

APPENDIX I

ACCOUNTANTS’ REPORT

The following is the text of a report, prepared for the purpose of incorporation in this document, received from the Company’s reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong.

[To insert the firm’s letterhead]

ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF GUANGZHOU XAIRCRAFT TECHNOLOGY CO., LTD. AND HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED

Introduction

We report on the historical financial information of Guangzhou Xaircraft Technology Co., Ltd. (the “**Company**”), and its subsidiaries (together, the “**Group**”) set out on pages I-3 to I-78, which comprises the consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2023, 2024 and 2025 (the “**Relevant Periods**”), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2023, 2024 and 2025, and material accounting policy information and other explanatory information (together, the “**Historical Financial Information**”). The Historical Financial Information set out on pages I-3 to I-78 forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [●] (the “**Document**”) in connection with the [REDACTED] of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

Directors’ responsibility for the Historical Financial Information

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

Reporting accountants’ responsibility

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

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

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

Opinion

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

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

Adjustments

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

Dividends

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

[●]

Certified Public Accountants

Hong Kong

[Date]

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I. HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

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

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

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

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CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	<i>Notes</i>	Year ended 31 December		
		2023	2024	2025
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
REVENUE	5	614,496	1,065,539	1,166,232
Cost of sales		(498,363)	(726,036)	(750,271)
Gross profit		116,133	339,503	415,961
Other income and gains, net	5	45,113	42,165	50,855
Selling and distribution expenses		(62,798)	(65,811)	(71,539)
Administrative expenses		(45,223)	(54,883)	(65,593)
Research and development expenses		(160,161)	(159,113)	(176,124)
Reversal of impairment/(impairment) on financial assets, net		884	(4,210)	(2,540)
Other expenses, net		(25,023)	(25,533)	(25,098)
Finance costs	6	(1,599)	(1,711)	(2,142)
(LOSS)/PROFIT BEFORE TAX	7	(132,674)	70,407	123,780
Income tax (expense)/credit	10	(114)	–	1
(LOSS)/PROFIT AND TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR		<u>(132,788)</u>	<u>70,407</u>	<u>123,781</u>
Attributable to:				
Owners of the parent		(132,289)	69,418	123,781
Non-controlling interests		<u>(499)</u>	<u>989</u>	<u>–</u>
		<u>(132,788)</u>	<u>70,407</u>	<u>123,781</u>
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	12			
Basic and diluted (RMB per share)		<u>(0.39)</u>	<u>0.20</u>	<u>0.36</u>

For the details of Pre-[REDACTED] Investments, please refer to Note 29 to this report.

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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December		
	Notes	2023	2024	2025
		RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment	13	74,880	48,198	43,856
Right-of-use assets	14	50,371	45,850	98,575
Intangible assets	15	5,794	5,469	5,702
Certificates of deposits.	16	74,695	132,477	256,125
Investment in an associate	17	—	—	—
Prepayments, other receivables and other assets .	20	2,698	1,447	3,730
Total non-current assets		208,438	233,441	407,988
CURRENT ASSETS				
Inventories	18	146,079	227,288	214,773
Trade and bills receivables	19	9,504	1,833	43,618
Prepayments, other receivables and other assets .	20	69,154	66,100	58,045
Financial assets at fair value through profit or loss.	21	6,007	115,741	146,835
Derivative financial instruments.		—	30	2,228
Restricted cash	22	3,725	82,858	158,219
Certificates of deposits.	16	241,821	77,211	10,984
Time deposits.	22	—	40,024	23,940
Cash and cash equivalents	22	288,216	415,492	405,411
Total current assets		764,506	1,026,577	1,064,053
CURRENT LIABILITIES				
Trade and bills payables.	23	115,100	293,229	304,434
Other payables and accruals	24	201,556	144,300	138,478
Derivative financial instruments.		—	368	952
Contract liabilities.	25	280,350	353,165	330,244
Interest-bearing bank borrowings	26	—	29,612	79,438
Lease liabilities	14	14,229	10,153	13,006
Tax payable.		403	—	—
Total current liabilities.		611,638	830,827	866,552
NET CURRENT ASSETS.		152,868	195,750	197,501
TOTAL ASSETS LESS CURRENT				
LIABILITIES		361,306	429,191	605,489

