75% exemption of taxable income and application of income tax rate of 20%.

APPENDIX I

ACCOUNTANTS’ REPORT

8 Directors’ and supervisors’ emoluments

Directors’ and Supervisor’s emoluments as recorded in the historical financial information are set out below:

	Year ended 31 December 2024			
	Salaries, allowances and benefits in kind <i>RMB’000</i>	Discretionary bonuses <i>RMB’000</i>	Contributions to retirement scheme <i>RMB’000</i>	Total <i>RMB’000</i>
Executive directors:				
Mr. Xia Huipeng	363	259	28	650
Mr. He Zhisheng	583	144	28	755
Ms. Chen Yan	197	144	19	360
Mr. Zhao Bo	576	144	44	764
Mr. Xia Quanhui	239	322	9	570
Non-executive directors:				
Ms. Tian Chunshan	–	–	–	–
Ms. Yang Jie	–	–	–	–
Supervisors:				
Mr. Yuan Bin	460	144	9	613
Mr. Sun Yan	291	144	9	444
Mr. Yang Xinchun	359	132	14	505
	<u>3,068</u>	<u>1,433</u>	<u>160</u>	<u>4,661</u>

	Year ended 31 December 2025			
	Salaries, allowances and benefits in kind <i>RMB’000</i>	Discretionary bonuses <i>RMB’000</i>	Contributions to retirement scheme <i>RMB’000</i>	Total <i>RMB’000</i>
Executive directors:				
Mr. Xia Huipeng	445	156	24	625
Mr. He Zhisheng	574	144	14	732
Ms. Chen Yan	266	144	19	429
Mr. Zhao Bo	566	144	29	739
Mr. Xia Quanhui (ii)	232	263	10	505
Supervisors:				
Mr. Yuan Bin (ii)	604	144	9	757
Mr. Sun Yan (ii)	294	36	9	339
Mr. Yang Xinchun (ii)	337	131	14	482
Non-executive directors:				
Ms. Tian Chunshan	–	–	–	–
Ms. Yang Jie	–	–	–	–
Independent non-executive directors:				
Ms. Wong Ting (iii)	–	–	–	–
Mr. Qian Jun (iii)	–	–	–	–
Mr. Guan Bin (iii)	–	–	–	–
	<u>3,318</u>	<u>1,162</u>	<u>128</u>	<u>4,608</u>

APPENDIX I

ACCOUNTANTS’ REPORT

Six months ended 30 June 2025 (unaudited)				
	Salaries, allowances and benefits in kind <i>RMB'000</i>	Discretionary bonuses <i>RMB'000</i>	Contributions to retirement scheme <i>RMB'000</i>	Total <i>RMB'000</i>
Executive directors:				
Mr. Xia Huipeng	222	78	12	312
Mr. He Zhisheng	286	72	7	365
Ms. Chen Yan	103	72	10	185
Mr. Zhao Bo	288	72	22	382
Mr. Xia Quanhui (ii)	116	132	5	253
Supervisors:				
Mr. Yuan Bin (ii)	301	72	5	378
Mr. Sun Yan (ii)	145	18	5	168
Mr. Yang Xinchun (ii)	169	66	7	242
Non-executive directors:				
Ms. Tian Chunshan	—	—	—	—
Ms. Yang Jie	—	—	—	—
	<u>1,630</u>	<u>582</u>	<u>73</u>	<u>2,285</u>

Six months ended 30 June 2026				
	Salaries, allowances and benefits in kind <i>RMB'000</i>	Discretionary bonuses <i>RMB'000</i>	Contributions to retirement scheme <i>RMB'000</i>	Total <i>RMB'000</i>
Executive directors:				
Mr. Xia Huipeng	—	211	72	295
Mr. He Zhisheng	—	281	72	355
Ms. Chen Yan	—	130	72	212
Mr. Zhao Bo	—	276	72	355
Non-executive directors:				
Ms. Tian Chunshan	—	—	—	—
Ms. Yang Jie	—	—	—	—
Independent non-executive directors:				
Ms. Wong Ting (iii)	60	—	—	60
Mr. Qian Jun (iii)	60	—	—	60
Mr. Guan Bin (iii)	60	—	—	60
	<u>180</u>	<u>898</u>	<u>288</u>	<u>1,402</u>

Notes:

- (i) During the Track Record Period, no director or supervisor has waived or agreed to waive any emoluments and no amounts were paid or payable by the Group to the directors and supervisors as an inducement to join or upon joining the Group or as compensation for loss of any office in connection with the management of the affairs of any member of the Group.
- (ii) Mr. Xia Quanhui, Mr. Yuan Bin, Mr. Sun Yan and Mr. Yang Xinchun were resigned as executive directors and supervisors in December 2025.

APPENDIX I

ACCOUNTANTS’ REPORT

- (iii) Ms. Wong Ting, Mr. Qian Jun and Mr. Guan Bin were appointed as independent non-executive directors in December 2025.

9 Individuals with highest emoluments

For the five individuals with the highest emoluments of the Group for the years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026, three, four, four (unaudited) and three are directors/supervisors whose emoluments are disclosed in Note 8 and the emoluments in respect of the remaining two, one, one (unaudited) and two individuals during the Track Record Period are as follows:

	Years ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Salaries, allowances and benefits in kind	1,273	550	262	770
Retirement scheme contributions	28	8	24	17
Equity-settled share-based payments	751	–	–	–
	<u>2,052</u>	<u>558</u>	<u>286</u>	<u>787</u>

The emoluments of the above individuals with the highest emoluments are within the following bands:

	Years ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	Number of individuals	Number of individuals	Number of individuals (unaudited)	Number of individuals
HKD Nil – HKD1,000,000	1	1	1	2
HKD1,000,001 – HKD1,500,000	1	–	–	–

During the Track Record Period, no amounts were paid or payable to the above individuals as an inducement to join or upon joining the Group or as compensation for loss of any office in connection with the management of the affairs of any member of the Group.

10 (Loss)/earnings per share

(a) Basic (loss)/earnings per share

The basic (loss)/earnings per share for the years ended 31 December 2024 and 2025 and the six months ended 30 June 2025 and 2026 is calculated by dividing the (loss)/profit attributable to ordinary equity shareholders of the Company by the weighted average number of ordinary shares in issue during the years/periods.

	Years ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
			(unaudited)	
(Loss)/profit for the year/period attributable to ordinary equity shareholders of the Company (RMB'000)	(17,897)	(14,783)	(5,434)	3,608
Weighted average number of ordinary shares ('000)	19,613	19,539	19,539	26,630
Basic (loss)/earnings per share (expressed in RMB per share)	<u>(0.91)</u>	<u>(0.76)</u>	<u>(0.28)</u>	<u>0.14</u>

APPENDIX I

ACCOUNTANTS’ REPORT

(i) *(Loss)/profit for the year/period attributable to ordinary equity shareholders of the Company*

	Years ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
			(unaudited)	
(Loss)/profit for the year/ period attributable to all equity shareholders of the Company	(23,727)	(19,847)	(7,263)	3,608
Allocation of (loss)/profit for the year/period attributable to ordinary shares with redemption rights issued to investors (Note 25)	5,830	5,064	1,829	—
(Loss)/profit for the year/ period attributable to ordinary equity shareholders of the Company	<u>(17,897)</u>	<u>(14,783)</u>	<u>(5,434)</u>	<u>3,608</u>

(ii) *Weighted average number of ordinary shares*

	Years ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
			(unaudited)	
Issued ordinary shares at the beginning of the year/period	25,651	26,117	26,117	26,630
Effect of ordinary shares issued (Note 28(c))	351	115	—	—
Effect of ordinary shares with redemption rights issued to investors (Note 25)	<u>(6,389)</u>	<u>(6,693)</u>	<u>(6,578)</u>	<u>—</u>
Weighted average number of ordinary shares at the end of the year/period	<u>19,613</u>	<u>19,539</u>	<u>19,539</u>	<u>26,630</u>

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

For the year ended 31 December 2024 and 2025 and the six months ended 30 June 2025, ordinary shares with redemption rights (Note 25) were not included in the calculation of diluted loss per share as their inclusion would have been anti-dilutive. Accordingly, diluted loss per share were the same as basic loss per share of the respective year/period.

For the six months ended 30 June 2026, there were no dilutive potential ordinary shares outstanding. Accordingly, diluted earnings per share was the same as basic earnings per share.

APPENDIX I

ACCOUNTANTS’ REPORT

11 Investment property and property, plant and equipment

(a) Reconciliation of carrying amount

The Group

	Buildings RMB'000	Equipment and machinery RMB'000	Building and leasehold improvements RMB'000	Construction in progress RMB'000	Subtotal RMB'000	Investment properties- Lands RMB'000	Total RMB'000
Cost:							
At 1 January 2024	30,989	159,290	7,727	24,861	222,867	11,467	234,334
Transfer from construction in progress	3,919	72,614	28	(76,561)	–	–	–
Additions	–	2,217	550	87,025	89,792	–	89,792
At 31 December 2024 and 1 January 2025	34,908	234,121	8,305	35,325	312,659	11,467	324,126
Transfer from construction in progress	1,151	28,192	34	(29,377)	–	–	–
Additions	–	8,152	–	44,402	52,554	–	52,554
Disposals	–	(2,345)	–	–	(2,345)	–	(2,345)
At 31 December 2025 and 1 January 2026	36,059	268,120	8,339	50,350	362,868	11,467	374,335
Transfer from construction in progress	–	31,629	–	(31,629)	–	–	–
Additions	–	2,173	–	10,256	12,429	–	12,429
Transfer to construction in progress	–	(50,828)	–	39,783	(11,045)	–	(11,045)
Disposals	–	(2,092)	–	–	(2,092)	–	(2,092)
At 30 June 2026	36,059	249,002	8,339	68,760	362,160	11,467	373,627
Accumulated depreciation:							
At 1 January 2024	4,784	20,562	1,078	–	26,424	308	26,732
Charge for the year	1,208	15,947	699	–	17,854	425	18,279
At 31 December 2024 and 1 January 2025	5,992	36,509	1,777	–	44,278	733	45,011
Charge for the year	1,256	21,008	912	–	23,176	478	23,654
Written back on disposals	–	(524)	–	–	(524)	–	(524)
At 31 December 2025 and 1 January 2026	7,248	56,993	2,689	–	66,930	1,211	68,141
Charge for the period	636	12,601	259	–	13,496	243	13,739
Transfer to construction in progress	–	(11,045)	–	–	(11,045)	–	(11,045)
Written back on disposals	–	(181)	–	–	(181)	–	(181)
At 30 June 2026	7,884	58,368	2,948	–	69,200	1,454	70,654
Net book value:							
At 31 December 2024	28,916	197,612	6,528	35,325	268,381	10,734	279,115
At 31 December 2025	28,811	211,127	5,650	50,350	295,938	10,256	306,194
At 30 June 2026	28,175	190,634	5,391	68,760	292,960	10,013	302,973

