The following is the text of a report set out on pages [I-1] to[I-2], received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this Document. It is prepared and addressed to the directors of the Company and to the Joint Sponsors pursuant to the requirements of HKSIR 200 Accountants' Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants.

[*Letterhead of PricewaterhouseCoopers*] ***[DRAFT]***

ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF SMARTMORE INC., MORGAN STANLEY ASIA LIMITED, CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED AND DEUTSCHE SECURITIES ASIA LIMITED

Introduction

We report on the historical financial information of SmartMore Inc. (the "Company") and its subsidiaries (together, the "Group") set out on pages I-[3] to I-[59], which comprises the consolidated statements of financial position as at December 31, 2023, 2024 and 2025, the statements of financial position of the Company as at December 31, 2023, 2024 and 2025, and the consolidated statements of profit or loss, the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended December 31, 2023, 2024 and 2025 (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-[3] to I-[59] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [date] (the "Document") in connection with the initial **[REDACTED]** of shares of the Company on the **[REDACTED]**.

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountant's responsibility

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

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountant's 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 accountant considers internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountant's report, a true and fair view of the financial position of the Company as at December 31, 2023, 2024 and 2025 and the consolidated financial position of the Group as at December 31, 2023, 2024 and 2025 and of its consolidated financial performance and its consolidated cash flows for the Track Record Period in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

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

Adjustments

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

Dividends

We refer to Note [32] to the Historical Financial Information which states that no dividends have been paid by SmartMore Inc. in respect of the Track Record Period.

No statutory financial statements for the Company

No statutory financial statements have been prepared for the Company since its date of incorporation.

[PricewaterhouseCoopers]
Certified Public Accountants
Hong Kong
[Date]

I HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

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

The financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by [PricewaterhouseCoopers] in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board ("Underlying Financial Statements").

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

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

		Year ended December 31,		
		2023	2024	2025
	Note	RMB'000	RMB'000	RMB'000
Revenue	6	484,899	755,786	1,086,268
Cost of sales	9	(336,822)	(511,458)	(681,107)
Gross profit		**148,077**	**244,328**	**405,161**
Research and development expenses	9	(283,377)	(388,170)	(394,069)
Selling and marketing expenses	9	(151,201)	(140,705)	(174,682)
General and administrative expenses	9	(131,970)	(134,507)	(600,170)
Net impairment losses on financial assets and contract assets	3.1(b)	(30,609)	(20,842)	(41,950)
Other income	7	22,400	15,061	33,202
Other (losses)/gains, net	8	(1,129)	(792)	3,437
Operating loss		**(427,809)**	**(425,627)**	**(769,071)**
Finance income	11	23,846	27,781	28,653
Finance costs	11	(4,502)	(13,683)	(11,416)
Finance income, net	11	**19,344**	**14,098**	**17,237**
Share of net (losses)/profits of investments accounted for using the equity method	13	(318)	(123)	474
Fair value changes of preferred shares and other financial liabilities measured at fair value through profit or loss ("FVPL")	27	(136,486)	(323,265)	(238,648)
Loss before income tax		**(545,269)**	**(734,917)**	**(990,008)**
Income tax expenses	14	(735)	(229)	(1,132)
Loss for the year		**(546,004)**	**(735,146)**	**(991,140)**
Loss is attributable to:				
Owners of the Company		(545,517)	(734,289)	(989,609)
Non-controlling interests		(487)	(857)	(1,531)
Loss per share for loss attributable to ordinary equity holders of the Company (expressed in RMB per share):				
Basic and diluted loss per share	15	(2.73)	(3.67)	(4.94)

The above consolidated statements of profit or loss should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Note	Year ended December 31, 2023 RMB'000	2024 RMB'000	2025 RMB'000
Loss for the year		(546,004)	(735,146)	(991,140)
Other comprehensive (loss)/income				
Items that may be reclassified to profit or loss				
Currency translation differences		(29,390)	(24,456)	55,436
Items that will not be reclassified to profit or loss				
Currency translation differences		(16,408)	(15,376)	20,993
Effects of changes in credit risk for financial liabilities at FVPL	27	(21,609)	42,536	2,857
Other comprehensive (loss)/income for the year, net of tax		**(67,407)**	**2,704**	**79,286**
Total comprehensive loss for the year		**(613,411)**	**(732,442)**	**(911,854)**
Total comprehensive loss for the year is attributable to:		**(613,411)**	**(732,442)**	**(911,854)**
Owners of the Company		(612,961)	(731,615)	(910,305)
Non-controlling interests		(450)	(827)	(1,549)

The above consolidated statements of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at December 31,		
		2023	2024	2025
	Note	RMB'000	RMB'000	RMB'000
ASSETS				
Non-current assets				
Property, plant and equipment	16	64,692	43,654	48,649
Right-of-use assets	17	57,058	38,892	33,848
Intangible assets	18	1,724	10,204	8,446
Investments accounted for using the equity method	13	1,976	1,853	2,327
Financial assets at FVPL	19	14,208	15,124	19,654
Prepayments and other assets	21	10,264	11,130	9,121
Total non-current assets		**149,922**	**120,857**	**122,045**
Current assets				
Inventories	22	69,830	93,314	103,570
Trade and notes receivables	20	270,407	532,608	743,803
Prepayments and other assets	21	69,204	60,393	68,302
Restricted cash	23	3,642	168,946	89,315
Cash and cash equivalents	23	616,822	578,456	948,890
Total current assets		**1,029,905**	**1,433,717**	**1,953,880**
Total assets		**1,179,827**	**1,554,574**	**2,075,925**
LIABILITIES				
Non-current liabilities				
Borrowings	29	–	–	15,013
Lease liabilities	17	36,990	19,115	12,358
Deferred income tax liabilities	31	982	1,211	2,343
Other non-current liabilities	30	10,051	12,955	11,026
Total non-current liabilities		**48,023**	**33,281**	**40,740**

	Note	As at December 31 2023 RMB'000	2024 RMB'000	2025 RMB'000
Current liabilities				
Trade and notes payables	28	127,697	300,986	334,410
Contract liabilities	6(c)	24,628	14,971	16,335
Borrowings	29	61,516	188,423	505,541
Lease liabilities	17	21,627	20,046	19,332
Accruals and other current liabilities	30	76,368	89,966	187,525
Preferred shares and other financial liabilities at FVPL	27	2,942,079	3,728,182	4,229,991
Total current liabilities		**3,253,915**	**4,342,574**	**5,293,134**
Total liabilities		**3,301,938**	**4,375,855**	**5,333,874**
Net current liabilities		**(2,224,010)**	**(2,908,857)**	**(3,339,254)**
Net liabilities		**(2,122,111)**	**(2,821,281)**	**(3,257,949)**
DEFECITS				
Deficits attributable to owners of the Company				
Share capital	24	136	136	144
Other reserves	25	2,733	38,679	593,161
Accumulated losses		(2,127,390)	(2,861,679)	(3,851,288)
		(2,124,521)	**(2,822,864)**	**(3,257,983)**
Non-controlling interests		**2,410**	**1,583**	**34**
Total deficits		**(2,122,111)**	**(2,821,281)**	**(3,257,949)**

The above consolidated statements of financial position should be read in conjunction with the accompanying notes.

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at December 31		
		2023	2024	2025
	Note	RMB'000	RMB'000	RMB'000
ASSETS				
Non-current assets				
Investments in subsidiaries	12	1,452,588	2,016,607	2,693,160
Total non-current assets		**1,452,588**	**2,016,607**	**2,693,160**
Current assets				
Prepayments and other assets		–	–	184
Cash and cash equivalents	23	459,793	527,462	634,080
Total current assets		**459,793**	**527,462**	**634,264**
Total assets		**1,912,381**	**2,544,069**	**3,327,424**
LIABILITIES				
Current liabilities				
Accruals		–	–	1,350
Preferred shares and other financial liabilities at FVPL	27	2,794,360	3,677,746	4,179,555
Total current liabilities		**2,794,360**	**3,677,746**	**4,180,905**
Total liabilities		**2,794,360**	**3,677,746**	**4,180,905**
Net liabilities		**(881,979)**	**(1,133,677)**	**(853,481)**
DEFICITS				
Share capital	24	136	136	144
Other reserves	25	90,158	150,590	649,618
Accumulated losses		(972,273)	1,284,403	(1,503,243)
Total deficits		**(881,979)**	**(1,133,677)**	**(853,481)**

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Note	Deficits attributable to owners of the Company				Non-controlling interests	Total deficits
		Share capital	Other reserves	Accumulated losses	Total		
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2023		136	54,516	(1,581,873)	(1,527,221)	2,645	(1,524,576)
Comprehensive loss							
Loss for the year		–	–	(545,517)	(545,517)	(487)	(546,004)
Currency translation differences		–	(45,835)	–	(45,835)	37	(45,798)
Effects of changes in credit risk for financial liabilities at FVPL	27	–	(21,609)	–	(21,609)	–	(21,609)
Total comprehensive loss for the year		**–**	**(67,444)**	**(545,517)**	**(612,961)**	**(450)**	**(613,411)**
Transactions with owners in their capacity as owners:							
Share-based payments	26	–	15,661	–	15,661	–	15,661
Disposal of a subsidiary		–	–	–	–	215	215
As at December 31, 2023		**136**	**2,733**	**(2,127,390)**	**(2,124,521)**	**2,410**	**(2,122,111)**

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

		Deficits attributable to owners of the Company					
	Note	Share capital	Other reserves	Accumulated losses	Total	Non-controlling interests	Total deficits
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2024		136	2,733	(2,127,390)	(2,124,521)	2,410	(2,122,111)
Comprehensive income/(loss)							
Loss for the year		–	–	(734,289)	(734,289)	(857)	(735,146)
Currency translation differences		–	(39,862)	–	(39,862)	30	(39,832)
Effects of changes in credit risk for financial liabilities at FVPL	27	–	42,536	–	42,536	–	42,536
Total comprehensive income/(loss) for the year		–	2,674	(734,289)	(731,615)	(827)	(732,442)
Transactions with owners in their capacity as owners:							
Share-based payments	26	–	33,272	–	33,272	–	33,272
As at December 31, 2024		136	38,679	(2,861,679)	(2,822,864)	1,583	(2,821,281)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

		Deficits attributable to owners of the Company					
	Note	Share capital	Other reserves	Accumulated losses	Total	Non-controlling interests	Total deficits
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2025		136	38,679	(2,861,679)	(2,822,864)	1,583	(2,821,281)
Comprehensive income/(loss)							
Loss for the year		–	–	(989,609)	(989,609)	(1,531)	(991,140)
Currency translation differences		–	76,447	–	76,447	(18)	76,429
Effects of changes in credit risk for financial liabilities at FVPL	27	–	2,857	–	2,857	–	2,857
Total comprehensive income/(loss) for the year		**–**	**79,304**	**(989,609)**	**(910,305)**	**(1,549)**	**(911,854)**
Transactions with owners in their capacity as owners:							
Exercise of stock options		21	–	–	21	–	21
Cancellation of ordinary shares		(13)	13	–	–	–	–
Share-based payments	26	–	475,165	–	475,165	–	475,165
As at December 31, 2025		**144**	**593,161**	**(3,851,288)**	**(3,257,983)**	**34**	**(3,257,949)**

The above consolidated statements of changes in equity should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended December 31,		
		2023	2024	2025
	Note	RMB'000	RMB'000	RMB'000
Cash flows from operating activities				
Cash used in operations	33(a)	(395,861)	(451,638)	(355,928)
Interest received		23,846	27,781	28,653
Net cash outflow from operating activities		**(372,015)**	**(423,857)**	**(327,275)**
Cash flows from investing activities				
Payments for property, plant and equipment		(15,659)	(13,816)	(18,567)
Payments for intangible assets		(814)	(3,910)	(3,091)
(Increase)/decrease in restricted cash	23	–	(162,074)	78,048
Proceeds from sale of property, plant and equipment		155	789	927
Proceeds from disposal of a subsidiary, net of cash disposed		(475)	–	–
Net cash (outflow)/inflow from investing activities		**(16,793)**	**(179,011)**	**57,317**
Cash flows from financing activities				
Proceeds from issuance of preferred shares and other financial liabilities	27	72,215	552,026	352,885
Proceeds from borrowings		40,222	193,348	545,732
Repayment of borrowings		(37,850)	(54,359)	(209,186)
Payment of interests on bank borrowings		(1,797)	(3,452)	(9,820)
Repayment of domestic loans	27	(42,021)	(97,283)	–
Principal elements of lease payments		(21,452)	(22,427)	(22,541)
Interest elements of lease payments		(2,120)	(1,576)	(1,088)
Payments for transaction costs for issuance of preferred shares		–	(7,922)	–
Exercise of stock options		–	–	21
Net cash inflow from financing activities		**7,197**	**558,355**	**656,003**
Net (decrease)/increase in cash and cash equivalents		**(381,611)**	**(44,513)**	**386,045**
Cash and cash equivalents at the beginning of the year		990,369	616,822	578,456
Effects of exchange rate changes on cash and cash equivalents		8,064	6,147	(15,611)
Cash and cash equivalents at end of the year		**616,822**	**578,456**	**948,890**

The above consolidated statements of cash flows should be read in conjunction with the accompanying notes.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 General information

SmartMore Inc. (the "Company", formerly known as Hyperspace Group Inc.) was incorporated in the Cayman Islands on September 21, 2019, as an exempted company with limited liability under the Companies Act (Cap. 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of its registered office is Maricorp Services Ltd., 2nd Floor, Strathvale House, 90 North Church Street, P.O. Box 1103, George Town, Grand Cayman KY1-1102, Cayman Islands. The change of name does not affect the legal continuity of the Company.