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		As at 31 December		
	Notes	2023	2024	2025
		RMB'000	RMB'000	RMB'000
NON-CURRENT LIABILITIES				
Lease liabilities	14	32,473	34,524	84,390
Deferred income	28	11,480	6,659	8,796
Total non-current liabilities		43,953	41,183	93,186
Net assets		317,353	388,008	512,303
EQUITY				
Equity attributable to owner of the Company				
Share capital	29	341,398	341,398	341,398
(Deficits)/reserves	30	(24,369)	46,610	170,905
		317,029	388,008	512,303
Non-controlling interests		324	—	—
Total equity		317,353	388,008	512,303

For the details of Pre-[REDACTED] Investments, please refer to Note 29 to this report.

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CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Years ended 31 December 2023, 2024 and 2025

	Attributable to owners of the Group						Non-controlling interests	Total equity
	Share capital	Capital reserve	Share-based payment reserve	Safety fund surplus reserve	Accumulated losses	Total		
	RMB'000 (note 29)	RMB'000 (note 30)	RMB'000 (notes 30, 31)	RMB'000 (note 30)	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	340,000	931,244	10,680	–	(854,550)	427,374	823	428,197
Loss and total comprehensive								
loss for the year	–	–	–	–	(132,289)	(132,289)	(499)	(132,788)
Contributions from shareholders								
(note 29)	1,398	24,102	–	–	–	25,500	–	25,500
Transfer from retained profits . .	–	–	–	2,292	(2,292)	–	–	–
Share-based payments								
(note 31)	–	–	(3,556)	–	–	(3,556)	–	(3,556)
At 31 December 2023 and 1								
January 2024	<u>341,398</u>	<u>955,346*</u>	<u>7,124*</u>	<u>2,292*</u>	<u>(989,131)*</u>	<u>317,029</u>	<u>324</u>	<u>317,353</u>
Profit and total comprehensive								
income for the year	–	–	–	–	69,418	69,418	989	70,407
Disposal of a subsidiary								
(note 32)	–	–	–	–	–	–	(1,313)	(1,313)
Transfer from retained profits . .	–	–	–	2,189	(2,189)	–	–	–
Share-based payments								
(note 31)	–	–	1,561	–	–	1,561	–	1,561
Vesting of awarded shares	–	1,433	(1,433)	–	–	–	–	–
At 31 December 2024 and								
1 January 2025	<u>341,398</u>	<u>956,779*</u>	<u>7,252*</u>	<u>4,481*</u>	<u>(921,902)*</u>	<u>388,008</u>	<u>–</u>	<u>388,008</u>
Profit and total comprehensive								
income for the year	–	–	–	–	123,781	123,781	–	123,781
Transfer from retained profits . .	–	–	–	2,215	(2,215)	–	–	–
Utilisation of safety fund surplus								
reserve	–	–	–	(45)	45	–	–	–
Share-based payments								
(note 31)	–	–	514	–	–	514	–	514
Vesting of awarded shares	–	676	(676)	–	–	–	–	–
At 31 December 2025	<u>341,398</u>	<u>957,455*</u>	<u>7,090*</u>	<u>6,651*</u>	<u>(800,291)*</u>	<u>512,303</u>	<u>–</u>	<u>512,303</u>

* These reserve amounts comprise the consolidated (deficits)/reserves of RMB(24,369,000), RMB46,610,000 and RMB170,905,000 in the consolidated statements of financial position as at 31 December 2023, 2024 and 2025, respectively.