APPENDIX I

ACCOUNTANTS’ REPORT

The Company

	Buildings RMB'000	Equipment and machinery RMB'000	Building and leasehold improvements RMB'000	Construction in progress RMB'000	Subtotal RMB'000	Investment properties- Lands RMB'000	Total RMB'000
Cost:							
At 1 January 2024	30,989	88,919	7,727	26,838	154,473	11,467	165,940
Transfer from construction in progress	3,919	34,359	–	(38,278)	–	–	–
Additions	–	1,869	–	35,049	36,918	–	36,918
At 31 December 2024 and 1 January 2025	34,908	125,147	7,727	23,609	191,391	11,467	202,858
Transfer from construction in progress	1,151	12,936	34	(14,121)	–	–	–
Additions	–	2,998	–	20,240	23,238	–	23,238
Disposals	–	(1,587)	–	–	(1,587)	–	(1,587)
At 31 December 2025 and 1 January 2026	36,059	139,494	7,761	29,728	213,042	11,467	224,509
Transfer from construction in progress	–	10,137	–	(10,137)	–	–	–
Additions	–	2,104	–	817	2,921	–	2,921
At 30 June 2026	36,059	151,735	7,761	20,408	215,963	11,467	227,430
Accumulated depreciation:							
At 1 January 2024	4,784	15,679	1,078	–	21,541	308	21,849
Charge for the year	1,208	9,136	516	–	10,860	425	11,285
At 31 December 2024 and 1 January 2025	5,992	24,815	1,594	–	32,401	733	33,134
Charge for the year	1,256	11,647	518	–	13,421	478	13,899
Written back on disposals	–	(376)	–	–	(376)	–	(376)
At 31 December 2025 and 1 January 2026	7,248	36,086	2,112	–	45,446	1,211	46,657
Charge for the period	636	6,707	259	–	7,602	243	7,845
At 30 June 2026	7,884	42,793	2,371	–	53,048	1,454	54,502
Net book value:							
At 31 December 2024	28,916	100,332	6,133	23,609	158,990	10,734	169,724
At 31 December 2025	28,811	103,408	5,649	29,728	167,596	10,256	177,852
At 30 June 2026	28,175	108,942	5,390	20,408	162,915	10,013	172,928

The Group’s buildings are located in the PRC.

APPENDIX I

ACCOUNTANTS' REPORT

As at 31 December 2024, 31 December 2025 and 30 June 2026, the buildings were pledged as security for certain of the Group's bank borrowings as detailed in Note 21.

As at 31 December 2024, 31 December 2025 and 30 June 2026, the Group entered into certain sale and leaseback transactions for financing purpose, under which the Group sold some of its machinery and equipment to external parties and leased them back for terms of 1.5-3 years with a right to repurchase the assets at the end of the leaseback for a minimal consideration. The Group determined the transfers to buyer-lessor did not satisfy the requirements of IFRS 15 to be accounted for as a sale of the assets, thus the Group continues to recognise the underlying assets, and recognises the sale proceeds as other borrowings (Note 24) in accordance with the accounting policy set out in Note 2(x). As at 31 December 2024, 31 December 2025 and 30 June 2026, the carrying amounts of the equipment and machinery pledged for the aforementioned sale and leaseback transactions were RMB66,546,000, RMB89,085,000 and RMB61,490,000, respectively.

(b) Investment property

As set out in Note 2(f), the Group has applied the cost model for its investment properties.

An independent professional valuer has been engaged by the Group to measure the fair value of the investment properties owned by the Group. As at 31 December 2024, 31 December 2025 and 30 June 2026, the total fair value of the investment properties were RMB11,680,000, RMB11,690,000 and RMB11,690,000, respectively.

The valuation technique and significant unobservable inputs used to estimate the fair value of the such buildings included the investment properties are set forth below. The fair value measurement for investment properties has been categorised as Level 3 fair value based on the inputs to the valuation technique used.

Valuation technique Significant unobservable inputs	Valuation technique Significant unobservable inputs
<ul style="list-style-type: none"> Direct comparison approach to value the property in the existing state, and uses the market basis assuming sale with immediate vacant possession and by making reference to comparable sales evidence. The valuations take into account the characteristics of the property which included the location, size, shape, view, floor level, year of completion and other factors collectively. 	<ul style="list-style-type: none"> Weighted average price per square meter: The weighted average price per square meter is estimated according to the comparable properties in close proximity. Weighted average price per square meter ranges from RMB900 to RMB2,267, RMB900 to RMB2,268 and RMB900 to RMB2,268, per square meters for 31 December 2024 and 2025 and 30 June 2026, respectively. The higher the weighted average price per square meter, the higher the fair value of the properties.

The investment properties were leased out under operating lease. The lease runs for an initial period of 9 years, with relatively stable lease payments.

Undiscounted lease payments under non-cancellable operating leases in place at the reporting date will be receivable by the Group in future periods as follows:

	Years ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
			(unaudited)	
Within 1 year	842	842	842	842
After 1 year but within 2 years	842	842	842	842
After 2 years but within 3 years	842	842	842	842
After 3 years but within 4 years	842	842	842	842
After 4 years but within 5 years	842	772	842	351
After 5 years	772	—	351	—
	<u>4,982</u>	<u>4,140</u>	<u>4,561</u>	<u>3,719</u>

APPENDIX I

ACCOUNTANTS' REPORT

12 Right-of-use assets

The Group

	Land use rights RMB'000	Leased properties RMB'000	Total RMB'000
Cost:			
At 1 January 2024	6,321	9,319	15,640
Additions	—	5,247	5,247
At 31 December 2024 and 1 January 2025	6,321	14,566	20,887
Additions	—	9,683	9,683
Disposals	—	(10,329)	(10,329)
At 31 December 2025 and 1 January 2026	6,321	13,920	20,241
Additions	—	1,397	1,397
At 30 June 2026	6,321	15,317	21,638
Accumulated amortisation:			
At 1 January 2024	624	2,577	3,201
Charge for the year	127	2,194	2,321
At 31 December 2024 and 1 January 2025	751	4,771	5,522
Charge for the year	128	2,037	2,165
Written back on disposals	—	(3,766)	(3,766)
At 31 December 2025 and 1 January 2026	879	3,042	3,921
Charge for the period	64	1,068	1,132
At 30 June 2026	943	4,110	5,053
Net book value:			
At 31 December 2024	5,570	9,795	15,365
At 31 December 2025	5,442	10,878	16,320
At 30 June 2026	5,378	11,207	16,585

APPENDIX I

ACCOUNTANTS’ REPORT

The Company

	Land use rights RMB'000	Leased properties RMB'000	Total RMB'000
Cost:			
At 1 January 2024, 31 December 2024	6,321	4,234	10,555
Additions	—	4,255	4,255
At 31 December 2025 and 1 January 2026	6,321	8,489	14,810
At 30 June 2026	6,321	8,489	14,810
Accumulated amortisation:			
At 1 January 2024	624	1,411	2,035
Charge for the year	127	706	833
At 31 December 2024 and 1 January 2025	751	2,117	2,868
Charge for the year	128	706	834
At 31 December 2025 and 1 January 2026	879	2,823	3,702
Charge for the period	64	496	560
At 30 June 2026	943	3,319	4,262
Net book value:			
At 31 December 2024	5,570	2,117	7,687
At 31 December 2025	5,442	5,666	11,108
At 30 June 2026	5,378	5,170	10,548

The Company’s land use rights are located in the PRC. As at 31 December 2024, 31 December 2025 and 30 June 2026, the land use rights were pledged as security for certain of the Company’s bank borrowings as detailed in Note 21.

The analysis of the Group’s and the Company’s net book value of right-of-use assets by class of underlying asset is as follows:

The Group

	As at 31 December 2024 RMB'000	2025 RMB'000	As at 30 June 2026 RMB'000
Properties leased for own use, carried at depreciated cost	9,795	10,878	11,207
Land use rights, carried at depreciated cost	5,570	5,442	5,378
Properties leased for own use, carried at depreciated cost	15,365	16,320	16,585

APPENDIX I

ACCOUNTANTS’ REPORT

The Company

	As at 31 December 2024 RMB'000	2025 RMB'000	As at 30 June 2026 RMB'000
Properties leased for own use, carried at depreciated cost	2,117	5,666	5,170
Land use rights, carried at depreciated cost	5,570	5,442	5,378
	<u>7,687</u>	<u>11,108</u>	<u>10,548</u>

The analysis of expense items in relation to Group’s and the Company’s leases recognised in profit or loss is as follows:

The Group

	Years ended 31 December 2024 RMB'000	2025 RMB'000	Six months ended 30 June 2025 RMB'000 (unaudited)	2026 RMB'000
Depreciation charge of right-of-use assets by class of underlying asset:				
Properties leased for own use, carried at depreciated cost	2,194	2,037	1,096	1,068
Land use rights, carried at depreciated cost	127	128	64	64
	<u>2,321</u>	<u>2,165</u>	<u>1,160</u>	<u>1,132</u>
Interest on lease liabilities	539	407	234	200
Expense relating to short-term leases	1,094	1,080	414	579

Additions to right-of-use assets during the year ended 31 December 2024 and 2025 and the six months ended 30 June 2026 was approximately RMB5,247,000, RMB9,683,000 and RMB1,397,000, respectively. These amounts primarily related to the capitalised lease payments payable under new tenancy agreements.