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in providing Industrial AI agents and AI infrastructure initiatives in the People's Republic of China (the "PRC"). The ultimate holding company of the Company is Hyperdimension Holdings Limited. The ultimate controlling party of the Group is Dr. Jiaya Jia.

The Company's principal subsidiaries during the Track Record Period and as at the date of this report are set out in Note 12.

2 Basis of preparation

The Historical Financial Information of the Group has been prepared in accordance with all applicable IFRS Accounting Standards issued by the International Accounting Standards Board ("IFRS Accounting Standards"). The Historical Financial Information has been prepared under the historical cost convention, as modified by the revaluation of certain financial assets/liabilities measured at fair value.

The material accounting policies applied in the preparation of the Historical Financial Information have been consistently applied to all the years presented, unless otherwise stated. All effective standards, amendments to standards and interpretations, which are mandatory for the financial year beginning on or after January 1, 2025, are consistently applied by the Group throughout the Track Record Period.

The preparation of Historical Financial Information in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in Note 4 below.

The Historical Financial Information is presented in Renminbi ("RMB"), unless indicated otherwise.

2.1 Going concern

As at December 31, 2025, the Group's current liabilities exceeded its current assets by approximately RMB 3,339,254,000 and the Group had a deficit on its total equity of RMB 3,257,949,000. The Group's current liabilities as at December 31, 2025 primarily comprised of preferred shares and other financial liabilities at FVPL of approximately RMB 4,229,991,000. As disclosed in Note 27 to the Historical Financial Information, the preferred shares have been classified as current liabilities as the holders have the rights to convert them into the ordinary shares of the Company at any time after the issuance of these preferred shares. These preferred shares shall be automatically converted into the ordinary shares of the Company upon the closing of a consummation of the qualified **[REDACTED]** ("Qualified **[REDACTED]**") of the Company. There will be no cash outflows from the Group for such conversion of shares. The directors of the Company (the "Directors") have assessed the redemption features of the preferred shares as set out in Note 27 and concluded that the only likely event or situation which may trigger the Group to redeem these preferred shares in cash is that the Company fails to complete a Qualified **[REDACTED]** before August 28, 2029. Therefore, the Directors concluded that it is not expected the Group will incur any cash outflows to settle or redeem the preferred shares within the next twelve months from December 31, 2025.

The Directors have reviewed the Group's cash flow forecast which covers a period of not less than twelve months from December 31, 2025. Based on the review of the cash flow forecast and taking into account the considerations mentioned in the preceding paragraph, the Directors have concluded that the Group will have adequate financial resources to continue its operations in the foreseeable future and to meet its financial obligations as and when they fall due within the next twelve months from December 31, 2025. Accordingly, the Directors have prepared the Historical Financial Information on a going concern basis.

2.2 New standards, amendments to standards and annual improvements not yet adopted

New standards, amendments to standards and annual improvements that have been issued but not yet effective and not been early adopted by the Group during the Track Record Period are as follows:

	Effective for accounting periods beginning on or after
Amendments to IFRS 9 and IFRS 7, 'Amendments to the Classification and Measurement of Financial Instruments'	January 1, 2026
Amendments to IFRS 9 and IFRS 7, 'Contracts Referencing Nature-dependent Electricity'	January 1, 2026
Annual Improvements – Volume 11 IFRS accounting standards	January 1, 2026
IFRS 18, 'Presentation and Disclosure in Financial Statements'	January 1, 2027
IFRS 19 and amendment, 'Subsidiaries without Public Accountability: Disclosures'	January 1, 2027
Amendments to IAS 21, 'Translation to a Hyperinflationary Presentation Currency'	January 1, 2027
Amendments to IFRS 10 and IAS 28 'Sale or Contribution of Assets between an Investor and its Associate or Joint Venture'	To be determined

The Group is in the process of determining the impact on the Group of applying these new or amended standards and annual improvements. Except for the expected changes in presentation and disclosure under IFRS 18 as mentioned below, the abovementioned new or amended standards and annual improvements are not expected to have a material impact on the results or financial position of the Group.

IFRS 18 will replace IAS 1 Presentation of Financial Statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though IFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the consolidated statements of profit or loss and providing management-defined performance measures within the financial statements.

The new presentation requirements introduced in IFRS 18 will increase comparability of the financial performance of similar entities, especially related to how 'operating profit or loss' is defined. The new disclosure requirements for 'management-defined performance measures' will enhance transparency.

Upon the initial adoption of IFRS 18, it is anticipated that the statement of cash flows will be impacted, because interest received and finance costs paid are required to each be presented in a single category.

The Group currently presents an operating profit/loss subtotal. The Group is performing a detailed assessment to determine the appropriate classification of items to ensure that the operating profit/loss subtotal will comply with the requirements of IFRS 18. The Group expects significant changes in this regard, especially as a result of reclassifying foreign exchange gains and losses within operating activities as well as the reclassification of income from associates as part of a new subtotal within a new 'investing' category. Furthermore, the new aggregation and disaggregation requirements will lead into changes to present the most useful structured summary.

The Group expects to apply the new standard from its mandatory effective date on January 1, 2027. Retrospective application is required, and so the comparative information for the financial year ending December 31, 2026 will be restated upon the adoption of IFRS 18 in 2027.

3 Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risk factors: market risk (including foreign exchange risk, interest rate risk and security prices risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. Risk management is carried out by the senior management of the Group.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not the functional currency of the Group's subsidiaries. The Company and several of its overseas subsidiaries use US$ or their respective local currencies as their functional currencies. The functional currency of the subsidiaries that operate in Chinese mainland is RMB. The Group manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures and tries to minimize these exposures through natural hedges, wherever possible.

The foreign currency assets and liabilities of the Group entities are certain cash and cash equivalents, restricted term deposits, and receivables and payables denominated in foreign currencies of respective group entities that are exposed to foreign currency risk. The foreign exchange risk the Group is facing mainly comes from movements in the USD/RMB. During the years ended December 31, 2023, 2024 and 2025, the Group did not have any derivative financial instrument for which hedging accounting was applied.

If USD had strengthened/weakened by 5% against RMB with all other variables held constant, loss before income tax for the year would have been approximately RMB22,990,000, RMB26,373,000 and RMB31,704,000 higher/lower for the years ended December 31, 2023, 2024 and 2025, respectively.

(ii) Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates and the Group has no significant interest-bearing assets and liabilities except for cash and cash equivalents, restricted term deposits and borrowings. Those carried at floating rates expose us to cash flow interest rate risk whereas those carried at fixed rates expose us to fair value interest rate risk. As at December 31, 2023, 2024 and 2025, the Group had floating rate borrowings of RMB31,279,000, RMB11,010,000 and RMB100,206,000, respectively, with remaining maturity ranging from 3 months to 19 months. The directors of the Company is of the view that the interest rate risk of the Group is not significant.

(iii) Security prices risk

The Group's exposure to equity securities price risk arises from investments in unlisted companies held by the Group which are classified in the consolidated statements of financial position as financial assets at FVPL.

To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio of investments. Each investment is managed by senior management of the Group individually. The sensitivity analysis is performed by management, see Note 3.3 for details.

(b) Credit risk

Credit risk arises from cash and cash equivalents, restricted cash, trade and notes receivables and other receivables. The carrying amount of each class of the above financial assets represents the Group's maximum exposure to credit risk in relation to the corresponding class of financial assets.

(i) Risk management

To manage this risk, cash and cash equivalents and restricted cash are mainly placed with state-owned or reputable financial institutions which are all high-credit-quality financial institutions.

Credit sales are made to selected customers with good credit history. The Group has policies in place to ensure that credit terms are made to counterparties with an appropriate credit history and management performs ongoing credit evaluations of the counterparties. Trade and notes receivables have been grouped based on shared credit risk characteristics and aging to measure the expected credit losses.

(ii) Impairment of financial assets

The Group has three types of financial assets that are subject to the expected credit loss model ("ECL model"):

- Cash and cash equivalents,
- Restricted cash,
- Trade and notes receivables and contract assets; and
- Other receivables.

Cash and cash equivalents and restricted cash

To manage risk arising from cash and cash equivalents and restricted cash, the Group only transacts with state-owned or reputable financial institutions in Chinese mainland and reputable international financial institutions outside of Chinese mainland. There has been no recent history of default in relation to these financial institutions. The identified impairment loss was immaterial.

Trade receivables and contract assets

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 16 months, 28 months and 40 months before January 1, 2023, 2024 and 2025, respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Individually impaired trade receivables are related to customers who are experiencing unexpected economic difficulties. The Group expects that the amounts of the receivables will partially or entirely have difficulty to be recovered and has recognized impairment losses.

Trade receivables and contract assets are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and ceasing enforcement activity.

Impairment losses on trade receivables and contract assets are presented as net impairment losses on financial assets and contract assets within operating profit/loss. Subsequent recoveries of amounts previously written off are credited against the same line item.

On that basis, the loss allowance as at December 31, 2023, 2024 and 2025 were determined as follows for trade receivables and contract assets:

As at December 31, 2023

	Trade receivables	**Expected credit loss rate**	**Loss allowance**	**Reason**
	RMB'000		**RMB'000**	
Individual	35,319	100%	35,319	The likelihood of recovery is low

Collective	**Less than 6 months**	**Between 7 and 12 months**	**Between 1 and 2 years**	**More than 2 years**	**Total**
Expected credit loss rate	4.43%	17.73%	31.44%	93.98%	15.02%
Gross carrying amount—trade receivables (RMB'000)	162,315	55,964	72,101	5,444	295,824
Gross carrying amount—contract assets (RMB'000)	4,221	–	–	–	4,221
Loss allowance (RMB'000)	7,373	9,922	22,669	5,116	45,080

As at December 31, 2024

	Trade receivables	**Expected credit loss rate**	**Loss allowance**	**Reason**
	RMB'000		**RMB'000**	
Individual	13,700	100%	13,700	The likelihood of recovery is low

Collective	**Less than 6 months**	**Between 7 and 12 months**	**Between 1 and 2 years**	**More than 2 years**	**Total**
Expected credit loss rate	6.03%	13.73%	19.93%	33.72%	11.61%
Gross carrying amount—trade receivables (RMB'000)	331,231	80,545	93,705	43,634	549,115
Gross carrying amount—contract assets (RMB'000)	12,238	–	–	–	12,238
Loss allowance (RMB'000)	20,711	11,055	18,676	14,714	65,156

As at December 31, 2025

	Trade receivables	Expected credit loss rate	Loss allowance	Reason
	RMB'000		RMB'000	
Individual	403	100%	403	The likelihood of recovery is low

Collective	Between 0 and 6 months	Between 7 and 12 months	Between 1 and 2 years	More than 2 years	Total
Expected credit loss rate	2.86%	5.87%	18.33%	59.96%	10.83%
Gross carrying amount—trade receivables (RMB'000)	490,043	112,607	124,396	73,079	800,125
Gross carrying amount—contract assets (RMB'000)	7,691	–	–	–	7,691
Loss allowance (RMB'000)	14,223	6,614	22,804	43,821	87,462

The loss allowances for trade receivables and contract assets for years ended December 31, 2023, 2024 and 2025 reconcile to the opening loss allowances as follows:

	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Opening loss allowance at January 1	**50,032**	**80,399**	**78,856**
Increase in the loss allowance recognized in profit or loss during the year	30,366	20,498	41,607
Receivables written off during the year as uncollectible	–	(22,041)	(32,597)
Closing loss allowance at December 31	**80,399**	**78,856**	**87,865**

Notes receivables

The Group only accept notes receivables issued by state-owned or reputable financial institutions in Chinese mainland and there has been no recent history of default in relation to these financial institutions. The Group applies the IFRS 9 simplified approach and assessed the lifetime expected loss allowance for these notes receivables and the identified impairment loss was immaterial. As of December 31, 2023, 2024 and 2025, the credit loss allowance as recognized on notes receivables amounted to RMB17,000, RMB38,000 and RMB29,000, respectively.

Other receivables

The loss allowances for other receivables for years ended December 31, 2023, 2024 and 2025 reconcile to the opening loss allowances as follows:

	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Opening loss allowance at January 1	**262**	**504**	**828**
Increase in the loss allowance recognized in profit or loss during the year	242	323	352
Closing loss allowance at December 31	**504**	**827**	**1,180**

The Group uses three categories for other receivables which reflect their credit risks and how the expected credit loss provision is determined for each of those categories. The Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers both historical loss rates and forward-looking macroeconomic data. A summary of the assumptions underpinning the Group's expected credit loss model is as follows:

Category	Group definition of category	Basis for recognition of expected credit loss provision
Stage one	Counterparties have a low risk of default and a strong capacity to meet contractual cash flows	12 months expected credit losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime
Stage two	Receivables for which there is a significant increase in credit risk since initial recognition	Lifetime expected credit losses
Stage three	Receivables for which there is no reasonable expectation of recovery	Lifetime expected credit losses

On that basis, the loss allowance as at December 31, 2023, 2024 and 2025 were determined as follows for other receivables:

	Stage 1 12-month ECL
As at December 31, 2023	
Expected credit loss rate	2.95%
Gross carrying amount—other receivables - non-current (RMB'000)	8,719
Gross carrying amount—other receivables - current (RMB'000)	8,351
Loss allowance (RMB'000)	**504**

	Stage 1 12-month ECL
As at December 31, 2024	
Expected credit loss rate	4.94%
Gross carrying amount—other receivables - non-current (RMB'000)	9,336
Gross carrying amount—other receivables - current (RMB'000)	7,419
Loss allowance (RMB'000)	**828**

	Stage 1 12-month ECL
As at December 31, 2025	
Expected credit loss rate	5.68%
Gross carrying amount—other receivables - non-current (RMB'000)	9,371
Gross carrying amount—other receivables - current (RMB'000)	11,391
Loss allowance (RMB'000)	**1,180**

(c) *Liquidity risk*

The Group intends to maintain sufficient cash and cash equivalents. Due to the dynamic nature of the underlying business, the policy of the Group is to regularly monitor the Group's liquidity risk and to maintain adequate liquid assets such as cash and cash equivalents or to retain adequate financing arrangements to meet the Group's liquidity requirements.