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CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended 31 December		
	Notes	2023	2024	2025
		RMB'000	RMB'000	RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES				
(Loss)/profit before tax		(132,674)	70,407	123,780
Adjustments for:				
Finance costs	6	1,599	1,711	2,142
Interest income	5	(13,624)	(12,991)	(13,136)
Foreign exchange (gains)/losses, net		(215)	(2,414)	8,975
(Gain)/loss on disposal of items of property, plant and equipment	7	(5,590)	3,334	(763)
Fair value gain on financial assets at fair value through profit or loss, net	5	(717)	(1,835)	(8,641)
Depreciation of property, plant and equipment	13	33,950	20,441	10,046
Depreciation of right-of-use assets	14	20,071	18,619	15,053
Amortisation of intangible assets	15	1,740	1,554	1,804
Loss on disposal of a subsidiary	32	–	3,791	–
Government grants released	5	(9,221)	(12,265)	(14,193)
(Reversal of impairment)/impairment of trade receivables, net	7	(498)	3,160	2,223
(Reversal of impairment)/impairment of other receivables, net	7	(386)	1,050	317
Provision for impairment of inventories to net realisable value	7	27,641	31,271	23,471
Share-based payment expenses	7	(3,556)	1,561	514
Loss on early termination of a lease	7	41	75	–
		(81,439)	127,469	151,592
Decrease/(increase) in inventories		65,998	(113,808)	(10,956)
(Increase)/decrease in trade and bill receivables		(6,394)	3,882	(44,008)
Decrease in contract assets		188	–	–
Decrease in prepayments, other receivables and other assets		12,862	101	10,530
Decrease/(increase) in restricted cash		16,381	(35,935)	37,412
(Decrease)/increase in trade and bills payables		(34,567)	178,287	11,205
Increase/(decrease) in contract liabilities		80,122	72,831	(22,921)
Decrease in other payables and accruals		(18,000)	(55,328)	(5,822)
Receipt of government grants		15,533	7,444	16,330
Cash generated from operations		50,684	184,943	143,362
Interest received		2,807	5,363	7,406
Income tax received/(paid)		819	(60)	1
Net cash flows from operating activities		54,310	190,246	150,769

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		Year ended 31 December		
	Notes	2023	2024	2025
		RMB'000	RMB'000	RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of items of property, plant and equipment		(7,864)	(12,071)	(8,938)
Proceeds from disposal of items of property, plant and equipment		17,599	12,780	3,355
Proceeds from disposal of financial assets at fair value through profit or loss		32,179	415,054	423,793
Proceeds from redemption of certificates of deposits and time deposits		20,000	244,746	222,316
Purchases of financial assets at fair value through profit or loss		(3,900)	(521,597)	(451,486)
Purchases of certificates of deposits and time deposits		–	(170,314)	(257,923)
Purchases of items of intangible assets		(938)	(1,303)	(2,159)
Disposal of a subsidiary	32	–	(166)	–
Increase in restricted cash		–	(43,197)	(112,773)
Net cash flows from/(used in) investing activities		57,076	(76,068)	(183,815)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payment of [REDACTED] expenses		[REDACTED]	[REDACTED]	[REDACTED]
New bank borrowings		–	30,106	80,000
Repayment of bank borrowings		(20,000)	(500)	(30,000)
Interest paid		(114)	(7)	(749)
Capital contribution by shareholders		25,500	–	–
Decrease/(increase) in restricted cash		8,146	(1)	–
Payment of lease liabilities	14	(22,519)	(17,896)	(16,626)
Net cash flows (used in)/from financing activities		(8,987)	11,702	28,314
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS				
		102,399	125,880	(4,732)
Cash and cash equivalents at beginning of year		185,602	288,216	415,492
Effect of foreign exchange rate changes, net		215	1,396	(5,349)
CASH AND CASH EQUIVALENTS AT END OF YEAR				
		288,216	415,492	405,411
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS				
Cash and bank balances	22	291,941	498,350	563,630
Less: restricted cash	22	3,725	82,858	158,219
Cash and cash equivalents as stated in the consolidated statements of cash flows and statements of financial position				
	22	288,216	415,492	405,411