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in Notes 18(d) and 22, respectively.

13 Investments in subsidiaries

The Company

	As at 31 December 2024 RMB'000	2025 RMB'000	As at 30 June 2026 RMB'000
Investments in subsidiaries, at cost	<u>24,000</u>	<u>35,100</u>	<u>42,000</u>

Details of the subsidiaries are set out in Note 1.

APPENDIX I

ACCOUNTANTS’ REPORT

14 Interests in associates

The Group

Aggregate information of associates that are not individually material:

	Years Ended/ As at 31 December		Years Ended/ As at 30 June	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
			(unaudited)	
Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	13,694	14,827	13,627	19,128
Aggregate amounts of the Group's share of those associates' profit or loss	500	632	(167)	(622)
Other comprehensive income	—	—	—	—
Total comprehensive income	500	632	(167)	(622)

The Company

Aggregate information of associates that are not individually material:

	Years Ended/ As at 31 December		Years Ended/ As at 30 June	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
			(unaudited)	
Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	13,694	14,804	13,672	14,604
Aggregate amounts of the Group's share of those associates' profit or loss	500	1,110	(22)	(600)
Other comprehensive income	—	—	—	—
Total comprehensive income	500	1,110	(22)	(600)

APPENDIX I

ACCOUNTANTS’ REPORT

- (a) As at 31 December 2024, 31 December 2025 and 30 June 2026, the following list contains all associates, all of which are unlisted corporate entities whose quoted market price is not available:

Name of associate	Note	Date and location of incorporation/ establishment/ operation	Particulars of registered capital/ paid-up capital	Proportion of ownership interest		Principal activity
				Held by the Company	Held by a subsidiary	
Shangjian (Zhejiang) Motor Vehicle Testing Technology Co., Ltd. (上檢(浙江)機動車檢測技術有限公司)	(i)(ii)	The PRC/ 29 March 2021	RMB60,000,000/ RMB60,000,000	19%	–	Service industry
Zhejiang Qingshan Pengpai Intelligent Power Co., Ltd. (浙江清山澎湃智能動力有限公司)	(ii)(vi)	The PRC/ 27 March 2024	RMB10,000,000/ RMB7,000,000	34%	–	Automobile manufacturing
Suzhou Xingren Technology Co., Ltd. (蘇州星韜技術有限公司)	(i)(ii)(v)	The PRC/ 24 October 2024	RMB15,756,000/ RMB7,455,000	–	7%	Service industry
Shanghai Hu’an Cloud Intelligent Technology Co., Ltd. (上海滬安雲智能科技有限公司)	(ii)(vii)	The PRC/ 12 June 2025	RMB1,000,000/ RMB3,000	–	40%	Service industry
Huzhou Advanced Electrical Technology Co., Ltd. (湖州先進電氣科技有限公司)	(ii)	The PRC/ 15 October 2025	RMB15,000,000/ RMB1,000,000	40%	–	Service industry

Notes:

- (i) According to the Articles of Association of these entities, the Group is empowered to appoint one director with no restriction on the voting right compared with other directors. Therefore, the Company has significant influence but not control or joint control on the associates mentioned above, which are accounted for as investment in associate.
- (ii) The official name of these entities is in Chinese. The English name is for identification purpose only.
- (iii) All the above PRC companies are the limited liability companies.
- (iv) The directors consider none of the associates were significant to the Group during the Track Record Periods.
- (v) The registered capital was RMB10,000,000 as at 31 December 2024 and increased to RMB11,905,000 as at 31 December 2025 and increased to RMB15,756,000 as at 30 June 2026. The paid-up capital was nil as at 31 December 2024 and increased to RMB3,655,000 as at 31 December 2025 and increased to RMB7,455,000 as at 30 June 2026.
- (vi) The paid-up capital was RMB3,830,000 as at 31 December 2024 and increased to RMB7,000,000 as at 31 December 2025.
- (vii) Formerly known as Shanghai Anzhi Yundun Technology Co., Ltd.

APPENDIX I

ACCOUNTANTS’ REPORT

15 Other non-current assets

At 31 December 2024, 31 December 2025 and 30 June 2026, other non-current assets as follows:

The Group

	As at 31 December 2024 RMB'000	December 2025 RMB'000	As at 30 June 2026 RMB'000
Prepayments for property, plant and equipment	11,171	6,433	2,549
Deposits for leaseback assets	1,504	965	450
	<u>12,675</u>	<u>7,398</u>	<u>2,999</u>

The Company

	As at 31 December 2024 RMB'000	December 2025 RMB'000	As at 30 June 2026 RMB'000
Prepayments for property, plant and equipment	4,904	4,351	2,462
Deposits for leaseback assets	1,504	434	353
	<u>6,408</u>	<u>4,785</u>	<u>2,815</u>

16 Inventories

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

The Group

	As at 31 December 2024 RMB'000	December 2025 RMB'000	As at 30 June 2026 RMB'000
Raw materials	6,479	5,348	7,509
Work in progress	9,805	19,469	29,679
Finished goods	2,396	3,001	3,842
	<u>18,680</u>	<u>27,818</u>	<u>41,030</u>

The Company

	As at 31 December 2024 RMB'000	December 2025 RMB'000	As at 30 June 2026 RMB'000
Raw materials	3,591	1,782	2,173
Work in progress	9,336	15,009	9,168
Finished goods	1,303	2,524	2,478
	<u>14,230</u>	<u>19,315</u>	<u>13,819</u>

APPENDIX I

ACCOUNTANTS’ REPORT

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

The Group

	Years ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
			(unaudited)	
Carrying amount of inventories sold	92,751	148,869	52,990	67,448
Carrying amount of inventories used in R&D	237	3,076	18	150
	<u>92,988</u>	<u>151,945</u>	<u>53,008</u>	<u>67,598</u>

17 Trade and other receivables

- (a) *Trade and other receivables*

The Group

	As at 31 December		As at
	2024	2025	30 June
	RMB'000	RMB'000	2026
			RMB'000
Trade receivables	36,479	57,571	60,546
Less: Allowance for expected credit losses	(5,177)	(983)	(1,321)
Trade receivables, net of loss allowance	31,302	56,588	59,225
Prepayments	22,670	10,996	5,553
Other debtors and deposits	19,400	17,017	16,366
Bills receivable, carried at amortised cost, net of loss allowance (i)	411	455	–
Bills receivable, measured at fair value through other comprehensive income (“FVOCI”) (i)	–	3,772	3,246
	<u>73,783</u>	<u>88,828</u>	<u>84,390</u>

The Company

	As at 31 December		As at
	2024	2025	30 June
	RMB'000	RMB'000	2026
			RMB'000
Trade receivables	30,423	47,705	47,527
Less: Allowance for expected credit losses	(5,088)	(626)	(875)
Trade receivables, net of loss allowance	25,335	47,079	46,652
Prepayments	14,226	7,498	4,584
Other debtors and deposits	9,621	11,180	7,598
Bills receivable, carried at amortised cost, net of loss allowance	375	455	–
Bills receivable, measured at fair value through other comprehensive income (“FVOCI”)	–	3,741	1,529
Amounts due from subsidiaries, net of loss allowance	98,240	116,363	157,538
	<u>147,797</u>	<u>186,316</u>	<u>217,901</u>

APPENDIX I

ACCOUNTANTS’ REPORT

- (i) Bills receivable represents bank acceptance bills regulated by the relevant PRC rules and regulations. As at 31 December 2024, 31 December 2025 and 30 June 2026, the Group had total bills receivable amounting to RMB411,000, RMB4,227,000 and RMB3,246,000, respectively. Among which, bills receivable amounting to RMB411,000, RMB455,000 and nil, were measured at amortised cost, reflecting the Group’s objective to hold those bills to collect contractual cash flows on maturity date; and bills receivable amounting to nil, RMB3,772,000 and RMB3,246,000, were measured at FVOCI, reflecting the Group’s objective to realise cash flows from those bills through holding the bills to collect contractual cash flows on maturity date or to sell (endorse or discount) them from time to time to meet liquidity needs.

Based on cash management needs, the Group may decide to endorse certain bank acceptance bills to its suppliers as settlement for trade payables or to discount certain bank acceptance bills to collect cash before the maturity date. The bank acceptance bills had a maturity of less than seven months. In the opinion of the directors, the Group transferred substantially all the risks and rewards of these bills, because the acceptance banks of these bills are of good credit quality such that the probability of non-settlement by the acceptance banks upon maturity is very low, and the Group transferred all interest rate risk of the bills upon endorsement or discounting. As at 31 December 2024, 31 December 2025 and 30 June 2026, bills that were endorsed/ discounted and thus derecognised, but not yet reached maturity amounting to RMB14,394,000, RMB14,323,000 and RMB9,304,000, respectively. These amounts represented the Group’s maximum exposure to loss should the acceptance banks fail to settle the bills upon maturity. However, non-settlement by these acceptance banks was considered unlikely.

As at 31 December 2024, 31 December 2025 and 30 June 2026, bank acceptance bills amounting to RMB161,000, RMB3,553,000 and RMB2,350,000, respectively, were endorsed but not derecognised because the Group retained substantially all the risks and rewards of these bills. For these bank acceptance bills, the Group continued to recognise the full carrying amounts of the bills and associated liabilities of equivalent amounts in trade and other payable.