The table below analyzes the Group's non-derivative financial liabilities into relevant maturity grouping based on the remaining year at each balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At December 31, 2023				
Trade and notes payables	127,697	–	–	127,697
Accruals and other liabilities (excluding non-financial liabilities)	11,820	–	–	11,820
Lease liabilities	23,052	19,852	18,475	61,379
Borrowings	62,450	–	–	62,450
Total	**225,019**	**19,852**	**18,475**	**263,346**

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At December 31, 2024				
Trade and notes payables	300,986	–	–	300,986
Accruals and other liabilities (excluding non-financial liabilities)	19,246	–	–	19,246
Lease liabilities	20,899	14,833	4,746	40,478
Borrowings	192,099	–	–	192,099
Total	**533,230**	**14,833**	**4,746**	**552,809**

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At December 31, 2025				
Trade and notes payables	334,410	–	–	334,410
Accruals and other liabilities (excluding non-financial liabilities)	89,763	–	–	89,763
Lease liabilities	20,164	10,847	1,787	32,798
Borrowings	512,124	15,279	–	527,403
Total	**956,461**	**26,126**	**1,787**	**984,374**

3.2 Capital management

Risk management

The Group's objectives when managing capital are to:

- safeguard their ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and

- maintain an optimal capital structure to reduce the cost of capital.

The Group monitors capital by regularly reviewing the capital structure. The Group may return capital to shareholders, issue new shares or repurchase the Company's shares and consider other financing options to adjust the capital structure as and when necessary. In the opinion of the directors of the Company, the Group's capital risk is low.

3.3 Fair value estimation

(a) Financial instruments carried at fair value

(i) Fair value hierarchy

This section explains the Judgments and estimates made in determining the fair values of the financial instruments that are recognized and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

The following table presents the Group's assets and liabilities that were measured at fair value as at December 31, 2023 and 2024 and 2025:

	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at December 31, 2023				
Financial assets:				
Investments in unlisted companies	–	–	14,208	14,208
Total financial assets	**–**	**–**	**14,208**	**14,208**
Financial liabilities:				
Preferred shares and forwards	–	–	2,766,667	2,766,667
Warrants and domestic loans	–	–	175,412	175,412
Total financial liabilities	**–**	**–**	**2,942,079**	**2,942,079**

	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at December 31, 2024				
Financial assets:				
Investments in unlisted companies	–	–	15,124	15,124
Total financial assets	**–**	**–**	**15,124**	**15,124**
Financial liabilities:				
Preferred shares and forwards	–	–	3,667,078	3,667,078
Warrants and domestic loans	–	–	61,104	61,104
Total financial liabilities	**–**	**–**	**3,728,182**	**3,728,182**

	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at December 31, 2025				
Financial assets:				
Investments in unlisted companies	–	–	19,654	19,654
Total financial assets	**–**	**–**	**19,654**	**19,654**
Financial liabilities:				
Preferred shares and forwards	–	–	4,179,555	4,179,555
Warrants and domestic loans			50,436	50,436
Total financial liabilities	**–**	**–**	**4,229,991**	**4,229,991**

There were no transfers between levels 1, 2 and 3 for recurring fair value measurements during the year presented.

The Group's policy is to recognize transfers into and out of fair value hierarchy levels as at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The level 3 instruments mainly include investment in unlisted companies, as well as the financial liabilities at FVPL, including the preferred shares. As these instruments are not traded in an active market, their fair values have been determined using various applicable methodologies.

(ii) Valuation techniques used to determine fair values and process

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments;

- the discounted cash flow model and unobservable inputs mainly including assumptions of expected future cash flows and discount rate;
- the latest round financing, i.e. the prior transaction price or the third-party pricing; and
- a combination of observable and unobservable inputs, including risk-free rate, expected volatility, discount rate for lack of marketability ("DLOM"), market multiples, etc..

The Group has a team that manages the valuation exercise of level 3 instruments for financial reporting purposes. The team manages the valuation exercise of the financial instruments on a case-by-case basis. At least once every year, the team would use valuation techniques to determine the fair value of the Group's level 3 instruments. External valuation experts will be involved when necessary.

(iii) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 financial assets at FVPL for the years ended December 31, 2023, 2024 and 2025:

	Investments in unlisted companies
	RMB'000
Opening balance as at January 1, 2023	**11,265**
Changes in fair value through profit or loss	2,943
Closing balance December 31, 2023	**14,208**
Changes in fair value through profit or loss	916
Closing balance as at December 31, 2024	**15,124**
Changes in fair value through profit or loss	4,530
Closing balance as at December 31, 2025	**19,654**

The changes of preferred shares and other financial liabilities at FVPL for the years ended December 31, 2023, 2024 and 2025 have been disclosed in Note 27.

(iv) Valuation inputs and relationships to fair value

The following table summarizes the quantitative information about the significant unobservable inputs used in level 3 fair value measurements:

Description	Fair Value As at December 31, 2023	 2024	 2025	Significant unobservable inputs	Range of inputs As at December 31, 2023	 2024	 2025	Relationship of unobservable inputs to fair value
	RMB'000	RMB'000	RMB'000					
Investments in unlisted companies	14,208	15,124	19,654	Discount for lack of marketability ("DLOM")	N/A*	N/A*	19.97%-20.11%	The higher the DLOM, the lower the fair value
				Expected volatility	42.17%-45.4%	39.0%-39.58%	35.25%-47.63%	The higher the expected volatility, the lower the fair value
Preferred shares and forwards	2,766,667	3,667,078	4,179,555	Risk-free interest rate	3.9%-4.0%	3.6%-4.4%	3.3%-3.6%	The higher the risk-free interest rate, the lower the fair value
				DLOM	9.5%-10.0%	8%-11.5%	5%-10.5%	The higher the DLOM, the lower the fair value
				Expected volatility	51.0%-50.4%	50.5%-54.3%	50.9%-53.3%	The higher the expected volatility, the lower the fair value
Warrants and domestic loans	175,412	61,104	50,436	Risk-free interest rate	4.2%-5.0%	4.10%	4.10%	The higher the discount rate, the lower the fair value

* For the years ended December 31, 2023 and 2024, the fair values of these unlisted companies are determined by reference to the subscription price in the latest round of financing of the respective invested companies.

If the fair values of the investments in unlisted companies held by the Group had been 10% higher/lower, loss for the years ended December 31, 2023, 2024 and 2025 would have been lower/higher by approximately RMB1,421,000, RMB1,512,000 and RMB1,965,000, respectively.

For forwards, warrants and domestic loans, none of the inputs is sensitive, 10% changes in these inputs would not cause significant changes in the fair value measurement of these financial liabilities.

If the Group's key valuation assumptions used to determine the fair value of preferred shares had increased/decreased certain percentage, loss for the years ended December 31, 2023, 2024 and 2025 listed in below table (assuming the change of key assumptions would not have significant impact on fair value change attributable to credit risk).

Preferred shares

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	**RMB'000**	**RMB'000**
Risk-free interest rate + 10%	(686)	(971)	(823)
Risk-free interest rate - 10%	692	982	829
DLOM + 10%	(78,795)	(99,291)	(98,498)
DLOM - 10%	78,795	99,291	98,498
Expected volatility + 10%	(3,617)	(5,428)	(5,159)
Expected volatility - 10%	2,730	4,754	4,148

(b) Financial instruments carried at other than fair value

The carrying amounts of the Group's financial assets carried at other than fair value, including cash and cash equivalents, trade receivables, restricted cash, and other receivables, and the Group's financial liabilities carried at other than fair value, including trade payables, other payables and accruals, borrowings and lease liabilities, approximate to their fair values due to their short maturities.

4 Critical accounting estimates and Judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Fair value of preferred shares and other financial liabilities

Preferred shares and other financial liabilities at FVPL are not traded in an active market and the respective fair value are determined by using valuation techniques. The discounted cash flow method was used to determine the total equity value of the Company and equity allocation model was adopted to determine the fair value of the financial instruments. Key assumptions such as discount rate, risk-free interest rate, DLOM and expected volatility based on the Group's best estimates are disclosed in Note 3.3.

(b) Credit loss allowances for receivables

The expected credit loss of trade receivables, are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to calculate the loss allowances, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in Note 3.1.

(c) Share-based payment expenses

As mentioned in Note 26, the Group granted options to employees. The fair value of the options is determined using the binomial option pricing model at the grant date, and is expected to be expensed over the respective vesting periods. Significant assumptions, including, underlying equity value, risk-free interest rate, expected volatility, dividend yield, and terms, are made by the directors with reference to valuation reports prepared by a third-party valuer.

The Group estimate the expected yearly percentage of grantees that will stay within the Group and meet the non-market performance conditions at the end of the vesting periods of the share options (the "Expected Retention Rate") in order to determine the amount of share-based payments expenses charged to the consolidated statements of profit or loss. The Expected Retention Rate is estimated based on historical pattern of retentions and management's best estimates.

5 Segment information

The Group's chief operating decision-maker ("CODM") has been identified as the chairperson of the Board of Directors of the Company, who reviews consolidated results when making decisions about allocating resources and assessing performance of the Group as a whole and hence, the Group has only one reportable segment. The Group does not distinguish between markets or segments for the purpose of internal reports.

As substantially all of the Group's non-current assets are all located in the PRC and substantially all of the Group's revenues are derived from the PRC, no geographical information is presented.

6 Revenues from contracts with customers

(a) Disaggregation of revenue from contracts with customers

Disaggregation of revenue from contracts with customers by product line is as follows:

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	**RMB'000**	**RMB'000**
Industrial AI Agents	**302,731**	**557,855**	**852,746**
Robots	140,607	294,159	435,576
Edge AI Sensors	13,379	31,021	74,883
Agentic software systems	148,745	232,675	342,287
AI Infrastructure Initiatives	**137,479**	**191,321**	**218,621**
Others	**44,689**	**6,610**	**14,901**
Total revenue	**484,899**	**755,786**	**1,086,268**

During the Track Record Period, substantially all of the Group's revenue is recognized at a point in time.

Except for one customer who contributed approximately 15.10% of the Group's total revenue for the year ended December 31, 2023, no other single customer accounted for more than 10% of the Group's total revenue for the years ended December 31, 2023, 2024 and 2025.

(b) Contract acquisition costs

The Group expenses the costs to obtain a contract as incurred when the amortization period is one year or less. During Track Record Period, the costs to obtain a contact with amortization period of more than one year is immaterial.

(c) Contract liabilities

Contract liabilities represent the cash received from customers before the transfer of goods or services, and the balance of contract liabilities at the end of the respective reporting years are as below:

	As at January 1,	As at December 31,		
	2023	**2023**	**2024**	**2025**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Contract liabilities	8,809	24,628	14,971	16,335

The following table shows how much of the revenue which was included in the contract liabilities at the beginning of the reporting year, recognized during the Track Record Period relates to carried-forward contract liabilities:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Revenue recognized that was included in the contract liability balance at the beginning of the year	3,924	21,086	12,401

(d) Transaction price allocated to the unsatisfied performance obligations

The Group elects not to disclose the amount of transaction price allocated to performance obligations to be satisfied within the next 12 months.

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Transaction price allocated to remaining performance obligations of long-term contracts	–	–	358,761
To be recognized as revenue within 1 year	–	–	63,796
To be recognized as revenue over 1 year	–	–	294,965

(e) Accounting policies of revenue recognition and significant judgments

The Group recognizes revenue as and when a performance obligation is satisfied, i.e., when control of the goods or services underlying the particular performance obligation is transferred to the customer.

Control is transferred over time and revenue is recognized over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates and enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods and services transfers over time, revenue is recognized over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognized at a point in time when the customer obtains control of the goods and services.

Contracts with customers may include multiple performance obligations. For such arrangements, the Group allocates revenue to each performance obligation based on its relative standalone selling price. The Group generally determines standalone selling prices based on the prices charged to customers. If the standalone selling price is not directly observable, it is estimated using expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information. Assumptions and estimations have been made in estimating the relative selling price of each distinct performance obligation, and changes in judgments on these assumptions and estimates may impact the revenue recognition.

When either party to a contract has performed, the Group presents the contract in the statement of financial position as a contract asset or a contract liability, depending on the relationship between the Group's performance and the customer's payment.

A contract asset is the Group's right to consideration in exchange for goods and services that the Group has transferred to a customer. A receivable is recorded when the Group has an unconditional right to consideration. A right to consideration is unconditional if only the passage of time is required before payment of that consideration is due.

If a customer pays consideration or the Group has a right to an amount of consideration that is unconditional, before the Group transfers a good or service to the customer, the Group presents the contract liability when the payment is made, or a receivable is recorded (whichever is earlier). A contract liability is the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold or services supplied, stated net of discounts, returns and value-added taxes. The Group recognizes revenue when the specific criteria have been met for each of the Group's activities, as described below.