Ageing analysis

As of the end of the reporting period, the ageing analysis of trade debtors, based on the date of revenue recognition and net of loss allowance, is as follow:

The Group

	As at 31 December		As at
	2024	2025	30 June
	RMB’000	RMB’000	2026
			RMB’000
Within 1 year	26,809	52,157	55,151
1 to 2 years	3,320	2,150	2,242
2 to 3 years	1,173	2,281	1,832
	<u>31,302</u>	<u>56,588</u>	<u>59,225</u>

The Company

	As at 31 December		As at
	2024	2025	30 June
	RMB’000	RMB’000	2026
			RMB’000
Within 1 year	20,214	44,092	43,533
1 to 2 years	3,983	1,916	1,287
2 to 3 years	1,138	1,071	1,832
	<u>25,335</u>	<u>47,079</u>	<u>46,652</u>

Trade debtors and bills receivable are due within 30 to 180 days from the date of billing. Further details on the Group’s credit policy and credit risk arising from trade debtors and bills receivable are set out in Note 29(a).

APPENDIX I

ACCOUNTANTS’ REPORT

(b) *Prepayments*

The Group

	As at 31 December 2024 RMB'000	2025 RMB'000	As at 30 June 2026 RMB'000
Prepayments for:			
– Service fee	4,049	1,815	778
– Goods	18,621	8,426	3,656
– [REDACTED] to be capitalized	–	755	1,119
	<u>22,670</u>	<u>10,996</u>	<u>5,553</u>

The Company

	As at 31 December 2024 RMB'000	2025 RMB'000	As at 30 June 2026 RMB'000
Prepayments for:			
– Service fee	3,375	1,589	733
– Goods	10,851	5,154	2,732
– [REDACTED] to be capitalized	–	755	1,119
	<u>14,226</u>	<u>7,498</u>	<u>4,584</u>

18 Cash and cash equivalents and other cash flow information

(a) *Cash and cash equivalents comprise:*

The Group

	As at 31 December 2024 RMB'000	2025 RMB'000	As at 30 June 2026 RMB'000
Cash at bank	10,605	36,800	16,025
Less: Restricted cash balances(i)	<u>(289)</u>	<u>(853)</u>	<u>–</u>
Cash and cash equivalents	<u>10,316</u>	<u>35,947</u>	<u>16,025</u>

The Company

	As at 31 December 2024 RMB'000	2025 RMB'000	As at 30 June 2026 RMB'000
Cash at bank	6,092	14,641	2,869
Less: Restricted cash balances(i)	<u>(289)</u>	<u>(853)</u>	<u>–</u>
Cash and cash equivalents	<u>5,803</u>	<u>13,788</u>	<u>2,869</u>

- (i) Restricted cash balances primarily consisted of funds held in an escrow bank account designated as deposit for bill payable.

As at 31 December 2024, 31 December 2025 and 30 June 2026, cash and cash equivalents were mainly situated in Mainland China. Remittance of funds out of Chinese mainland is subject to relevant rules and regulations of foreign exchange control.

APPENDIX I

ACCOUNTANTS’ REPORT

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

		Years ended 31 December		Six months ended 30 June	
	Note	2024	2025	2025	2026
		RMB’000	RMB’000	RMB’000 (unaudited)	RMB’000
(Loss)/profit before taxation		(23,090)	(19,324)	(5,872)	3,234
Adjustments for:					
Depreciation and amortisation	6(c)	20,600	25,819	13,665	14,876
(Reversal of)/provision for impairment loss on trade receivable and contract assets		(38)	(4,366)	(3,943)	347
Finance costs	6(a)	730	2,633	2,187	1,662
Interest income	5	(253)	(28)	(4)	(7)
Equity-settled share-based payment expenses	27	1,277	–	–	–
Changes in carrying amount of redemption liabilities	25	27,456	29,532	14,133	–
Share of profits less losses of associates		(500)	(632)	167	622
Net gain on disposal of PPE and early termination of lease	5	–	(860)	–	–
Gain on the dilution of interests in an associate	5	–	–	–	(4,523)
Changes in working capital:					
Increase in inventories		(4,092)	(9,138)	(26,511)	(13,212)
(Increase)/decrease in trade and other receivables		(9,332)	(10,852)	(37,155)	4,100
(Increase)/decrease in contract assets		(24,880)	4,784	(10,699)	(2,687)
Increase/(decrease) in contract liabilities		14,391	(14,519)	11,875	(3,417)
Increase/(decrease) in trade and other payables		11,352	49,427	56,519	(2,699)
(Increase)/decrease in restricted cash balances		(289)	(564)	(3,261)	853
Increase/(decrease) in deferred income		882	1,342	1,391	(121)
Cash generated from/(used in) operations		<u>14,214</u>	<u>53,254</u>	<u>12,492</u>	<u>(972)</u>

APPENDIX I

ACCOUNTANTS’ REPORT

(c) Reconciliation of Group’s liabilities arising from financing activities

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

	Interest-bearing borrowings RMB'000 (Note 21)	Lease liabilities RMB'000 (Note 22)	Other borrowings RMB'000 (Note 24)	Redemption liabilities RMB'000 (Note 25)	Total RMB'000
At 1 January 2024	125,682	7,922	9,915	190,317	333,836
Changes from financing cash flows:					
Proceeds from interest-bearing borrowings	72,035	–	–	–	72,035
Repayment of interest-bearing borrowings	(79,515)	–	–	–	(79,515)
Proceeds from other borrowings	–	–	46,574	–	46,574
Interest paid on borrowings	(4,699)	–	–	–	(4,699)
Capital element of leases rentals paid	–	(1,437)	–	–	(1,437)
Interest element of leases rentals paid	–	(538)	–	–	(538)
Repayments of other borrowings	–	–	(16,867)	–	(16,867)
Interest paid for other borrowings	–	–	(2,679)	–	(2,679)
Total changes from financing cash flows	(12,179)	(1,975)	27,028	–	12,874
Other changes:					
Interest expenses (Note 6(a))	4,699	539	2,679	–	7,917
Increase in lease liabilities from entering into new leases during the year	–	5,245	–	–	5,245
Redemption rights granted upon share issuance	–	–	–	20,000	20,000
Redemption rights granted upon transfer of shares from the ultimate controlling shareholder	–	–	–	10,000	10,000
Changes in carrying amount of Redemption liabilities	–	–	–	27,456	27,456
Total other changes	4,699	5,784	2,679	57,456	70,618
At 31 December 2024	118,202	11,731	39,622	247,773	417,328

APPENDIX I

ACCOUNTANTS’ REPORT

	Interest-bearing borrowings RMB’000 (Note 21)	Lease liabilities RMB’000 (Note 22)	Other borrowings RMB’000 (Note 24)	Redemption liabilities RMB’000 (Note 25)	Total RMB’000
At 1 January 2025	118,202	11,731	39,622	247,773	417,328
Changes from financing cash flows:					
Proceeds from interest-bearing borrowings	97,172	–	–	–	97,172
Repayment of interest-bearing borrowings	(80,004)	–	–	–	(80,004)
Proceeds from other borrowings	–	–	40,377	–	40,377
Interest paid on borrowings	(5,094)	–	–	–	(5,094)
Capital element of leases rentals paid	–	(307)	–	–	(307)
Interest element of leases rentals paid	–	(341)	–	–	(341)
Repayments of other borrowings	–	–	(36,935)	–	(36,935)
Interest paid for other borrowings	–	–	(2,969)	–	(2,969)
Total changes from financing cash flows	12,074	(648)	473	–	11,899
Other changes:					
Interest expenses (Note 6(a))	5,094	407	2,969	–	8,470
Increase in lease liabilities from entering into new leases during the year	–	9,683	–	–	9,683
Termination of lease during the year	–	(9,741)	–	–	(9,741)
Redemption rights granted upon share issuance	–	–	–	22,000	22,000
Changes in carrying amount of Redemption liabilities	–	–	–	29,532	29,532
Termination of redemption rights	–	–	–	(299,305)	(299,305)
Total other changes	5,094	349	2,969	(247,773)	(239,361)
At 31 December 2025	135,370	11,432	43,064	–	189,866

APPENDIX I

ACCOUNTANTS’ REPORT

(unaudited)	Interest-bearing borrowings RMB'000 (Note 21)	Lease liabilities RMB'000 (Note 22)	Other borrowings RMB'000 (Note 24)	Redemption liabilities RMB'000 (Note 25)	Total RMB'000
At 1 January 2025	118,202	11,731	39,622	247,773	417,328
Changes from financing cash flows:					
Proceeds from interest-bearing borrowings	18,000	–	–	–	18,000
Repayment of interest-bearing borrowings	(11,861)	–	–	–	(11,861)
Proceeds from other borrowings	–	–	36,738	–	36,738
Interest paid on borrowings	(2,697)	–	–	–	(2,697)
Capital element of leases rentals paid	–	–	–	–	–
Interest element of leases rentals paid	–	(210)	–	–	(210)
Repayments of other borrowings	–	–	(15,858)	–	(15,858)
Interest paid for other borrowings	–	–	(1,307)	–	(1,307)
Total changes from financing cash flows	3,442	(210)	19,573	–	22,805
Other changes:					
Interest expenses (Note 6(a))	2,697	234	1,307	–	4,238
Changes in carrying amount of Redemption liabilities	–	–	–	14,133	14,133
Total other changes	2,697	234	1,307	14,133	18,371
At 30 June 2025	124,341	11,755	60,502	261,906	458,504

APPENDIX I

ACCOUNTANTS’ REPORT

	Interest-bearing borrowings RMB'000 (Note 21)	Lease liabilities RMB'000 (Note 22)	Other borrowings RMB'000 (Note 24)	Total RMB'000
At 1 January 2026	135,370	11,432	43,064	189,866
Changes from financing cash flows:				
Proceeds from interest-bearing borrowings	120,000	–	–	120,000
Repayment of interest-bearing borrowings	(84,471)	–	–	(84,471)
Proceeds from other borrowings	–	–	15,159	15,159
Interest paid on borrowings	(2,327)	–	–	(2,327)
Capital element of leases rentals paid	–	(794)	–	(794)
Interest element of leases rentals paid	–	(200)	–	(200)
Repayments of other borrowings	–	–	(39,234)	(39,234)
Interest paid for other borrowings	–	–	(1,171)	(1,171)
Total changes from financing cash flows	33,202	(994)	(25,246)	6,962
Other changes:				
Interest expenses (Note 6(a))	2,327	200	1,171	3,698
Increase in lease liabilities from entering into new leases during the period	–	1,397	–	1,397
Total other changes	2,327	1,597	1,171	5,095
At 30 June 2026	170,899	12,035	18,989	201,923

(d) **Total cash outflow for leases**

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

	Years ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Within operating cash flows	1,094	1,080	414	579
Within financing cash flows	1,975	648	210	994
Lease rentals paid	3,069	1,728	624	1,573

APPENDIX I

ACCOUNTANTS’ REPORT

19 Trade and other payables

The Group

	As at 31 December 2024 RMB'000	2025 RMB'000	As at 30 June 2026 RMB'000
Trade payables	54,220	77,887	65,979
Bills payables	1,034	2,850	–
Other tax payables	451	962	1,113
Accrued payroll, welfare and bonus	12,022	12,794	10,533
Payable for [REDACTED]	–	3,706	2,292
Other payables and accrued charges	7,793	9,534	5,181
	<u>75,520</u>	<u>107,733</u>	<u>85,098</u>

The Company

	As at 31 December 2024 RMB'000	2025 RMB'000	As at 30 June 2026 RMB'000
Trade payables	49,334	92,979	126,517
Bills payables	1,034	2,850	–
Other tax payables	53	–	6
Accrued payroll, welfare and bonus	4,731	4,656	3,069
Payable for [REDACTED]	–	3,706	2,292
Other payables and accrued charges	4,098	7,780	2,679
	<u>59,250</u>	<u>111,971</u>	<u>134,563</u>

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

As of the end of the reporting period, the ageing analysis of trade creditors, based on the invoice date, is as follows:

The Group

	As at 31 December 2024 RMB'000	2025 RMB'000	As at 30 June 2026 RMB'000
Within 1 year	46,291	71,829	60,041
1 to 2 years	7,800	2,330	3,340
2 to 3 years	116	3,612	1,637
Over 3 years	13	116	961
	<u>54,220</u>	<u>77,887</u>	<u>65,979</u>

APPENDIX I

ACCOUNTANTS’ REPORT

The Company

	As at 31 December 2024 RMB'000	2025 RMB'000	As at 30 June 2026 RMB'000
Within 1 year	43,034	86,403	121,770
1 to 2 years	6,184	2,088	2,552
2 to 3 years	116	4,372	1,630
Over 3 years	–	116	565
	<u>49,334</u>	<u>92,979</u>	<u>126,517</u>

20 Contract assets and Contract liabilities

(a) *Contract assets*

The Group

	As at 31 December 2024 RMB'000	2025 RMB'000	As at 30 June 2026 RMB'000
Contract assets			
Arising from performance under contracts with customers	69,498	64,714	67,401
Less: loss allowance	(448)	(276)	(287)
	<u>69,050</u>	<u>64,438</u>	<u>67,114</u>

The Company

	As at 31 December 2024 RMB'000	2025 RMB'000	As at 30 June 2026 RMB'000
Contract assets			
Arising from performance under contracts with customers	37,796	39,012	37,707
Less: loss allowance	(167)	(166)	(161)
	<u>37,629</u>	<u>38,846</u>	<u>37,546</u>

Contract assets primarily comprise: (a) amounts recognized for automotive testing revenue upon the transfer of testing data to customers but not yet billed under the relevant contracts, as the amounts to be billed are subject to the agreement of the number of testing hours with the customers. Such amounts are reclassified to trade receivables when the Group agrees on the number of testing hours with the customers, which generally coincides with the time when the Group issues the invoices to the customers; and (b) for contracts relating to testing facility solutions retention amounts withheld until the expiration of the quality assurance period. Such amounts are typically reclassified to trade receivables when the quality assurance period expires and the retention amount becomes due.

APPENDIX I

ACCOUNTANTS’ REPORT

(b) *Contract liabilities*

The Group

	As at 31 December 2024 RMB'000	2025 RMB'000	As at 30 June 2026 RMB'000
Contract liabilities			
Advance payments from customers	24,867	10,348	6,931

The Company

	As at 31 December 2024 RMB'000	2025 RMB'000	As at 30 June 2026 RMB'000
Contract liabilities			
Advance payments from customers	24,636	10,244	5,921

Typical payment terms which impact on the amount of contract liabilities recognised are as follows:

– System solution contract

When the Group receives a prepayment before the production activity commences this will give rise to contract liabilities at the start of a contract, until the revenue recognised upon the transfer of control to the customer. The Group typically receives a prepayment on all the Group’s system solution contracts before work commences. The amount of the prepayment, if any, was negotiated on a case by case basis with customers.

Movements in contract liabilities

	As at 31 December 2024 RMB'000	2025 RMB'000	As at 30 June 2026 RMB'000
Balance at 1 January	10,476	24,867	10,348
Decrease in contract liabilities as a result of recognising revenue during the year/period that was included in the contract liabilities at the beginning of the year/period	(10,476)	(22,263)	(10,348)
Increase in contract liabilities as a result of receiving forward sales deposits and instalments during the year/period in respect of properties still under construction as at the year/period end	24,867	7,744	6,931
Balance at 31 December/30 June	24,867	10,348	6,931

All of the other contract liabilities are expected to be recognised as income within one year.

APPENDIX I

ACCOUNTANTS’ REPORT

21 Interest-bearing borrowings

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

The Group

	As at 31 December 2024 RMB'000	2025 RMB'000	As at 30 June 2026 RMB'000
Within 1 year or on demand	82,434	99,264	114,131
After 1 year but within 2 years	6,000	12,338	6,000
After 2 years but within 5 years	20,000	23,768	50,768
After 5 years	9,768	–	–
	<u>35,768</u>	<u>36,106</u>	<u>56,768</u>
	<u>118,202</u>	<u>135,370</u>	<u>170,899</u>

The Company

	As at 31 December 2024 RMB'000	2025 RMB'000	As at 30 June 2026 RMB'000
Within 1 year or on demand	65,093	84,212	89,111
After 1 year but within 2 years	6,000	6,000	6,000
After 2 years but within 5 years	20,000	23,768	50,768
After 5 years	9,768	–	–
	<u>35,768</u>	<u>29,768</u>	<u>56,768</u>
	<u>100,861</u>	<u>113,980</u>	<u>145,879</u>

(b) *Assets pledged as security for bank loans*

The interest-bearing borrowings represent:

The Group

	As at 31 December 2024 RMB'000	2025 RMB'000	As at 30 June 2026 RMB'000
Secured bank loans	46,768	59,769	56,768
Unsecured bank loans	71,434	75,601	114,131
	<u>118,202</u>	<u>135,370</u>	<u>170,899</u>

The Company

	As at 31 December 2024 RMB'000	2025 RMB'000	As at 30 June 2026 RMB'000
Secured bank loans	46,768	59,769	56,768
Unsecured bank loans	54,093	54,211	89,111
	<u>100,861</u>	<u>113,980</u>	<u>145,879</u>

APPENDIX I

ACCOUNTANTS’ REPORT

As at 31 December 2024, 31 December 2025 and 30 June 2026, the secured bank loans were provided by bank with 1 to 8 years term facilities, which allows the Group to draw borrowings up to RMB50,000,000, RMB59,770,000 and RMB59,770,000 for daily operations. These secured bank loans were pledged by land use rights and buildings owned by the Company (Notes 11 and 12) with a carrying amount of RMB34,468,000, RMB34,253,000 and RMB33,553,000 at 31 December 2024, 31 December 2025 and 30 June 2026, respectively.

Certain facilities granted to the Group were guaranteed by Mr. Xia Huipeng and Mr. He Zhisheng, the shareholders of the Group. Upon the successful completion of a [REDACTED], these guarantees are to be released.

	As at 31 December 2024 RMB'000	2025 RMB'000	As at 30 June 2026 RMB'000
Guarantees for granting interest-bearing borrowings	75,752	89,123	41,785

22 Lease liabilities

At 31 December 2024, 31 December 2025 and 30 June 2026, the lease liabilities were repayable as follows:

The Group

	As at 31 December 2024 RMB'000	2025 RMB'000	As at 30 June 2026 RMB'000
Within 1 year	3,286	2,005	2,215
After 1 year but within 2 years	2,325	1,809	2,314
After 2 years but within 5 years	5,925	5,816	6,224
After 5 years	195	1,802	1,282
	8,445	9,427	9,820
	11,731	11,432	12,035

The Company

	As at 31 December 2024 RMB'000	2025 RMB'000	As at 30 June 2026 RMB'000
Within 1 year	984	1,169	912
After 1 year but within 2 years	832	944	960
After 2 years but within 5 years	431	3,034	3,087
After 5 years	–	809	272
	1,263	4,787	4,319
	2,247	5,956	5,231

APPENDIX I

ACCOUNTANTS’ REPORT

23 Deferred income

The Group and Company

	As at 31 December 2024 RMB'000	2025 RMB'000	As at 30 June 2026 RMB'000
Government grants	882	2,224	2,103

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

24 Other Borrowings

At 31 December 2024, 31 December 2025 and 30 June 2026, the Sale and leaseback transactions liabilities were as follows:

The Group

	As at 31 December 2024 RMB'000	2025 RMB'000	As at 30 June 2026 RMB'000
Within 1 year	23,368	33,949	17,340
After 1 year but within 2 years	9,755	8,720	1,649
After 2 years but within 5 years	6,499	395	–
Less: Amount due for settlement within 12 months shown under current liabilities	(23,368)	(33,949)	(17,340)
Amount due for settlement after 12 months shown under non-current liabilities	16,254	9,115	1,649

All obligations arising from other borrowings were secured by equipment and machinery as mentioned in Note 11.

Apart from the above secured assets, the other borrowings of RMB13,505,000, RMB42,379,000 and RMB18,989,000, was additionally guaranteed by Mr. Xia Huipeng and Mr. He Zhisheng, the shareholders of the Group as at 31 December 2024, 31 December 2025 and 30 June 2026. Upon the successful completion of a qualified public offering, these guarantees are to be released.