(i) Robots

The Group's robots include smart inspection robots and smart operating robots. During the Track Record Period, revenue from sales of robots is primarily generated from sales of smart inspection robots, which are typically sold together with the Group's proprietary industrial vision platform as an integrated hardware-software solution. The robots and the industrial vision platform are highly integrated, and the integration between them is critical for the customer to obtain the intended benefit from the integrated products.

Revenue from sales of robots is recognized at the point in time when control of the integrated products is transferred to the customer, generally upon the acceptance by customer.

(ii) Edge AI Sensors

The Group's edge AI sensors comprise smart vision sensors and smart ID readers. Revenue from sales of edge AI sensors is recognized at the point in time when control of the products is transferred to the customer, generally upon the delivery to customers and the customers have accepted the products.

(iii) Agentic Software Systems

Agentic software systems of the Group include AI-native industrial vision software and industrial AI digitalization solutions. Agentic software systems are delivered as:

(a) licensed software installed at the end users' servers; or

(b) all-in-one server or other related hardware with pre-installed software, which is combined into a single performance obligation for the server/hardware and pre-installed software are highly integrated and the integration between the server/hardware and pre-installed software is critical for the customer to obtain the intended benefit from the arrangement.

Revenue from delivering of (a) licensed software installed at the end users' servers and (b) all-in-one server or other related hardware with pre-installed software is recognized at the point in time when control of the asset is transferred to the customer, generally upon acceptance by customers.

(iv) AI Infrastructure Initiatives

AI infrastructure initiatives are solutions delivered on a project basis. These solutions typically involve customized implementation and integration of software and hardware, tailored to customers' needs. Software and hardware delivered under a project are generally accounted for as a single performance obligation and the related revenue is recognized at the point in time upon the acceptance of the tailored integrated promised deliverables by customer.

(v) Others

Others represent sales of products or services that do not fall into the scope of Industrial AI agents or AI Infrastructure Initiatives. During the Track Record Period, other revenues are recognized at a point in time when control of the related goods or services is transferred to customers.

Principal or agent assessment

Agentic Software Systems and AI Infrastructure Initiatives may involve third-party hardware. Determining whether the Group is acting as a principal or as an agent in the provision of certain performance obligations to its customers require judgment and consideration of all relevant facts and circumstances.

In evaluation of the Group's role as a principal or agent, the Group considers whether the Group controls the specified good or service before it is transferred to the customer. If the conclusion is not clear, the Group further considers the indicators of control, individually or in combination, including whether the Group (i) is primarily responsible for fulfilling the contract, (ii) is subject to inventory risk, and (iii) has discretion in establishing prices.

Warranty

The Group generally offers assurance-type warranties to customers and such warranties are not considered a distinct performance obligation to customers. The Group accounts for these warranties in accordance with IAS 37.

Practical expedients

The effect of a significant financing component has not been adjusted for in contracts where the Group expects, at contract inception date, that the period between when the Group transfers a promised good or service to the customer and when the customer pays for that good or service will be one year or less.

7 Other income

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	**RMB'000**	**RMB'000**
Government grants	21,016	13,861	31,368
Others	1,384	1,200	1,834
	22,400	**15,061**	**33,202**

Government grants received during the Track Record Period comprised the financial subsidies received from various local government authorities in Chinese mainland.

8 Other (losses)/gains, net

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	**RMB'000**	**RMB'000**
Fair value changes of financial assets at FVPL	2,943	916	4,530
Net (loss)/gain on termination of leases	(1,395)	(45)	674
Gains on disposal of a subsidiary	1,872	–	–
Net foreign exchange gains/(losses)	24	246	(1,720)
Donations	(900)	(900)	(900)
Others	(3,673)	(1,009)	853
Total	**(1,129)**	**(792)**	**3,437**

9 Expenses by nature

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Expense by nature			
Costs of raw materials sold and consumed	303,232	450,559	597,980
Employee benefit expenses	335,670	300,269	736,674
Technical service expenses	38,951	142,550	152,648
Computing service expenses	23,001	59,168	78,149
Professional service expenses	43,658	38,621	72,831
Outsourcing labour costs	31,832	44,794	69,867
Depreciation and amortization	57,444	52,383	44,965
Marketing expenses	15,985	23,579	39,984
Others	53,597	62,917	56,930
Total	**903,370**	**1,174,840**	**1,850,028**

10 Employee benefit expenses

		Year ended December 31,		
		2023	2024	2025
	Notes	RMB'000	RMB'000	RMB'000
Wages, salaries and bonuses		262,911	227,391	222,309
Share-based payments	26	15,661	33,272	475,165
Pension costs – defined contribution plans		13,032	10,069	8,982
Other social security costs		7,649	5,467	5,091
Housing benefits		14,613	12,510	12,145
Other employee welfare		21,804	11,560	12,982
Total		**335,670**	**300,269**	**736,674**

(1) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the years ended December 31, 2023, 2024 and 2025 include nil, nil and 4 directors respectively, whose emoluments are disclosed in the Note 36. The emoluments payable to the remaining 5, 5 and 1 individuals for each of the years ended December 31, 2023, 2024 and 2025 are as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Wages and salaries	3,247	4,896	2,760
Discretionary bonuses	2,257	1,658	240
Share-based payments	10,510	20,296	13,766
Pension costs – defined contribution plans	82	75	71
Other social security costs, housing benefits and other employee welfare	157	254	95
Total	**16,253**	**27,179**	**16,932**

Their emoluments fell within the following bands:

	Year ended December 31,		
	2023	2024	2025
Emolument bands (in HK$)			
HK$2,500,001 - HK$3,000,000	3	1	
HK$3,000,001 - HK$3,500,000	1	1	
HK$4,000,001 - HK$4,500,000		1	
HK$6,500,001 - HK$7,000,000	1		
HK$8,000,001 - HK$8,500,000		1	
HK$11,000,001 - HK$11,500,000		1	
HK$18,000,001 - HK$18,500,000			1

11 Finance income, net

		Year ended December 31,		
		2023	2024	2025
	Notes	RMB'000	RMB'000	RMB'000
Finance income				
Interest income		23,846	27,781	28,653
Total		**23,846**	**27,781**	**28,653**
Finance costs				
Interest expenses on borrowings		(1,841)	(3,592)	(9,973)
Finance charges paid on issuance of preferred shares		–	(7,922)	–
Interest expenses on lease liabilities	17	(2,120)	(1,576)	(1,088)
Others		(541)	(593)	(355)
Total		**(4,502)**	**(13,683)**	**(11,416)**
Finance income, net		**19,344**	**14,098**	**17,237**

12 Subsidiaries

(a) Subsidiaries of the Group

The Company's principal subsidiaries during the Track Record Period are set out below. Unless otherwise stated, they have share capital solely held by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country/region of incorporation or registration is also their principal place of business.

Name of entity	Date and place of incorporation/establishment and kind of legal entity	Principal activities	Issued/registered share capital	Effective interest held				Note
				As at December 31,			As at the date of this report	
				2023	2024	2025		
Indirectly held by the Company:								
SmartMore Corporation Limited	November 5, 2019/ Hong Kong, PRC/ limited liability company	R&D and sales of industrial AI agents	HK$1	100%	100%	100%	100%	(ii)
Shenzhen SmartMore Technology Co., Ltd. (深圳思謀信息科技有限公司)	December 20, 2019/ Shenzhen, PRC/ limited liability company	R&D, manufacturing, sales and fulfillments of industrial AI agents	RMB1,150,000,000	100%	100%	100%	100%	(iii)
Shanghai SmartMore Technology Co., Ltd. (上海思謀科技有限公司)	June 29, 2020/ Shanghai, PRC/ limited liability company	R&D and sales of industrial AI agents	RMB300,000,000	100%	100%	100%	100%	(iii)
Beijing SmartMore Intelligence Technology Co., Ltd. (北京思謀智能科技有限公司)	June 9, 2021/ Beijing, PRC/ limited liability company	R&D, sales and fulfilments of industrial AI agents and AI infrastructure products	HK$100,000,000	100%	100%	100%	100%	(iii)
Suzhou SmartMore Technology Co., Ltd. (蘇州思謀智能科技有限公司)	October 21, 2021/ Suzhou, PRC/ limited liability company	R&D and fulfillments of industrial AI agents	US$20,000,000	100%	100%	100%	100%	(iii)
Jiaxing SmartMore Technology Co., Ltd. (嘉興思謀科技有限公司),	June 3, 2025/Jiaxing, PRC/limited	Manufacturing and fulfillments of industrial AI agents	RMB10,000,000	100%	100%	100%	100%	(i)

(i) No audited financial statements were issued for the entity as it is not required to issue audited financial statements under the statutory requirements of its place of incorporation.

(ii) The financial statements were audited by PricewaterhouseCoopers for the years ended December 31, 2023 and 2024.

(iii) The financial statements were audited by PricewaterhouseCoopers Zhong Tian LLP for the years ended December 31, 2023 and 2024.

The English names of certain subsidiaries referred herein represent the directors' best effort at translating the Chinese names of these companies as no English names have been registered.

(b) Investments in subsidiaries — the Company

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Investments in subsidiaries			
Equity investments	–	–	–
Amounts due from subsidiaries (i)	1,434,865	1,965,037	2,175,161
Less: provision for amounts due from subsidiaries	(7,295)	(7,404)	(7,240)
Deemed investments relating to share-based payments (ii)	25,018	58,974	525,239
Total	**1,452,588**	**2,016,607**	**2,693,160**

(i) The Company has determined not requiring repayment of the amounts due from subsidiaries and these balances are, in substance, part of the Company's net investment in the subsidiaries.

(ii) The Company granted stock options directly to the employees of its subsidiaries and did not charge the relevant costs to the subsidiaries. The grant of these options is accounted for as equity-settled share-based payment expenses at consolidation level. In the separate financial statements of the Company, such amounts are recorded as part of the investments in the subsidiaries.

(iii) In the Company's statements of financial position, investments in subsidiaries are accounted for at cost less impairment (if any). The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill in the financial statements.

One investment in a subsidiary was fully impaired prior to the Track Record Period, with no further impairments recognized during the Track Record Period.

13 Investment accounted for using the equity method

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Associates	1,976	1,853	2,327

The movements of investments in associates during the years ended December 31, 2023, 2024 and 2025 are as below:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At the beginning of the year	1,843	1,976	1,853
Additions	451	–	–
Share of results of associates	(318)	(123)	474
At the end of the year	**1,976**	**1,853**	**2,327**

The directors of the Company concluded that none of the associates is considered as material to the Group. The associates of the Group have been accounted by using the equity method based on the financial information of the associates which were prepared under the accounting policies consistent with the Group.

There are no contingent liabilities relating to the Group's interests in associates.

14 Income tax expenses

The income tax expense of the Group for the years ended December 31, 2023, 2024 and 2025 are analyzed as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current income tax	–	–	–
Deferred income tax (Note 31)	735	229	1,132
Income tax expenses	**735**	**229**	**1,132**

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

(a) Cayman Islands

Under the current laws of the Cayman Islands, the Company is not subject to tax on income or capital gain. Additionally, upon payments of dividends by the Company in the Cayman Islands to its shareholders, no Cayman Islands withholding tax will be imposed.

(b) Hong Kong

Under the current Hong Kong Inland Revenue Ordinance, the subsidiaries in Hong Kong are subject to profits tax at the rate of 8.25% on assessable profits up to HK$2 million, and 16.5% on any part of assessable profits over HK$2 million. The payments of dividends by these companies to their shareholders are not subject to any Hong Kong withholding tax.

No provision for Hong Kong profits tax was made as the Group had no estimated assessable profit that was subject to Hong Kong profits tax during the years presented.

(c) PRC Enterprise Income Tax ("EIT")

Under the PRC Enterprise Income Tax Law ("EIT Law"), the standard enterprise income tax rate is 25%. Preferential tax treatments are granted to entities qualify as "Software Enterprises", "Key Software Enterprises" and/or "High and New Technology Enterprises" ("HNTEs").

The aforementioned preferential tax rates are subject to annual review by the relevant tax authorities in Chinese mainland. Three major subsidiaries of the Company were entitled to a preferential enterprise income tax rate of 15% for the corresponding years from the year they are qualified. This status is subject to a requirement that they reapply for HNTE status every three years. The Company will apply for the renewal of the HNTE status for all of these subsidiaries, and the Company believes it is more likely than not that each of these subsidiaries will continue to qualify as a HNTE after the three-year period. Therefore, deferred income tax of these entities were calculated at a rate of 15% starting from the year when they were accredited as HNTEs.

All other major Chinese mainland incorporated entities of the Company were subject to the statutory enterprise income tax rate of 25% for all the years presented.

According to the relevant laws and regulations promulgated by the State Taxation Administration of the PRC, enterprises engaging in research and development activities are entitled to claim 175% from 2018 onwards (subsequently raised to 200% from 2022 onwards) of their research and development expenses incurred as tax deductible expenses when determining their assessable profits for that year (the "Super Deduction").

No provision for PRC enterprise income tax was made as the Group had no estimated assessable profit that was subject to PRC enterprise income tax during the years presented.

According to the PRC Enterprise Income Tax Law ("EIT Law"), distribution of profits earned by PRC companies since January 1, 2008 to foreign investors is subject to withholding tax of 5% or 10%, depending on the country of incorporation of the foreign investor, upon the distribution of profits to overseas-incorporated immediate holding companies.

During the Track Record Period, the Group did not have any plan to require its PRC subsidiaries to distribute their retained earnings and intended to retain them to operate and expand the business in the PRC. Accordingly, no deferred income tax liability on withholding tax was accrued as at the end of each reporting years.