The Company

	As at 31 December 2024 RMB'000	2025 RMB'000	As at 30 June 2026 RMB'000
Within 1 year	20,012	28,264	12,226
After 1 year but within 2 years	9,755	8,720	1,649
After 2 years but within 5 years	6,499	395	–
Less: Amount due for settlement within 12 months shown under current liabilities	(20,012)	(28,264)	(12,226)
Amount due for settlement after 12 months shown under non-current liabilities	16,254	9,115	1,649

APPENDIX I

ACCOUNTANTS’ REPORT

25 Redemption liabilities

Since the Company’s establishment, the Company has conducted several rounds of financing, including Series Pre-A financing, Series A Financing, Series A+ Financing, Series B Financing and Series B+ Financing, by issuing shares to the investors (“The Pre[REDACTED] Investors”) and granting them a redemption right. The Pre[REDACTED] Investors shall have the right to require the Company and/or the founding shareholders of the Company to purchase their shares acquired upon the occurrence of any redemption triggering events, including but not limited to the Company’s failure to complete a qualified [REDACTED] by June 30, 2026, and any breaches of contracts or misconducts by the Company, the ultimate controlling shareholders or the key employees of the Company (“Material Breach”).

If the redemption is triggered by the Company’s failure to complete a qualified [REDACTED] by June 30, 2026, the redemption price shall equal to the aggregate of the original investment amount plus an annual simple interest rate of 10% on the investment amount plus all declared but unpaid dividends. If the redemption is triggered by a Material Breach, the redemption price shall equal to the aggregate of the original investment amount plus an annual simple interest rate of 15% on the investment amount.

The Company’s contractual obligation to purchase its equity instruments for cash upon the occurrence of redemption triggering events that are beyond the control of the Company gives rise to financial liabilities for the redemption amount and they are accounted for in accordance with Note 2(p). Changes in the carrying amount of the redemption liabilities arising from remeasurement of the redemption amount are recognised in profit or loss and presented in “Changes in carrying amount of redemption liabilities”.

The movement of the carrying amount of redemption liabilities during the Track Record Period is set out below:

The Group and the Company

	As at 31 December	
	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>
At the beginning of the year	190,317	247,773
Redemption rights granted upon transfer of shares from the ultimate controlling shareholder	10,000	–
Redemption rights granted upon share issuance	20,000	22,000
Changes in carrying amount	27,456	29,532
Termination of redemption rights (i)	–	(299,305)
At the end of the year	<u>247,773</u>	<u>–</u>

- (i) In December 2025, pursuant to the supplemental agreements entered into between the Company, founding shareholders and the Pre[REDACTED] Investors, the redemption rights granted by the Company were terminated on a void ab initio basis, and there are no circumstances under which the redemption rights previously granted will be reinstated. The Company recognised and measured the redemption liabilities due to the Pre[REDACTED] Investors prior to the supplemental agreements as it did not have an unconditional right to avoid the redemption obligations upon redemption triggering events. Immediately upon the termination, the redemption liabilities were derecognised and the carrying amount of RMB299,305,000 was reclassified to equity.

The redemption rights granted by the founding shareholders shall be terminated from the day immediately preceding the date on which the Company submits its first filing of the [REDACTED] to the Stock Exchange, however, such rights shall automatically be reinstated if the Company terminates or withdraws its [REDACTED], or if the [REDACTED] is rejected or denied.

In connection with redemption rights granted by the founding shareholders, the directors of the Company have confirmed that (i) the Company does not have any obligation to fulfil the abovementioned redemption rights granted by the founding shareholders; and (ii) the Company has not provided any guarantee for the abovementioned redemption rights granted by the founding shareholders in the event of a default by the founding shareholders. Accordingly, no financial liability has been recorded in the Historical Financial Information with respect to these special rights granted to the Pre[REDACTED] investors by the founding shareholders.

APPENDIX I

ACCOUNTANTS' REPORT

26 Income tax in the consolidated statements of financial position

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

The Group

	Years ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
			(unaudited)	
As at 1 January	2,917	729	729	1,016
Provision for current income tax for the year/period	1,390	2,138	1,195	1,517
Income tax paid, net of tax refund	(3,578)	(1,851)	(2,474)	(1,121)
As at 31 December/30 June	<u>729</u>	<u>1,016</u>	<u>(550)</u>	<u>1,412</u>
Reconciliation to the consolidated statements of financial position				
Income tax payable	1,244	1,988	1,883	2,826
Income tax recoverable	(515)	(972)	(2,433)	(1,414)
	<u>729</u>	<u>1,016</u>	<u>(550)</u>	<u>1,412</u>

The Company

	Years ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
			(unaudited)	
As at 1 January	95	(509)	(509)	(960)
Provision for current income tax for the year/period	–	–	–	9
Income tax paid, net of tax refund	(604)	(451)	(454)	–
As at 31 December/30 June	<u>(509)</u>	<u>(960)</u>	<u>(963)</u>	<u>(951)</u>
Reconciliation to the consolidated statements of financial position				
Income tax recoverable	<u>(509)</u>	<u>(960)</u>	<u>(963)</u>	<u>(951)</u>

APPENDIX I

ACCOUNTANTS’ REPORT

(b) Deferred tax assets and liabilities recognised:

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

The following are the major deferred tax assets/(liabilities) recognised and movements thereon during the Track Record Period:

The Group

	The effect of ROU assets RMB'000	The effect of lease liability RMB'000	Credit loss allowance RMB'000	Accruals and other temporary differences RMB'000	Tax losses RMB'000	Total RMB'000
Deferred tax arising from:						
1 January 2024	386	(209)	850	112	–	1,139
Credited/(charged) to profit or loss	106	(139)	(2)	602	186	753
At 31 December 2024	492	(348)	848	714	186	1,892
Charged/(credited) to profit or loss	(1,342)	1,241	(636)	409	1,943	1,615
At 31 December 2025	(850)	893	212	1,123	2,129	3,507
Charged/(credited) to profit or loss	(68)	30	18	910	1,006	1,896
At 30 June 2026	(918)	923	230	2,033	3,135	5,403

The Company

	The effect of ROU assets RMB'000	The effect of lease liability RMB'000	Credit loss allowance RMB'000	Accruals and other temporary differences RMB'000	Tax losses RMB'000	Total RMB'000
Deferred tax arising from:						
1 January 2024	212	(159)	1,135	–	–	1,188
Credited/(charged) to profit or loss	106	(139)	142	275	187	571
At 31 December 2024	318	(298)	1,277	275	187	1,759
Charged /(credited) to profit or loss	(1,168)	1,191	(1,131)	240	1,942	1,074
At 31 December 2025	(850)	893	146	515	2,129	2,833
Charged/(credited) to profit or loss	74	(109)	9	980	917	1,871
At 30 June 2026	(776)	784	155	1,495	3,046	4,704

(c) Deferred tax assets not recognised:

As at 31 December 2024, 31 December 2025 and 30 June 2026, the Group has not recognised deferred tax assets in respect of their respective cumulative tax losses of RMB13,297,000, RMB16,668,000 and RMB13,590,000 and other deductible temporary differences of RMB2,677,000, RMB2,642,000 and RMB2,015,000, respectively as it is not probable that future taxable profits against which the losses and deductible temporary differences can be utilised will be available in the relevant tax jurisdiction and entity.

APPENDIX I

ACCOUNTANTS’ REPORT

The expiration information of the Group’s unrecognised deferred tax assets in respect of cumulative tax losses is set out below:

	As at 31 December		As at
	2024	2025	30 June
	RMB'000	RMB'000	2026
			RMB'000
2025	706	–	–
2026	550	550	–
2027	4,036	1,786	–
2028	2,625	1,951	378
2029	5,380	1,830	829
2030	–	2,343	1,193
2031 and thereafter	–	8,208	11,190
Total	13,297	16,668	13,590

27 Equity-settled share-based transactions

(a) Share award schemes

In January 2024, 170,000 restricted shares units (“RSUs”) of the Company were granted to employees at RMB10.00 each through certain limited partnerships as platforms of employee stock ownership plan. None of the grants were subject to vesting conditions.

(b) Expenses arising from share-based payment transactions

	Years ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
General and administrative expenses	1,277	–	–	–

(c) Fair values of RSUs

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

	Grant date As at 31 January, 2024
Fair value of RSUs and assumptions	
Fair value at measurement date	RMB17.51
Risk-free interest rate	2.28%
Expected dividend yield	0.00%
Expected volatility	48.29%
Subscription price	RMB10.00

APPENDIX I

ACCOUNTANTS’ REPORT

28 Capital, reserves and dividends

(a) Movements in components of equity

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

The Company

	Note	Share capital RMB’000	Capital reserve RMB’000	Accumulated losses RMB’000	Total RMB’000
Balance at 1 January 2024		25,651	17,585	(49,131)	(5,895)
Changes in equity for 2024:					
Loss and total comprehensive income for the year		–	–	(30,268)	(30,268)
Capital contribution from a shareholder	(i)	–	2,500	–	2,500
Share issuance	28(c)	466	19,534	–	20,000
Transfer of shares from the ultimate controlling shareholder	25	–	(10,000)	–	(10,000)
Redemption rights granted upon share issuance	25	–	(20,000)	–	(20,000)
Equity-settled share-based transactions	27	–	1,277	–	1,277
Balance at 31 December 2024 and 1 January 2025		26,117	10,896	(79,399)	(42,386)
Changes in equity for 2025:					
Loss and total comprehensive income for the year		–	–	(32,113)	(32,113)
Share issuance	28(c)	513	21,487	–	22,000
Redemption rights granted upon share issuance	25	–	(22,000)	–	(22,000)
Termination of redemption rights	25	–	299,305	–	299,305
Balance at 31 December 2025 and 1 January 2026		26,630	309,688	(111,512)	224,806
Change in equity for six months ended 30 June 2026:					
Loss and total comprehensive income for the period		–	–	(11,369)	(11,369)
Balance at 30 June 2026		26,630	309,688	(122,881)	213,437

- (i) In March 2024, the Company received a contribution from incentive platform Changxing Lingguan Investment Management Partnership (Limited Partnership) in the form of cash.

(b) Dividends

No dividends have been declared or paid by the Company or its subsidiaries to its equity shareholders during the Track Record Period.

APPENDIX I

ACCOUNTANTS’ REPORT

(c) *Share capital*

(i) *Issued share capital*

	Years ended 31 December				Six months ended 30 June			
	2024		2025		2025		2026	
	No. of shares ('000)	RMB'000	No. of shares ('000)	RMB'000	No. of shares ('000) (unaudited)	RMB'000 (unaudited)	No. of shares ('000)	RMB'000
Ordinary shares, issued and fully paid:								
At 1 January	25,651	25,651	26,117	26,117	26,117	26,117	26,630	26,630
Issuance of ordinary shares	466	466	513	513	–	–	–	–
At 31 December/30 June	<u>26,117</u>	<u>26,117</u>	<u>26,630</u>	<u>26,630</u>	<u>26,117</u>	<u>26,117</u>	<u>26,630</u>	<u>26,630</u>

(d) *Nature and purpose of reserves*

(i) *Capital reserve*

The capital reserve comprises the following:

- reserves arising from business combinations under common control;
- the excess of the net contributions from the shareholders of the Company over the total paid-in capital or shares issued;
- Contributions from a shareholder;
- amounts in relation to the recognition of the redemption rights granted to investors (see Note 25);
- The share-based payment reserve arising from the difference between the fair value of the RSUs granted and the consideration paid by the employees of the Group that has been recognised in accordance with the accounting policy in Note 2(r)(ii);

(ii) *Exchange reserve*

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations as well as the effective portion of any foreign exchange differences arising from hedges of the net investment in these foreign operations. The reserve is dealt with in accordance with the accounting policies set out in Note 2(v).

(e) *Capital management*

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

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

29 Financial risk management and fair values of financial instruments

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group’s business. The Group’s exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) *Credit risk*

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group’s credit risk is primarily attributable to trade receivables and contract assets. The Group’s exposure to credit risk arising from cash and cash equivalents, restricted cash balances and bills receivable is limited because the counterparties are banks and financial institutions,

APPENDIX I

ACCOUNTANTS’ REPORT

which the Group considers to represent low credit risk. The Group’s exposure to credit risk arising from refundable rental deposits is considered to be low, taking into account the remaining lease term and the period covered by the rental deposits.

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

Trade receivables and contract assets

The Group has established a credit risk management policy under which individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer’s past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 30 to 180 days from the date of billing. Normally, the Group does not obtain collateral from customers.

The Group has no significant concentration of credit risk in industries or countries in which the customers operate. Significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At 31 December 2024, 31 December 2025 and 30 June 2026, 13%, 3% and 12% of the total trade receivables and contract assets was due from the Group’s largest customer, respectively, 22%, 34% and 39% of the total trade receivables and contract assets, respectively, was due from the Group’s five largest customers.

Trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due to measure ECL. Management collectively assessed the expected credit losses taking into account the ageing analysis and the history of bad debt losses. The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix.

And the recognition and measurement method of loss allowance for each category is measured separately:

- For trade receivables and contract assets due from customers with specific credit risks or external credit ratings. The Group applies the individual identification method based on the characteristics of credit risk of each individual balance.
- The remaining trade receivables and contract assets due from customers are grouped based on similar credit risk, the Group calculates the expected credit loss by referring to the historical credit loss experience for each aging bucket, combining with the current situation and the forecast of future economic conditions.

As of 31 December 2024, 31 December 2025 and 30 June 2026, the balances of various trade receivables and contract assets are as follows:

	As at 31 December 2024		
	Gross carrying amount RMB’000	Loss allowance RMB’000	Net carrying amount RMB’000
Customers with specific credit risks or credit ratings	4,380	(4,380)	–
Customers grouped based on similar credit risk	101,597	(1,245)	100,352
	<u>105,977</u>	<u>(5,625)</u>	<u>100,352</u>

	As at 31 December 2025		
	Gross carrying amount RMB’000	Loss allowance RMB’000	Net carrying amount RMB’000
Customers grouped based on similar credit risk	<u>122,285</u>	<u>(1,259)</u>	<u>121,026</u>

APPENDIX I

ACCOUNTANTS’ REPORT

	As at 30 June 2026		
	Gross carrying amount RMB'000	Loss allowance RMB'000	Net carrying amount RMB'000
Customers grouped based on similar credit risk	127,947	(1,608)	126,339

For trade receivables and contract assets based on individual assessments, the Group assesses the credit quality of the customers, taking into account of their financial positions, past experience and other factors. The expected credit loss considers the customers’ external credit ratings.

For trade receivables and contract assets based on similar credit risk assessments, the loss allowance as at 31 December 2024, 31 December 2025 and 30 June 2026 was determined as follows for trade receivables and contract assets from customers which have been grouped based on similar credit risk characteristics:

	As at 31 December 2024		
	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Within 1 year	0.65%	96,482	623
After 1 year but within 2 years	9.02%	3,649	329
After 2 years but within 3 years	19.99%	1,466	293
		101,597	1,245

	As at 31 December 2025		
	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Within 1 year	0.43%	117,093	498
After 1 year but within 2 years	8.16%	2,341	191
After 2 years but within 3 years	20.00%	2,851	570
		122,285	1,259

	As at 30 June 2026		
	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Within 1 year	0.36%	122,787	439
After 1 year but within 2 years	13.93%	2,441	340
After 2 years but within 3 years	17.47%	2,290	400
Over 3 years	100.00%	429	429
		127,947	1,608

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

APPENDIX I

ACCOUNTANTS’ REPORT

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

	As at 31 December 2024 RMB'000	2025 RMB'000	As at 30 June 2026 RMB'000
Balance at the beginning of the year/ period	5,663	5,625	1,259
Impairment losses recognised	(38)	14	349
Amounts reversed	—	(4,380)	—
Balance at the end of the year/period	<u>5,625</u>	<u>1,259</u>	<u>1,608</u>

(b) Liquidity risk

The Group’s policy is to regularly monitor its liquidity requirements and its compliance with lending covenants and its relationship with finance providers, to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

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

As at 31 December 2024					
Contractual undiscounted cash outflow					
Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total RMB'000	Carrying amount RMB'000
Trade and other payables (Note 19)	75,520	—	—	75,520	75,520
Interest-bearing borrowings (Note 21)	85,731	6,240	20,800	10,159	122,930
Other borrowings (Note 24)	24,486	11,422	7,073	—	42,981
Lease liabilities (Note 22)	3,520	2,667	6,361	196	12,744
Redemption liabilities (Note 25)	247,773	—	—	—	247,773
	<u>437,030</u>	<u>20,329</u>	<u>34,234</u>	<u>10,355</u>	<u>501,948</u>
	<u>437,030</u>	<u>20,329</u>	<u>34,234</u>	<u>10,355</u>	<u>501,948</u>

As at 31 December 2025					
Contractual undiscounted cash outflow					
Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total RMB'000	Carrying amount RMB'000
Trade and other payables (Note 19)	107,733	—	—	—	107,733
Interest-bearing borrowings (Note 21)	102,839	12,782	24,623	—	140,244
Other borrowings (Note 24)	35,365	9,219	400	—	44,984
Lease liabilities (Note 22)	2,125	2,125	6,374	1,851	12,475
	<u>248,062</u>	<u>24,126</u>	<u>31,397</u>	<u>1,851</u>	<u>305,436</u>
	<u>248,062</u>	<u>24,126</u>	<u>31,397</u>	<u>1,851</u>	<u>305,436</u>

APPENDIX I

ACCOUNTANTS’ REPORT

	As at 30 June 2026					
	Contractual undiscounted cash outflow					
	Within 1 year or on demand <i>RMB'000</i>	More than 1 year but less than 2 years <i>RMB'000</i>	More than 2 years but less than 5 years <i>RMB'000</i>	More than 5 years <i>RMB'000</i>	Total <i>RMB'000</i>	Carrying amount <i>RMB'000</i>
Trade and other payables <i>(Note 19)</i>	85,098	–	–	–	85,098	85,098
Interest-bearing borrowings <i>(Note 21)</i>	117,555	6,180	52,291	–	176,026	170,899
Other borrowings <i>(Note 24)</i>	18,468	1,667	–	–	20,135	18,989
Lease liabilities <i>(Note 22)</i>	2,603	2,614	6,686	1,302	13,205	12,035
	<u>223,724</u>	<u>10,461</u>	<u>58,977</u>	<u>1,302</u>	<u>294,464</u>	<u>287,021</u>

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group’s interest rate risk arises primarily from cash and cash equivalents, restricted cash balances, interest-bearing borrowings, other borrowings, redemption liabilities and lease liabilities. Borrowings issued at variable rates and cash and cash equivalents expose the Group to cash flow interest rate risk. Cash and cash equivalents and borrowings issued at floating rates expose the Group to fair value interest rate risk. The Group’s interest rate profile as monitored by management is set out in (i) below.

(i) Interest rate profile

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

	2024		2025		30 June 2026	
	Effective interest rate %	RMB'000	Effective interest rate %	RMB'000	Effective interest rate %	RMB'000
Fixed rate instruments:						
Restricted cash balances	0.85	284	0.05~0.70	853	–	–
Interest-bearing borrowings	3.00~5.85	(76,434)	2.50~4.70	(84,338)	2.50~4.30	(88,000)
Other borrowings	3.10~6.95	(39,622)	3.00~6.45	(43,064)	3.00~6.78	(18,989)
Redemption liabilities	15.00	(247,773)	–	–	–	–
Lease liabilities	4.50	(11,731)	3.50	(11,432)	1.15~3.50	(12,035)
		<u>(375,276)</u>		<u>(137,981)</u>		<u>(119,024)</u>
Variable rate instruments:						
Cash and cash equivalents	0.10~0.50	10,316	0.05	35,947	0.05	11,013
Restricted cash balances	0.10~0.50	5	–	–	–	–
Interest-bearing borrowings	3.10~4.40	(41,768)	2.70~3.80	(50,768)	2.50~3.80	(82,768)
		<u>(31,447)</u>		<u>(14,821)</u>		<u>(71,755)</u>
		<u>(406,723)</u>		<u>(152,802)</u>		<u>(190,779)</u>

APPENDIX I

ACCOUNTANTS’ REPORT

(ii) Sensitivity analysis

At 31 December 2024, 31 December 2025 and 30 June 2026, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have increased/decreased the Group’s net loss and accumulated loss by approximately RMB267,000, RMB126,000 and RMB305,000, respectively.