The income tax on the Group's loss before income tax differs from the theoretical amount that would arise using the enacted tax rate applicable to losses of the subsidiaries as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Loss before income tax	**545,269**	**734,917**	**990,008**
Income tax calculated at PRC statutory enterprise income tax rate (25%)	(136,317)	(183,729)	(247,502)
Tax effect of:			
Effect of different tax rates in other jurisdictions	32,232	78,686	65,602
Effect of preferential tax rates	35,512	35,499	56,567
Research and development expenses super-deduction	(29,387)	(40,208)	(56,095)
Expense not deductible for tax purposes (i)	2,467	5,198	71,251
Tax losses for which no deferred income tax assets was recognized (ii)	96,228	104,783	111,309
Income tax expense	**735**	**229**	**1,132**

(i) The "expense not deductible for tax purpose" represent the share-based payment expenses relating to the share-based awards granted by the Company to the employees of the Company's PRC subsidiaries. These share-based payment expenses were non-deductible for tax purpose during the Track Record Period according to the applicable tax regulations.

(ii) The Group only recognizes deferred income tax assets for cumulative tax losses if it is probable that future taxable amounts will be available to utilize those tax losses. As of December 31, 2025, the Group anticipated that it was more likely than not that RMB2,808,035,000 cumulative tax losses from PRC group entities would not be utilized based on its estimate of the operating performance of these PRC group entities. Out of which, cumulative tax losses of entities not qualified as HNTEs of RMB88,036,000 are expected to expire during periods between the year ending December 31, 2026 and the year ending December 31, 2030. And cumulative tax losses of those entities qualified as HNTEs of RMB2,719,999,000 are expected to expire during periods between the year ending December 31, 2026 and the year ending December 31, 2035.

15 Loss per share

The basic loss per share is calculated by dividing the loss attributable to ordinary shareholders of the Company by the weighted average number of outstanding ordinary shares issued during the years ended December 31, 2023, 2024 and 2025.

The diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

The Company has two categories of dilutive potential ordinary shares: preferred shares (including warrants and forwards to issue preferred shares (Note 27)) and share options. As the Group incurred net losses for the years ended December 31, 2023, 2024 and 2025, the dilutive potential ordinary shares were not included in the calculation of diluted loss per share, as their inclusion would be anti-dilutive. Accordingly, diluted loss per share for the years ended December 31, 2023, 2024 and 2025 are the same as basic loss per share of the respective periods.

	Year ended December 31,		
	2023	2024	2025
Loss attributable to ordinary equity holders of the Company (RMB'000)	(545,517)	(734,289)	(989,609)
Weighted average number of ordinary shares in issue - basic and diluted (in thousands)	200,000	200,000	200,242
Loss per share (expressed in RMB per share) - basic and diluted	(2.73)	(3.67)	(4.94)

16 Property, plant and equipment

	Computers and electronic equipment	Leasehold improvements	Machinery and vehicles	Office furniture and equipment	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2023					
Cost	53,868	41,273	4,369	2,736	102,246
Accumulated depreciation	(18,059)	(3,563)	(484)	(465)	(22,571)
Net book amount	35,809	37,710	3,885	2,271	79,675
Year ended December 31, 2023					
Opening net book amount	35,809	37,710	3,885	2,271	79,675
Additions	16,664	1,197	2,484	252	20,597
Disposals	(799)	(1,705)	(2,435)	(144)	(5,083)
Disposal of a subsidiary	(214)	–	–	–	(214)
Depreciation charge	(19,298)	(9,583)	(640)	(917)	(30,438)
Currency translation differences	145	10	–	–	155
Closing net book amount	32,307	27,629	3,294	1,462	64,692
At December 31, 2023					
Cost	69,046	39,110	4,403	2,767	115,326
Accumulated depreciation	(36,739)	(11,481)	(1,109)	(1,305)	(50,634)
Net book amount	32,307	27,629	3,294	1,462	64,692
Year ended December 31, 2024					
Opening net book amount	32,307	27,629	3,294	1,462	64,692
Additions	10,899	2,019	1,862	24	14,804
Disposals	(6,818)	(82)	(107)	(21)	(7,028)
Depreciation charge	(20,063)	(6,822)	(1,008)	(842)	(28,735)
Currency translation differences	-	(70)	(9)	-	(79)
Closing net book amount	16,325	22,674	4,032	623	43,654
At December 31, 2024					
Cost	63,849	40,441	6,121	2,758	113,169
Accumulated depreciation	(47,524)	(17,767)	(2,089)	(2,135)	(69,515)
Net book amount	16,325	22,674	4,032	623	43,654
Year ended December 31, 2025					
Opening net book amount	16,325	22,674	4,032	623	43,654
Additions	13,485	6,360	4,011	7	23,863
Disposals	354	-	(90)	(9)	255
Depreciation charge	(10,215)	(7,077)	(1,180)	(586)	(19,058)
Currency translation differences	(6)	(42)	(17)	-	(65)
Closing net book amount	19,943	21,915	6,756	35	48,649
At December 31, 2025					
Cost	64,731	46,628	9,653	2,419	123,431
Accumulated depreciation	(44,788)	(24,713)	(2,897)	(2,384)	(74,782)
Net book amount	19,943	21,915	6,756	35	48,649

Property, plant, and equipment are stated at historical cost less depreciation and accumulated impairment losses (if any). Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements, the shorter lease term as follows:

Computers and electronic equipment	3 years
Leasehold improvements	Shorter of the lease terms or 3 years
Machinery	10 years
Vehicles	4 years
Office furniture and equipment	3 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in consolidated statements of profit or loss.

Depreciation of the Group's property, plant and equipment has been recognized as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cost of sales	121	269	156
General and administrative expenses	15,082	10,058	7,365
Research and development expenses	12,458	14,932	6,426
Selling and marketing expenses	2,777	3,476	5,111
Total	**30,438**	**28,735**	**19,058**

17 Leases

(a) Amounts recognized in the consolidated statements of financial position

The consolidated statement of financial position shows the following amounts relating to leases:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Right-of-use assets			
Leased buildings	57,058	38,892	33,848
Lease liabilities			
Current	21,627	20,046	19,332
Non-current	36,990	19,115	12,358

The movement of right-of-use assets are as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cost			
At beginning of the year	95,685	84,830	85,356
Additions	27,351	5,191	16,527
Maturity of leases	(12,960)	–	(11,509)
Early termination of leases	(25,399)	(4,456)	(2,952)
Currency translation differences	153	(210)	(316)
At the end of the year	**84,830**	**85,355**	**87,106**

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Accumulated depreciation			
At beginning of the year	(23,304)	(27,772)	(46,464)
Depreciation charge	(25,911)	(21,541)	(21,042)
Maturity of leases	12,960	–	11,509
Early termination of leases	8,523	2,848	2,069
Currency translation differences	(40)	2	670
At the end of the year	**(27,772)**	**(46,463)**	**(53,258)**
Net book amount at the end of the year	**57,058**	**38,892**	**33,848**

(b) Amounts recognized in the consolidated statements of profit or loss

The consolidated statements of profit or loss show the following amounts relating to leases:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Depreciation charge of right-of-use assets	25,911	21,541	21,042
Interest expense (included in finance cost)	2,120	1,576	1,088
Expense relating to short term leases not included in lease liabilities	960	740	711

The total cash outflow for leases for the years ended December 31, 2023, 2024 and 2025 were approximately RMB 24,533,000, RMB 24,678,000 and RMB 23,252,000, respectively.

(c) The Group's leasing activities and how these are accounted for

The Group leases offices and factories as lessee. Lease contracts are typically made for fixed periods from 1 to 5 years. They are stated at cost less accumulated depreciation and accumulated impairment losses (if any).

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments (if applicable):

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option;
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option; and
- lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases of the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases and all leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option.

The Group's lease payments are deductible upon payment for tax purposes. In accounting for the deferred income tax relating to the lease, the Group separately accounts for the deferred income taxation on the taxable temporary difference and the deductible temporary difference, which upon initial recognition are equal and offset to zero. Deferred income tax is recognized on subsequent changes to the taxable and temporary differences.

18 Intangible assets

	Computer software
	RMB'000
As at January 1, 2023	
Cost	2,098
Accumulated amortization	(570)
Net book amount	**1,528**
Year ended December 31, 2023	
Opening net book amount	1,528
Additions	1,291
Amortization charge	(1,095)
Closing net book amount	**1,724**
As at December 31, 2023	
Cost	3,389
Accumulated amortization	(1,665)
Net book amount	**1,724**
Year ended December 31, 2024	
Opening net book amount	1,724
Additions	10,587
Amortization charge	(2,107)
Closing net book amount	**10,204**
As at December 31, 2024	
Cost	13,976
Accumulated amortization	(3,772)
Net book amount	**10,204**

	Computer software
	RMB'000
Year ended December 31, 2025	
Opening net book amount	10,204
Additions	3,107
Amortization charge	(4,865)
Closing net book amount	**8,446**
As at December 31, 2025	
Cost	17,083
Accumulated amortization	(8,637)
Net book amount	**8,446**

Amortization expenses have been charged to the consolidated statements of profit or loss as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Selling and marketing expenses	415	1,365	4,533
General and administrative expenses	294	230	179
Research and development expenses	386	512	153
Total	1,095	2,107	4,865

(a) Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire the specific software.

(b) Research and development

Research expenditure is recognized as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new and improved products) are recognized as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use;
- Management intends to complete the software product and use or sell it;
- There is an ability to use or sell the software product;
- It can be demonstrated how the software product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- The expenditure attributable to the software product during its development can be reliably measured.

Development expenditures that do not meet these criteria are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

During the Track Record Period, no research and development expenditure has been capitalized as intangible assets of the Group.

(c) Amortization methods and periods

The Group amortizes intangible assets with a limited useful life using the straight-line method over the following periods:

Computer software	3 years

19 Financial instruments by category

Financial instruments of the group, analyzed by categories are summarized as below:

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	**RMB'000**	**RMB'000**
Financial assets			
Financial assets measured at FVPL:	**14,208**	**15,124**	**19,654**
Investments in unlisted companies (a)	14,208	15,124	19,654
Financial assets measured at amortized cost:	**911,304**	**1,307,223**	**1,809,200**
Trade and notes receivables	270,407	532,608	743,803
Other receivables (excluding non-financial assets)	20,433	27,212	27,192
Restricted cash	3,642	168,946	89,315
Cash and cash equivalents	616,822	578,456	948,890
Financial liabilities			
Financial liabilities measured at FVPL:	**2,942,079**	**3,728,182**	**4,229,991**
Preferred shares and other financial liabilities	2,942,079	3,728,182	4,229,991
Financial liabilities at amortized cost:	**260,371**	**553,037**	**961,404**
Trade and notes payables, accruals and other payables (excluding non-financial liabilities)	139,517	320,232	424,173
Lease liabilities	58,617	39,161	31,690
Borrowings	61,516	188,423	520,554

(a) The investments in unlisted companies are measured at fair value and the Group does not have any board representative in the board of directors of the investees. For more information regarding the valuation of these investments, please refer to Note 3.3.

20 Trade and notes receivables

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	**RMB'000**	**RMB'000**
Notes receivables (i)	19,326	47,733	30,906
Trade receivables (ii)	331,143	562,815	800,528
Third party customers	329,086	560,406	798,310
Related parties	2,057	2,409	2,218
Total trade and note receivables, gross	350,469	610,548	831,434
Less: credit loss allowance	(80,062)	(77,940)	(87,631)
Total trade and note receivables	**270,407**	**532,608**	**743,803**

(i) During the Track Record Period, the Group endorsed certain bank acceptance notes to certain suppliers in order to settle the trade payables to such suppliers and discounted certain bank acceptance notes to commercial banks which have the rights of recourse. In the opinion of the Company's directors, the Group has retained substantially the risks and rewards, which include the default risks relating to those endorsed or discounted bills, and accordingly, the Group continued to recognise the full carrying amounts of the endorsed or discounted bills and associated trade payables settled until the maturities of those notes endorsed or discounted. Funds received from the discount of bank acceptance notes is presented as other borrowings of the Group prior to the maturity of those notes discounted.

(ii) Trade and notes receivables (net of credit loss allowance) are denominated in:

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	**RMB'000**	**RMB'000**
RMB	174,727	433,887	730,170
HK$	84,888	98,483	13,254
JPY	10,668	238	379
SGD	124	–	–
	270,407	**532,608**	**743,803**

21 Prepayments and other assets

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Non-current:			
Prepayments for property, plant and equipment	240	253	278
Other receivables	8,719	9,336	9,371
Less: credit loss allowance	(325)	(508)	(707)
Contract assets	1,779	2,222	185
Less: credit loss allowance	(149)	(173)	(6)
Prepayments and other assets – non-current	**10,264**	**11,130**	**9,121**
Current:			
Prepayments to suppliers	52,486	43,827	48,690
Contract assets	2,442	10,016	7,506
Less: credit loss allowance	(205)	(781)	(257)
Other receivables	8,351	7,419	11,391
Less: credit loss allowance	(179)	(319)	(473)
Input VAT to be deducted	6,309	231	1,263
[REDACTED]	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Prepayments and other assets – current	**69,204**	**60,393**	**68,302**

Other receivables mainly include rental and other deposits, as well as advances to employees.