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

(d) Currency risk

The Group’s businesses are principally conducted in RMB and most of the Group’s monetary assets and liabilities are denominated in RMB. Accordingly, the directors consider the Group’s exposure to foreign currency risk is not significant.

(e) Fair value measurement

(i) Financial instruments carried at fair value

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

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

	Fair value at 31 December 2025 RMB’000	Fair value measurements as at 31 December 2025 categorised into		
		Level 1 RMB’000	Level 2 RMB’000	Level 3 RMB’000
Financial assets measured at FVOCI:				
Bills receivable	3,772	–	–	3,772
	<u>3,772</u>	<u>–</u>	<u>–</u>	<u>3,772</u>
	Fair value at 30 June 2026 RMB’000	Fair value measurements as at 30 June 2026 categorised into		
		Level 1 RMB’000	Level 2 RMB’000	Level 3 RMB’000
Financial assets measured at FVOCI:				
Bills receivable	3,246	–	–	3,246
	<u>3,246</u>	<u>–</u>	<u>–</u>	<u>3,246</u>

APPENDIX I

ACCOUNTANTS’ REPORT

During the years ended 31 December 2024, 31 December 2025 and the six months ended 30 June 2025 and 2026, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group’s policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Information about Level 3 fair value measurements

	Valuation Technique(s)	Unobservable(s)	Relationship of unobservable input(s) to fair value	Range
Bills receivable	Discounted cash flow model	Lack of marketability discount	The fair value measurement is negatively correlated to the lack of marketability discount	30 June 2026: 0% (2025: 0%)

As at 31 December 2024, 31 December 2025 and 30 June 2026, it is estimated that a general increase/decrease of 1% in lack of marketability discount, with all other variables held constant, would have increased (loss)/decreased profit and increased/decreased the Group’s accumulated loss by approximately nil, RMB28,000 and RMB24,000, respectively.

The movement during the year/period in the balance of these Level 3 fair value measurements are as follows:

	1 January 2025 RMB’000	Acquisition/ (disposal) RMB’000	Net unrealised gains or losses recognised in other comprehensive income during the year RMB’000	Net unrealised gains or losses recognised in profit or loss during the year RMB’000	31 December 2025 RMB’000
Financial assets:					
Bills receivable	–	3,772	–	–	3,772

	1 January 2026 RMB’000	Acquisition/ (disposal) RMB’000	Net unrealised gains or losses recognised in other comprehensive income during the year RMB’000	Net unrealised gains or losses recognised in profit or loss during the year RMB’000	30 June 2026 RMB’000
Financial assets:					
Bills receivable	3,772	(526)	–	–	3,246

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

The carrying amounts of the Group’s financial instruments carried at amortised cost were not materially different from their fair values as at 31 December 2024, 31 December 2025 and 30 June 2026.

APPENDIX I

ACCOUNTANTS’ REPORT

30 Commitments

Capital commitments for purchase of property, plant and equipment outstanding at 31 December 2024, 31 December 2025 and 30 June 2026 not provided for in the financial statements were as follows:

	As at 31 December		As at
	2024	2025	30 June
	RMB'000	RMB'000	2026
			RMB'000
Contracted for	7,489	2,423	4,293

31 Material related party transactions

(a) Key management personnel remuneration

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

	Years ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
			(unaudited)	
Salaries, allowances and benefits in kind	3,996	4,302	2,124	1,691
Discretionary bonuses	1,541	1,220	610	378
Contribution to defined contribution retirement plan	205	175	95	71
	5,742	5,697	2,829	2,140

(b) Name and relationship with related parties

Name and relationship with related parties had other material transactions with the Group during the Track Record Period:

Name of the related party	Relationship
Shangjian (Zhejiang) Motor Vehicle Testing Technology Co., Ltd.* (上檢(浙江)機動車檢測技術有限公司)	Associate
Zhejiang Qingshan Pengpai Intelligent Power Co., Ltd.* (浙江清山澎湃智能動力有限公司)	Associate
Suzhou Xingren Technology Co., Ltd.* (蘇州星軼技術有限公司)	Associate
Changxing Hexia Investment Management Partnership (Limited Partnership)* (長興和夏投資管理合夥企業(有限合夥))	Shareholder
Xia Huipeng (夏慧鵬)	Founder of the Company and Shareholder
He Zhisheng (何志生)	Founder of the Company and Shareholder

* The English translation of the above company names is for reference only. The official names of the companies established in the PRC are in Chinese.

APPENDIX I

ACCOUNTANTS’ REPORT

(c) *Material related party transactions*

Particulars of material transactions between the Group and the above related parties during the Track Record Period are as follows:

	Years ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
			(unaudited)	
Sales of products and services				
Shangjian (Zhejiang) Motor Vehicle Testing Technology Co., Ltd.* (上檢(浙江)機動車檢測技術有限公司)	3,225	2,296	2,269	3,260
Rental income				
Shangjian (Zhejiang) Motor Vehicle Testing Technology Co., Ltd.* (上檢(浙江)機動車檢測技術有限公司)	973	966	483	351
Zhejiang Qingshan Pengpai Intelligent Power Co., Ltd.* 浙江清山澎湃智能動力有限公司	—	88	—	—
	973	1,054	483	351
Service rendered to:				
Suzhou Xingren Technology Co., Ltd.* 蘇州星軻技術有限公司	—	113	—	—
Zhejiang Qingshan Pengpai Intelligent Power Co., Ltd.* 浙江清山澎湃智能動力有限公司	—	113	—	—
	—	226	—	—
Purchase of materials				
Zhejiang Qingshan Pengpai Intelligent Power Co., Ltd.* (浙江清山澎湃智能動力有限公司)	278	2,262	319	1,512
Shangjian (Zhejiang) Motor Vehicle Testing Technology Co., Ltd.* (上檢(浙江)機動車檢測技術有限公司)	121	—	—	—
	399	2,262	319	1,512
Repayment of advances to a related party				
Changxing Hexia Investment Management Partnership (Limited Partnership)* (長興和夏投資管理合夥企業(有限合夥))	1,348	—	—	—

APPENDIX I

ACCOUNTANTS' REPORT

(d) Balances with related parties

Trade in nature:

	As at 31 December 2024 RMB'000	2025 RMB'000	As at 30 June 2026 RMB'000
Trade and other receivables			
Shangjian (Zhejiang) Motor Vehicle Testing Technology Co., Ltd.* (上檢(浙江) 機動車 檢測技術有限公司)	1,458	1,384	555
Zhejiang Qingshan Pengpai Intelligent Power Co., Ltd.* (浙江清山澎湃智能動力有限公司)	132	770	553
Suzhou Xingren Technology Co., Ltd.* (蘇 州星韜技術有限公司)	—	121	120
	<u>1,590</u>	<u>2,275</u>	<u>1,228</u>
Trade and other payables			
Zhejiang Qingshan Pengpai Intelligent Power Co., Ltd.* (浙江清山澎湃智能動力有限公司)	<u>47</u>	<u>969</u>	<u>1,779</u>

(e) Guarantees issued by related party

As disclosed in Note 21 the interest-bearing borrowings of RMB75,752,000, RMB89,123,000 and RMB41,785,000 as at 31 December 2024, 31 December 2025 and 30 June 2026, respectively, were guaranteed by Mr. Xia Huipeng and Mr. He Zhisheng, the shareholders of the Group.

As disclosed in Note 24 the other borrowings of RMB13,505,000, RMB42,379,000 and RMB18,989,000 as at 31 December 2024, 31 December 2025 and 30 June 2026, respectively, were guaranteed by Mr. Xia Huipeng and Mr. He Zhisheng, the shareholders of the Group.

Upon or before the successful completion of a qualified [REDACTED], these guaranteed are to be settled through either repayment or release.

32 Immediate and ultimate controlling party

As at 31 December 2024, 31 December 2025 and 30 June 2026, the directors consider the immediate controlling party and ultimate controlling party of the Group was Mr. Xia Huipeng.

33 Possible impact of amendments, new standards and interpretations issued but not yet effective for the Track Record Period

Up to the date of this report, the IASB has issued a number of new or amended standards, which are not yet effective for the Track Record Period and which have not been adopted in the Historical Financial Information. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
IFRS 18, <i>Presentation and disclosure in financial statements</i>	1 January 2027
IFRS 19, <i>Subsidiaries without public accountability: disclosures</i>	1 January 2027
Amendments to IAS 21, <i>Translation to a hyperinflationary presentation currency</i>	1 January 2027
IFRS 20, <i>Regulatory assets and regulatory liabilities</i>	1 January 2029
Amendments to IFRS 10 and IAS 28, <i>Sale or contribution of assets between an investor and its associate or joint venture</i>	To be decided

APPENDIX I

ACCOUNTANTS' REPORT

The Group is in the process of making an assessment of what the impact of these amendments, new standards and interpretations is expected to be in the period of initial application. So far the Group has concluded that the adoption of them is unlikely to have a significant impact on the Group's results of operations and financial position except for the following:

IFRS 18, Presentation and disclosure in financial statements

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

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

The Group does not plan to early adopt IFRS 18 and IFRS 18 will impact the presentation of financial statements and is not expected to have significant impact on the financial performance and positions of the Group.

34 Significant non-adjusting events after the Track Record Period

There were no material subsequent events after 30 June 2026 up to the date of this report.

SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company and its subsidiaries in respect of any period subsequent to 30 June 2026.