22 Inventories

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Finished goods	47,467	64,085	65,690
Work in progress	8,405	13,809	12,280
Raw materials	17,084	19,436	22,319
Contract fulfilment costs	930	2,198	6,433
Inventories, gross	**73,886**	**99,528**	**106,722**
Less: provision for impairment	(4,056)	(6,214)	(3,152)
	69,830	**93,314**	**103,570**

Inventories are stated at the lower of cost and net realisable value. Cost mainly comprises raw materials (including costs of purchased hardware) and personnel costs. 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.

Provision for impairment movements for the years ended December 31, 2023, 2024 and 2025 are as below:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At beginning of the year	**1,297**	**4,056**	**6,214**
Provision for impairment	2,759	2,236	754
Reversal of provision	–	(78)	(461)
Utilized upon write-off of inventories	–	–	(3,354)
At end of the year	**4,056**	**6,214**	**3,152**

During the years ended December 31, 2023, 2024, and 2025, the cost of inventories sold included in "cost of sales" amounted to RMB330,965,000, RMB497,696,000 and RMB665,750,000, respectively.

23 Cash and cash equivalents and restricted cash

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cash in bank and on hand	620,464	747,402	1,038,205
Less: Restricted cash	(3,642)	(168,946)	(89,315)
Cash and cash equivalents	**616,822**	**578,456**	**948,890**

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Restricted cash:			
Bank deposits for performance guarantee	3,642	782	3,564
Bank deposits for security of bank borrowings	–	168,164	85,751
Total	**3,642**	**168,946**	**89,315**

Cash and cash equivalents are denominated in:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
RMB	214,868	42,630	152,726
US$	354,941	485,557	784,897
HK$	43,534	49,422	9,949
JPY	3,004	729	1,167
SGD	475	118	151
	616,822	**578,456**	**948,890**

Restricted cash is denominated in:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
RMB	–	782	3,564
US$	–	168,164	85,751
HK$	3,642	–	–
	3,642	**168,946**	**89,315**

The Company

Cash and cash equivalents are denominated in:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
US$	354,880	484,132	633,938
RMB	64,845	130	130
HK$	40,068	43,200	12
	459,793	**527,462**	**634,080**

24 Share capital

	Share capital	
	Number	Nominal value
		USD
Authorized, US$0.0001 each:		
At January 1, 2023, December 31, 2023 and 2024	500,000,000	50,000
At December 31, 2025	1,000,000,000	100,000

On March 7, 2025, the shareholders approved an ordinary resolution to increase the authorised share capital of the Company from US$50,000 to US$100,000.

	Share capital		
	Number	Nominal value	
		USD	RMB'000 equivalent
Issued and fully paid, US$0.0001 each:			
At January 1, 2023, December 31, 2023 and 2024	200,000,000	20,000	136
Cancelation of ordinary shares (a)	(19,300,000)	(1,930)	(2)
Exercise of stock options (note 26)	30,360,074	3,036	(13)
At December 31, 2025	211,060,074	21,106	144

(a) Cancelation of ordinary shares

On December 23, 2025, in anticipation of further grants of incentive shares pursuant to the 2025 Share Incentive Plan, 19,300,000 ordinary shares held by Hyperdimension Holdings Limited, a company wholly owned and controlled by Dr. Jia. were cancelled by the Company. The Company reserved an additional 19,300,000 ordinary shares which may be issued for the purpose of employee share incentives.

25 Other reserves

The Group

	Share-based payments	Changes in the fair value attributable to credit risk changes	Currency translation differences	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2023	8,754	102,642	(56,880)	–	54,516
Share-based payments (Note 26)	15,661	–	–	–	15,661
Fair value changes on preferred shares due to own credit risk (Note 27)	–	(21,609)	–	–	(21,609)
Currency translation differences	–	–	(45,835)	–	(45,835)
As at December 31, 2023	24,415	81,033	(102,715)	–	2,733
Share-based payments (Note 26)	33,272	–	–	–	33,272
Fair value changes on preferred shares due to own credit risk (Note 27)	–	42,536	–	–	42,536
Currency translation differences	–	–	(39,862)	–	(39,862)
As at December 31, 2024	57,687	123,569	(142,577)	–	38,679
Share-based payments (Note 26)	475,165	–	–	–	475,165
Fair value changes on preferred shares due to own credit risk (Note 27)	–	2,857	–	–	2,857
Cancellation of ordinary shares	–	–	–	13	13
Currency translation differences	–	–	76,447	–	76,447
As at December 31, 2025	532,852	126,426	(66,130)	13	593,161

The Company

	Share-based payments	Changes in the fair value attributable to credit risk changes	Currency translation differences	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at January 1, 2023	8,754	102,642	1,118	–	112,514
Share-based payments (Note 26)	15,661	–	–	–	15,661
Fair value changes on preferred shares due to own credit risk (Note 27)	–	(21,609)	–	–	(21,609)
Currency translation differences	–	–	(16,408)	–	(16,408)
As at December 31, 2023	24,415	81,033	(15,290)	–	90,158
Share-based payments (Note 26)	33,272	–	–	–	33,272
Fair value changes on preferred shares due to own credit risk (Note 27)	–	42,536	–	–	42,536
Currency translation differences	–	–	(15,376)	–	(15,376)
As at December 31, 2024	57,687	123,569	(30,666)	–	150,590
Share-based payments (Note 26)	475,165	–	–	–	475,165
Fair value changes on preferred shares due to own credit risk (Note 27)	–	2,857	–	–	2,857
Cancellation of ordinary shares	–	–	–	13	13
Currency translation differences	–	–	20,993	–	20,993
As at December 31, 2025	532,852	126,426	(9,673)	13	649,618

26 Share-based payments

During the Track Record Period, share-based payment expenses were charged to the following categories of expenses as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Research and development expenses	2,951	5,283	7,645
Selling and marketing expenses	3,634	7,243	7,149
General and administrative expenses	9,076	20,746	460,371
	15,661	33,272	475,165

In 2020, the Company reserved 25,806,452 shares for its employee stock ownership plans. In 2022, the Company adopted the 2022 Share Incentive Plan (the "2022 Plan"). In 2025, the Company adopted the 2025 Share Incentive Plan (the "2025 Plan", together with the 2022 Plan, collectively referenced as the "Pre-**[REDACTED]** Plans"). As of December 31, 2025, the maximum number of shares that may be issued under the 2022 Plan and 2025 Plan are 22,820,699 and 17,925,679 ordinary shares, respectively.

Under the 2022 Plan and the 2025 Plan, the Company have granted stock options to directors and employees of the Company and its affiliates. The fair value of the services received in exchange for the grant of equity instruments is recognized as an expense in the consolidated statements of profit or loss with a corresponding increase in other reserves.

The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions,
- excluding the impact of any service and non-market performance vesting conditions, and
- including the impact of any non-vesting conditions.

The Company generally offers four types of vesting schedules: a) a single 100% cliff after 2 years plus performance conditions linked to certain individual KPIs; b) graded vesting over 3 years (33%/33%/34%); c) graded vesting over 4 years (25% annually); and d) graded vesting over 5 years (20% annually). Generally, the Company's stock option awards may not be exercised following the termination of a grantee's service, except for some options granted prior to the year 2025.

In the Group's financial statements, all awards granted under the Pre-**[REDACTED]** Plans are treated as equity-settled share-based payments, as the Group does not have any obligation to settle these awards by cash. The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the Group revises its estimates of the number of shares that are expected to vest based on the service conditions. The expected retention rate of grantees was 94%, 94% and 89% respectively for the years ended December 31, 2023, 2024 and 2025. The Company recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

When the share options are exercised, the Company issues new ordinary shares. The proceeds received net of any directly attributable transaction costs are credited to share capital and share premium.

Set out below are summaries of options granted under the Pre-**[REDACTED]** Plans:

	Year ended December 31,					
	2023		2024		2025	
	Weighted Average exercise price per share option	Number of options	Weighted Average exercise price per share option	Number of options	Weighted Average exercise price per share option	Number of options
	USD		USD		USD	
At beginning of the year	0.0100	14,045,931	0.0100	18,755,226	0.0100	25,212,726
Granted during the year	0.0100	6,049,636	0.0100	7,192,677	0.0009	32,988,126
Exercised during the year	–	–	–	–	0.0001	(30,360,074)
Forfeited during the year	0.0100	(1,340,341)	0.0100	(735,177)	0.0100	(4,306,504)
At end of the year	0.0100	18,755,226	0.0100	25,212,726	0.0100	23,534,274

In December 2025, following approval by the Company's board of directors and shareholders, unvested share options representing 30,360,074 ordinary shares of the Company held by certain management members were accelerated for vesting. As a result, the Group immediately recognized RMB335,731,000 accelerated share-based payment expenses in general and administrative expenses in the consolidated statement of profit or loss for the year ended December 31, 2025. This amount represents the amount that otherwise would have been recognised for services received over the remainder of the vesting period of these stock options.

Share options outstanding at the end of the year have the following expiry dates and exercise prices:

Grant date	Expiry date	Exercise price per share option	As at December 31, 2023	2024	2025
		US$	Number of share options		
2020	2028	0.01	4,134,183	4,134,183	4,127,035
2021	2029	0.01	5,353,103	5,009,139	4,921,849
2022	2030	0.01	3,247,864	3,064,922	2,824,103
2023	2031	0.01	6,020,076	5,811,805	2,598,630
2024	2032	0.01	–	639,587	28,096
2024	2034	0.01	–	6,553,090	6,406,509
2025	2035	0.01	–	–	2,628,052
Total			**18,755,226**	**25,212,726**	**23,534,274**
Weighted average remaining contractual life of share options outstanding at end of the reporting period			**6.06 years**	**6.31 years**	**5.72 years**

Fair value of share options

The directors have used the discounted cash flow method to determine the underlying equity fair value of the Company and adopted equity allocation model to determine the fair value of the underlying ordinary share. Key assumptions, such as discount rate and projections of future performance, are required to be determined by the directors with best estimate.

Based on fair value of the underlying ordinary shares, the directors use binomial model to determine the fair value of the share options as of the grant date.

Key assumptions used by directors are set as below:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Risk-free interest rate	3.42%-4.76%	3.74%-4.52%	4.12%-4.58%
Contractual term (in years)	8	8-10	10
Volatility	51.48%-54.14%	51.06%-54.05%	53.78%-55.22%
Expected dividend yield	0%	0%	0%

27 Preferred shares and other financial liabilities at FVPL

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Preferred shares (a)	2,739,229	3,607,295	4,179,555
Forwards (b)	27,438	59,783	–
Warrants (c)	27,693	10,668	–
Domestic loans (d)	147,719	50,436	50,436
Total	2,942,079	3,728,182	4,229,991

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Preferred shares (a)	2,739,229	3,607,295	4,179,555
Forwards (b)	27,438	59,783	–
Warrants (c)	27,693	10,668	–
Total	2,794,360	3,677,746	4,179,555

(a) Preferred shares

Since the date of incorporation, the Company has completed several rounds of financing by issuing preferred shares to investors, and these financing rounds are summarised as below:

	Issue price per share	Number of shares as of January 1, 2023	Number of shares as of December 31, 2025	Total consideration received by December 31, 2025
	US$			US$'000
Series Pre-A Preferred Shares	0.31	32,258,065	32,258,065	10,000
Series Pre-A1 Preferred Shares	0.58	17,309,204	17,309,204	10,057
Series A Preferred Shares	1.01	54,050,031	58,018,992	58,335
Series A1 Preferred Shares	1.20	49,175,426	49,175,426	59,000
Series B Preferred Shares	2.09	51,216,313	61,763,336	129,155
Series B1 Preferred Shares	2.26	6,650,211	6,650,211	15,000
Series C Preferred Shares	2.32	–	48,281,223	111,800
		210,659,250	273,456,457	

(b) Forwards

Some investors of Series A Preferred Shares, Series B Preferred Shares, and Series C Preferred Shares made their payments later than the date of the subscription agreement date. The unpaid preferred shares are not entitled to any preferred shareholders' rights. However, the economic substance of this arrangement gives rise to a forward contract between the Company and the investors. Under this contract, the investors will subscribe for the agreed number of preferred shares at the pre-determined subscription price at any time up to the final payment date. The forward contract has remained valid until the date of final share issuance. This derivative instrument is classified as a financial liabilty at FVPL. The amount of fair value changes relating to the Company's own credit risk is immaterial. Fair value changes of these forwards are recognized in profit or loss.

(c)&(d) Warrants and domestic loans

The Company granted some warrants to certain investors, which permit these investors to acquire the Company's preferred shares after completion of the requisite regulatory formalities for outbound investments. Exercise price of the warrants is an equivalent US dollar amount of the issue price of the preferred shares these investors intended to subscribe. Concurrently, a PRC subsidiary of the Company received loans from these investors (the "domestic loans"), which shall be repaid to the investors when the related warrants are exercised or cancelled.

These abovementioned warrants were classified as financial liabilities at FVPL. Fair value changes of these warrants are recognized in profit or loss.

The domestic loans were designated as financial liabilities at FVPL, which are initially recognized at fair value, and the fair value changes of domestic loans are not material. All domestic loans outstanding as of December 31, 2025 have been repaid in February 2026.

The movement of the Preferred shares, forwards and warrants and domestic loans is set out as below:

	Number of preferred shares	Preferred shares	Forwards	Warrants	Domestic loans	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	**210,659,250**	**2,456,380**	**22,298**	**40,147**	**189,740**	**2,708,565**
Issuance of Series A preferred shares	3,968,961	44,974	–	(17,255)	–	27,719
Issuance of Series B preferred shares	2,957,623	49,611	–	(5,115)	–	44,496
Change in fair value through profit or loss	–	125,428	4,788	6,270	–	136,486
Change in fair value through other comprehensive income	–	21,609	–	–	–	21,609
Repayment of domestic loans	–	–	–	–	(42,021)	(42,021)
Currency translation differences	–	41,227	352	3,646	–	45,225
At 31 December 2023	**217,585,834**	**2,739,229**	**27,438**	**27,693**	**147,719**	**2,942,079**
At 1 January 2024	**217,585,834**	**2,739,229**	**27,438**	**27,693**	**147,719**	**2,942,079**
Issuance of Series B preferred shares	7,589,400	113,572	(261)	(1,406)	–	111,905
Issuance of Series C preferred shares	26,688,547	440,121	–	–	–	440,121
Change in fair value through profit or loss	–	307,235	31,900	(15,870)	–	323,265
Change in fair value through other comprehensive income	–	(42,536)	–	–	–	(42,536)
Repayment of domestic loans	–	–	–	–	(97,283)	(97,283)
Currency translation differences	–	49,674	706	251	–	50,631
At 31 December 2024	**251,863,781**	**3,607,295**	**59,783**	**10,668**	**50,436**	**3,728,182**
At 1 January 2025	**251,863,781**	**3,607,295**	**59,783**	**10,668**	**50,436**	**3,728,182**
Issuance of Series C preferred shares	21,592,676	394,642	(41,757)	–	–	352,885
Change in fair value through profit or loss	–	266,895	(17,647)	(10,600)	–	238,648
Change in fair value through other comprehensive income	–	(2,857)	–	–	–	(2,857)
Currency translation differences	–	(86,420)	(379)	(68)	–	(86,867)
At 31 December 2025	**273,456,457**	**4,179,555**	**–**	**–**	**50,436**	**4,229,991**

The changes in fair value of forwards and warrants as recognized in profit or loss for the year ended December 31, 2025 included the net gains from the cancellations of forwards and warrants related to the Series B preferred shares of RMB20,554,000 and 10,600,000, respectively.

The key terms of the preferred shares issued by the Company are as follows:

(i) Conversion rights

Unless converted earlier pursuant to automatic conversion as set out below, each holder of preferred shares shall have the right, at such holder's sole discretion, to convert all or any portion of the preferred shares into ordinary shares at any time.

Each preferred share shall automatically be converted into ordinary shares, at the then applicable preferred share conversion price (i) upon the closing of a qualified **[REDACTED**] of the Company, (ii) upon the prior written approval of each class majority with respect to conversion of each class.

The conversion rate for preferred shares shall be determined by dividing applicable preferred share issue price by the conversion price then in effect at the date of the conversion. The initial conversion price will be the applicable preferred share issue price (i.e., a 1-to-1 initial conversion ratio), which will be subject to adjustments to reflect stock dividends, stock splits and other events.

(ii) Redemption rights

Preferred shareholders may redeem of all or any part of the then outstanding shares held, at any time after the occurrence of (i) the failure by the Company to consummate a qualified **[REDACTED]** prior to August 28, 2029, (ii) occurrence of a material breach or violation of the transaction documents or relevant laws or (iii) occurrence of any other factors, which has resulted in the Company's chief executive officer terminating his employment relationship with the Group or losing control of the Company.

The redemption price of each share to be redeemed shall equal to (i) 100% of each series stated issue price with a compounded rate of ten percent (8%) per annum return, plus (ii) any accrued but unpaid dividends on each applicable preferred shares.

Under the redemption, the redemption price will be paid to the preferred shareholders in the following order: first to holders of Series C preferred shares, second to holders of Series B1 preferred shares, third to holders of Series B preferred shares, fourth to holders of Series A1 preferred shares, fifth to holders of Series A preferred shares, sixth to holders of Series Pre-A1 preferred shares, and lastly to holders of Series Pre-A preferred shares.

(iii) Voting rights

Each preferred share shall carry a number of votes equal to the number of ordinary shares then issuable upon its conversion into ordinary shares.

(iv) Dividend rights

No dividend, whether in cash, in property or in shares of the capital of the Company, shall be paid on any other class or series of shares of the Company unless and until a dividend in like amount is first paid in full on the preferred shares (on an as-converted basis). Holders of the preferred shares shall also be entitled to receive any non-cash dividends declared by the Board on an as-converted basis.

(v) Liquidation preference

In the event of any liquidation or deemed liquidation, dissolution, winding up of the Company, either voluntary or involuntary, the assets and funds of the Company legally available for distribution to the shareholders shall be distributed to shareholders in the following manner and order:

Each preferred shareholder shall be entitled to receive, prior and in preference to any distribution of any of the assets or funds of the Company to the holders of any previous preferred shares and ordinary shares, the amount equal to one hundred and ten percent (108%) of the original issue price on each preferred shares, plus all declared but unpaid dividends thereon up to the date of liquidation. The liquidation preference amount will be paid in the following order: first to holders of Series C preferred shares, second to holders of Series B1 preferred shares, third to holders of Series B preferred shares, fourth to holders of Series A1 preferred shares, fifth to holders of Series A preferred shares, sixth to holders of Series Pre-A1 preferred shares, and lastly to holders of Series Pre-A preferred shares.

After distributing or paying in full the liquidation preference amount to all of the preferred shareholders, any remaining funds or assets of the Company legally available for distribution to shareholders shall be distributed on a pro rata basis among the holder(s) of the preferred shares (on an as-converted basis) and the holder(s) of the ordinary shares.

(vi) Deemed Liquidation Events

Any acquisition shall be deemed a liquidation, dissolution or winding up of the Company.

Acquisition shall mean (i) a sale, lease, Transfer or other disposition of all or substantially all of the assets of the Company to a third party, (ii) a Transfer or an exclusive licensing of all or substantially all of the intellectual property of the Company to a third party, (iii) a sale, Transfer or other disposition of a majority of the issued and outstanding share capital of the Company or a majority of the voting power of the Company to a third party, or a sale, Transfer or other disposition of share capital of the Company that would result a Change of Control of the Company, or (iv) a merger, consolidation or other business combination of the Company with or into any other business entity in which the then existing ordinary shareholders and preferred shareholders directly and indirectly hold shares representing less than a majority of the voting power of the outstanding share capital of the surviving business entity immediately after such merger, consolidation or business combination.

The Group does not bifurcate any embedded derivatives from the host instruments and designates the entire preferred share instruments as financial liabilities at fair value through profit or loss with the changes in the fair value recorded in the consolidated statements of profit or loss and the component of fair value changes relating to the Company's own credit risk is recognised in other comprehensive income. Amounts recorded in other comprehensive income related to credit risk are not subject to recycling in profit or loss but are transferred to retaining earnings when realized. Any directly attributable transaction costs are expensed as incurred.

The preferred shares issued by the Company have been presented as current liabilities as the preferred shares may be converted into ordinary shares at the option of the preferred shareholders at any time, and the conversion option doesn't meet the definition of equity instrument.

28 Trade and notes payables

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Trade payables (a)	127,697	300,077	334,410
Notes payables	–	909	–
Total	**127,697**	**300,986**	**334,410**

(a) The aging analysis of the trade and notes payables based on purchase date were as follows:

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	**RMB'000**	**RMB'000**
Up to 3 months	93,038	212,825	194,102
3 to 6 months	11,289	47,592	49,206
6 months to 1 year	9,998	15,720	46,490
1 to 2 years	12,679	21,024	30,795
Over 2 years	693	3,825	13,817
Total trade payables	**127,697**	**300,986**	**334,410**

29 Borrowings

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	**RMB'000**	**RMB'000**
Non-current			
Long-term bank borrowings – unsecured	24,023	–	19,013
Less: current portion of long-term borrowings	(24,023)	–	(4,000)
Total non-current borrowings	**–**	**–**	**15,013**
Current			
Short-term borrowings – unsecured	18,015	25,020	421,309
Short-term borrowings – secured (i)	–	153,831	80,232
Short-term borrowings – guaranteed	7,256	5,004	–
Current portion of long-term borrowings	24,023	–	4,000
Other borrowings (Note 20)(i)	12,222	4,568	–
Total current borrowings	**61,516**	**188,423**	**505,541**
Total borrowings	**61,516**	**188,423**	**520,554**

(i) As at December 31, 2024 and 2025, the bank borrowings are secured by restricted cash of the Group of USD23,000,000 (equivalent to approximately RMB165,326,000) and USD12,200,000 (equivalent to approximately RMB85,751,000), respectively.

As at the end of each reporting period, the Group's borrowings were repayable as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Less than 1 year	61,516	188,423	505,541
Between 1 and 2 years	–	–	15,013
Total	**61,516**	**188,423**	**520,554**

Borrowings are denominated in:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
RMB	61,516	188,423	482,393
US$	–	–	38,161
	61,516	**188,423**	**520,554**

As at December 31, 2023, 2024 and 2025, the weighted average effective interest rate for borrowings was 3.18%, 3.57% and 2.52% per annum, respectively.

30 Accruals and other liabilities

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Other non-current liabilities:			
Deferred income in relation to government grants	10,772	18,176	11,026
Less: current portion	(721)	(5,221)	–
Total	**10,051**	**12,955**	**11,026**
Accruals and other current liabilities:			
Payables for technical and computing service fees	9,888	18,693	79,531
Payroll and employee benefit payables	56,388	52,140	57,853
Value-added tax and other taxes payable	5,018	4,611	23,464
Provision for warranty liabilities (i)	2,421	8,748	16,445
Accrued **[REDACTED]** expenses	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Deferred income in relation to government grants	721	5,221	–
Other payables	1,932	553	8,882
Total	**76,368**	**89,966**	**187,525**

(i) Movement of provision for warranty liabilities:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At beginning of the year	2,356	2,421	8,748
Provision for the year	5,371	15,135	21,753
Amounts utilised during the year	(5,306)	(8,808)	(14,056)
At end of the year	2,421	8,748	16,445

31 Deferred income tax

(a) Deferred income tax assets

The balance comprises temporary differences attributable to:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Deferred income tax assets:			
Lease liabilities	9,204	6,246	5,953
Tax losses	32	65	354
Set-off of deferred income tax liabilities pursuant to set-off provisions	(9,236)	(6,311)	(6,307)
Net deferred income tax assets	**–**	**–**	**–**

(b) Deferred income tax liabilities

The balance comprises temporary differences attributable to:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Deferred income tax liabilities:			
Right-of-use assets	9,236	6,311	6,307
Fair value changes of financial assets	982	1,211	2,343
Set-off of deferred income tax assests pursuant to set-off provisions	(9,236)	(6,311)	(6,307)
Net deferred income tax liabilities	**982**	**1,211**	**2,343**

(c) The movement on the carrying amounts of deferred income tax balances is as follows:

	Deferred income tax assets / (liabilities)				
	Tax losses	Lease liabilities	Right-of-use assets	Fair value changes of financial assets	Net
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2023	**242**	**10,241**	**(10,483)**	**(247)**	**(247)**
(Charged)/credited to profit or loss	(210)	(1,037)	1,247	(735)	(735)
At December 31, 2023	**32**	**9,204**	**(9,236)**	**(982)**	**(982)**
At January 1, 2024	**32**	**9,204**	**(9,236)**	**(982)**	**(982)**
Credited/(charged) to profit or loss	33	(2,958)	2,925	(229)	(229)
At December 31, 2024	**65**	**6,246**	**(6,311)**	**(1,211)**	**(1,211)**
At January 1, 2025	**65**	**6,246**	**(6,311)**	**(1,211)**	**(1,211)**
Credited/(charged) to profit or loss	289	(293)	4	(1,132)	(1,132)
At December 31, 2025	**354**	**5,953**	**(6,307)**	**(2,343)**	**(2,343)**

32 Dividends

No dividend had been declared or paid by the Company during each of the years ended December 31, 2023, 2024 and 2025.

33 Cash flow information

(a) Cash used in operations

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Loss before income tax	**(545,269)**	**(734,917)**	**(990,008)**
Adjustments for			
Depreciation of property, plant and equipment	30,438	28,735	19,058
Amortization of intangible assets	1,095	2,107	4,865
Depreciation of right-of-use assets	25,911	21,541	21,042
Net impairment losses on financial assets and contract assets	30,609	20,842	41,950
Impairment of inventories	2,759	2,158	293
Share-based payments	15,661	33,272	475,165
Fair value changes of financial assets at FVPL	(2,943)	(916)	(4,530)
Gains on disposal of a subsidiary	(1,872)	–	–
Share of net losses/(profits) of investments accounted for using the equity method	318	123	(474)
Fair value changes of preferred shares and other financial liabilities	136,486	323,265	238,648
Net losses/(gains) on disposal of property, plant and equipment	168	(3,894)	(550)
Finance income, net	(19,344)	(14,098)	(17,237)
Gains on termination of leases	1,395	45	(674)
Net foreign exchange differences	(24)	(246)	1,720
Change in operating assets and liabilities:			
Increase in trade and notes receivables	(3,345)	(288,581)	(259,090)
Increase in inventories	(46,135)	(25,511)	(10,549)
Increase in other receivables	(935)	(105)	(6,449)
Decrease/(increase) in contract assets	18,925	(8,018)	2,510
(Increase)/decrease in other operating assets	(19,585)	5,148	(6,002)
(Increase)/decrease in restricted cash	(3,642)	(3,230)	1,583
(Decrease)/increase in trade and notes payables	(27,386)	174,113	33,425
Increase in accruals and other payables	425	17,318	72,825
Increase/(decrease) in contract liabilities	15,834	(9,657)	(988)
(Decrease)/increase in other operating liabilities	(5,405)	8,868	27,539
Cash used in operations	**(395,861)**	**(451,638)**	**(355,928)**

(b) Non-cash investing and financing activities

The major non-cash investing and financing transactions during the Track Record Period mainly include: (i) the additions and early termination of the right-of-use assets and lease liabilities described in Note 17; (ii) derecognition of borrowings arising from discounted bank acceptance notes upon their maturities as described in Note 20(i); and (iii) options issued under the Pre-**[REDACTED]** Plans described in Note 26.

(c) Reconciliation of liabilities from financing activities

	Preferred shares and other financial liabilities	Lease liabilities	Borrowings	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Liabilities from financing activities as at January 1, 2023	**2,708,565**	**70,956**	**60,905**	**2,840,425**
Financing cash flows	30,194	(23,572)	575	7,197
Changes in fair values	158,095	–	–	158,095
Other changes	–	11,335	36	11,371
Currency translation differences	45,225	(102)	–	45,124
Liabilities from financing activities as at December 31, 2023	**2,942,079**	**58,617**	**61,516**	**3,062,212**
Financing cash flows	454,743	(24,003)	135,537	566,343
Changes in fair values	280,729	–	–	280,730
Other changes	–	4,783	(8,630)	(3,912)
Currency translation differences	50,631	(236)	–	50,393
Liabilities from financing activities as at December 31, 2024	**3,728,182**	**39,161**	**188,423**	**3,955,766**
Financing cash flows	352,885	(23,629)	326,726	656,575
Changes in fair values	235,791	–	–	235,790
Other changes	–	16,240	5,405	21,052
Currency translation differences	(86,867)	(82)	–	(86,948)
Liabilities from financing activities as at December 31, 2025	**4,229,991**	**31,690**	**520,554**	**4,782,235**

Other changes include the non-cash financing activities described in Note 33(b) and interest accruals.

34 Commitments

(a) Capital commitments

Significant capital expenditures contracted for at the end of the reporting period but not recognized as liabilities yet are as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Property, plant and equipment	333	3,217	9,171
Total	**333**	**3,217**	**9,171**

(b) Operating commitments

As at December 31, 2023, 2024 and 2025, operating commitments of the Group were not material.

35 Related party transactions

Parties are considered to be related if one party has the ability directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operational decisions. Parties are also considered to be related if they are subjected to common control. Members of key management and their close family members of the Group are also considered as related parties.

The following significant transactions were carried out between the Group and its related parties during the periods presented. In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties.

(a) Names and relationships with related parties

Name of related parties	Relationship with the Group
Shenzhen Ansi Zhizao Technology Co., Ltd. (深圳安思智造科技有限公司, "Shenzhen AnSi")	Associates

(b) Transactions with related parties

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Sales of goods to Shenzhen AnSi	570	831	3,312
Purchase of goods from Shenzhen AnSi	242	1,253	–

(c) Year end balances with related parties

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade receivables from Shenzhen AnSi	2,057	2,409	2,218
Trade payables to Shenzhen AnSi	169	488	135

(d) Key management personnel compensation

The compensations to key management personnel as directors are shown below:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Wages and salaries	3,472	3,789	4,360
Discretionary bonuses	1,261	1,709	2,286
Share-based payments	–	–	444,519
Pension costs – defined contribution plans	44	45	50
Other social security costs, housing benefits and other employee welfare	262	368	359
Total	**5,039**	**5,911**	**451,574**

36 Benefits and interests of director

The remuneration of every director during the Track Record Period is set out below:

For the year ended December 31, 2023:

Name of Directors	Director fees	Wages and salaries	Discretionary bonuses	Share-based compensation	Pension cost — defined contribution plans	Other social security costs, housing benefits and other employee welfare	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Mr. Jiaya Jia (i)	–	749	181	–	8	44	982
Mr. Jiangbo Lyu (ii)	–	745	360	–	9	86	1,200
Mr. Xiaoyong Shen (iii)	–	722	174	–	9	44	949
Mr. Kuiguang Niu (iv)	–	–	–	–	–	–	–
Mr. Ruiyu Li (v)	–	609	250	–	9	44	912
Mr. Chunyu Song (vi)	–	–	–	–	–	–	–
Mr. Shu Liu (vii)	–	647	296	–	9	44	996
Mr. Jinyuan Zhang (viii)	–	–	–	–	–	–	–
Total	**–**	**3,472**	**1,261**	**–**	**44**	**262**	**5,039**

For the year ended December 31, 2024:

Name of Directors	Director fees	Wages and salaries	Discretionary bonuses	Share-based compensation	Pension cost — defined contribution plans	Other social security costs, housing benefits and other employee welfare	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Mr. Jiaya Jia (i)	–	919	491	–	9	46	1,465
Mr. Jiangbo Lyu (ii)	–	825	341	–	9	184	1,359
Mr. Xiaoyong Shen (iii)	–	742	264	–	9	46	1,061
Mr. Kuiguang Niu (iv)	–	–	–	–	–	–	–
Mr. Ruiyu Li (v)	–	624	250	–	9	46	929
Mr. Chunyu Song (vi)	–	–	–	–	–	–	–
Mr. Shu Liu (vii)	–	679	363	–	9	46	1,097
Mr. Jinyuan Zhang (viii)	–	–	–	–	–	–	–
Mr. Jin Cao (x)							
Total	**–**	**3,789**	**1,709**	**–**	**45**	**368**	**5,911**

For the year ended December 31, 2025:

Name of Directors	Director fees	Wages and salaries	Discretionary bonuses	Share-based compensation	Pension cost — defined contribution plans	Other social security costs, housing benefits and other employee welfare	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Mr. Jiaya Jia (i)	–	1,143	687	–	10	47	1,887
Mr. Jiangbo Lyu (ii)	–	825	413	102,491	10	171	103,910
Mr. Xiaoyong Shen (iii)	–	755	303	43,925	10	47	45,040
Mr. Kuiguang Niu (iv)	–	–	–	–	–	–	–
Mr. Ruiyu Li (v)	–	681	307	137,046	10	47	138,091
Mr. Chunyu Song (vi)	–	–	–	–	–	–	–
Mr. Shu Liu (vii)	–	956	576	161,057	10	47	162,646
Mr. Jinyuan Zhang (viii)	–	–	–	–	–	–	–
Mr. Jin Cao (x)	–	–	–	–	–	–	–
Total	**–**	**4,360**	**2,286**	**444,519**	**50**	**359**	**451,574**

(i) Mr. Jiaya Jia was appointed as a director of the Company on September 23, 2019.
(ii) Mr. Jiangbo Lyu was appointed as a director of the Company on January 21, 2020.
(iii) Mr. Xiaoyong Shen was appointed as a director of the Company on January 21, 2020.
(iv) Mr. Kuiguang Niu was appointed as a director of the Company on January 21, 2020.
(v) Mr. Ruiyu Li was appointed as a director of the Company on September 30, 2020.
(vi) Mr. Chunyu Song was appointed as a director of the Company on September 30, 2020.
(vii) Mr. Shu Liu was appointed as a director of the Company on February 7, 2021.
(viii) Mr. Jinyuan Zhang was appointed as a director of the Company on February 7, 2021.
(x) Mr. Jin Cao was appointed as a director of the Company on August 28, 2024.

No retirement benefits, payments or benefits in respect of termination of service of directors, were paid or made, to the directors. There are no loans, quasi-loans or other dealings in favour of the directors, their controlled bodies corporate and connected entities. No consideration was provided to or receivable by third parties for making available the services of a person as director. None of the directors have material interests in transactions, arrangements or contracts to which the Company was or is a party.

None of the directors have received any amount as an inducement to join the Group or compensation for loss of office. None of the directors has waived or agreed to waive any emoluments.

37 Events after the reporting period

In February 2026, the Company completed the closing for issuance of 6,909,656 shares of Series C preferred shares to an investor for an aggregated cash consideration of US$16,000,000.

There were no other material subsequent events undertaken by the Company or by the Group after December 31, 2025.

38 Summary of other accounting policies

38.1 Principles of consolidation and equity accounting

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity where the Group 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 to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and Unrealized gains on transactions between Group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of financial position respectively.

(b) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights or has board seats. Investments in associates are accounted for using the equity method of accounting (see (c) below), after initially being recognized at cost.

(c) Equity method

Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognized as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in these entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 37.4.

38.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment (if any). Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill in the financial statements.

38.3 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Company has determined US$ as its functional currency and several of its overseas subsidiaries have determined the local currencies in their respective place of incorporation and operation as their functional currency. The functional currency of the subsidiaries operate in Chinese mainland is RMB. As the major operations of the Group are within the Chinese mainland, the Group determined to present its consolidated financial statements in RMB (unless otherwise stated).

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are generally recognized in consolidated statements of profit or loss as part of the "other gains/(losses), net".

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognized in profit or loss as part of the fair value gain or loss.

(c) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position

- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and

- all resulting exchange differences are recognized in other comprehensive income.

The Group has monetary items that are receivables from or payables to foreign operations. The items for which settlements are neither planned nor likely to occur in the foreseeable future are, in substance, part of the Group's net investment in foreign operations. Such monetary items include long-term receivables or loans. They do not include trade receivables or trade payables. On consolidation, foreign exchange gains or losses arising from the exchange of any net investment in foreign entities, are recognized in the consolidated statements of comprehensive income. When a foreign operation is disposed, the related foreign exchange gains or losses are reclassified into consolidated statements of profit or loss as part of the "other gains/(losses), net". The accumulative translation adjustments related to subsidiaries with same functional currency as the Company are presented as part of items of other comprehensive income that will not be reclassified to profit or loss.

38.4 Impairment of non-financial assets

Non-financial assets that are subject to depreciation or amortization tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, non-financial assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units, or "CGUs"). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

At the end of each reporting period, management assessed whether the recoverable amount of the CGUs exceeded their respective carrying amounts, based on cash flow projections derived from management’s financial forecasts. No impairment of non-financial assets subject to depreciation or amortization was recognized for the years ended December 31, 2023, 2024, or 2025, as the recoverable amount of the CGU as at each respective year-end exceeded its carrying amount with sufficient headroom.

38.5 Inventories

Raw materials, work in progress and finished goods are stated at the lower of cost and net realizable value. Cost comprises direct materials, direct labor and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs of purchased inventory are determined after deducting rebates and discounts. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

38.6 Investments and other financial assets

(a) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortized cost.

The classification depends on the entity’s business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are Derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(c) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether theircash flows are solely payment of principal and interest.

- Debt instruments

  Subsequent measurement of debt instruments depends on the Group’s business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

  Amortized cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognized in profit or loss. When the financial asset is Derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses), and impairment expenses are presented as separate line item in the statement of profit or loss.

FVPL: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in profit or loss and presented net within other gains/(losses) in the period in which it arises.

- Equity instruments

The Group subsequently measures all equity investments at fair value. Changes in the fair value of financial assets at FVPL are recognized in other gains/(losses) in the consolidated statements of profit or loss as applicable.

(d) Impairment

The Group assesses on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

38.7 Trade receivables, net

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection of trade receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method. See Note 3.1(b) for a description of the Group's impairment policies.

38.8 Cash and cash equivalents, restricted cash

In the consolidated statements of cash flows, cash and cash equivalents and restricted cash include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less.

Restricted cash represents deposits at bank for letters of guarantee or pledged as securities for bank borrowings. The Group can only use segregated bank accounts for those restricted cash and cash in the segregated accounts can only be used for the respective businesses as designated and therefore not available for general use by the other entities within the Group.

38.9 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Preferred shares are classified as financial liabilities based on the respective contract terms.

38.10 Trade, accruals and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the periods presented which are unpaid. Trade, accruals and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

38.11 Employee benefits

(a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated statements of financial position.

(b) Pension obligations

The Group participates in various defined contribution retirement benefit plans which are available to all relevant employees. These plans are generally funded through payments to schemes established by governments. A defined contribution plan is a pension plan under which the Group pays contributions on a mandatory, contractual or voluntary basis into a separate fund. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee services in the current and prior years. The Group's contributions to the defined contribution plans are expensed as incurred and not reduced by contributions forfeited by those employees who leave the plans prior to vesting fully in the contributions.

(c) Housing funds, medical insurances and other social insurances

The employees of the Group in the PRC are entitled to participate in various government-supervised housing funds, medical insurance and other employee social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable in each period. Contributions to the housing funds, medical insurances and other social insurances are expensed as incurred.

(d) Employee leave entitlement

Employee entitlement to annual leave is recognized when they have accrued to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the statement of financial position date. Employee entitlement to sick leave and maternity leave are not recognized until the time of leave.

(e) Bonus plans

The expected cost of bonuses is recognized as a liability when the Group has a present legal or constructive obligation for payment of bonus as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities for bonus plans are expected to be settled within 1 year and are measured at the amounts expected to be paid when they are settled.

(f) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognizes costs for a restructuring that is within the scope of IAS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

38.12 Provisions

Provisions for legal claims, warranties and make good obligations are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

38.13 Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Where the grants related to an expense item, it is recognized as income on a systematic basis over the period that the costs, which it is intended to compensate, are expensed. Where the grants related to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset on straight-line basis.

38.14 Interest income

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

38.15 Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Historical Financial Information. However, deferred income tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred income tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax recoverable against current income tax liabilities and when the deferred income tax assets and liabilities relate to income tax levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Deferred income tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

III SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company in respect of any period subsequent to December 31, 2025 and up to the date of this report. No dividend or distribution has been declared or made by the Company or any of the companies now comprising the Group in respect of any period subsequent to December 31, 2025.