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STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at 31 December		
	Notes	2023	2024	2025
		RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment	13	15,072	13,199	13,747
Right-of-use assets	14	26,765	20,849	69,071
Intangible assets	15	5,543	5,227	5,417
Investments in subsidiaries	1	63,164	137,169	137,173
Certificates of deposits.	16	53,302	132,477	256,125
Investment in an associate	17	—	—	—
Prepayments, other receivables and other assets .	20	682	375	1,850
Total non-current assets		164,528	309,296	483,383
CURRENT ASSETS				
Inventories	18	16,523	24,820	21,522
Trade and bills receivables	19	172,373	132,978	253,735
Prepayments, other receivables and other assets .	20	437,360	402,719	260,594
Financial assets at fair value through profit or loss	21	—	110,069	120,828
Derivative financial instruments		—	30	2,228
Restricted cash	22	3,721	82,858	158,219
Certificates of deposits.	16	241,821	55,097	10,984
Time deposits.	22	—	40,024	23,940
Cash and cash equivalents	22	253,675	358,525	354,425
Total current assets		1,125,473	1,207,120	1,206,475
CURRENT LIABILITIES				
Trade and bills payables	23	47,222	149,389	165,047
Other payables and accruals	24	174,054	124,904	110,158
Derivative financial instruments		—	368	952
Contract liabilities.	25	276,953	352,153	329,235
Lease liabilities	14	5,764	5,010	5,535
Total current liabilities		503,993	631,824	610,927
NET CURRENT ASSETS		621,480	575,296	595,548
TOTAL ASSETS LESS CURRENT				
LIABILITIES		786,008	884,592	1,078,931
NON-CURRENT LIABILITIES				
Lease liabilities	14	20,654	16,708	64,265
Deferred income	28	2,834	997	4,468
Total non-current liabilities		23,488	17,705	68,733
Net assets		762,520	866,887	1,010,198
EQUITY				
Equity attributable to owner				
of the Company				
Share capital	29	341,398	341,398	341,398
Reserves	30	421,122	525,489	668,800
Total equity		762,520	866,887	1,010,198

For the details of Pre-[REDACTED] Investments, please refer to Note 29 to this report.

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II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

Guangzhou Xaircraft Technology Co., Ltd. (廣州極飛科技股份有限公司) (the “**Company**”), formerly known as Guangzhou Xaircraft Technology Limited Company (廣州極飛科技有限公司), was incorporated as a limited liability company in the People’s Republic of China (“**PRC**”) on 13 April 2012, which was converted into a joint stock limited company in the PRC on 23 March 2021. The registered office of the Company is located at Room 101, Building 1, No. 9 Xinrui Road, Huangpu District, Guangzhou, Guangdong Province, PRC.

During the Relevant Periods, the Company and its subsidiaries (collectively referred as the “**Group**”) were principally engaged in the research, development, manufacturing and sale of agricultural robotics.

As at the end of the Relevant Periods, the particulars of the Company’s subsidiaries are set out below. The Company’s subsidiaries are limited liability companies.

Name	Notes	Place and date of registration and place of operations	Nominal value of issued/registered share capital	Percentage of equity attributable to the Company		Principal activities
				Direct/Indirect		
Dongguan XAG Drone Technology Co., Ltd.* (東莞極飛無人機科技有限公司) (“ Dongguan XAG ”)	(a)/(c) /(d)	PRC/Chinese mainland 3 November 2014	RMB500,000	100%	–	Manufacture of agricultural robotics
Guangzhou XAG Technology Service Co., Ltd.* (廣州極飛科技服務有限公司) (“ Guangzhou XAG Technology Service ”)	(a)/(c) /(d)	PRC/Chinese mainland 24 September 2021	RMB500,000	100%	–	After-sales maintenance and repair for agricultural robotics
Bazhou XAG Agricultural Aviation Technology Co., Ltd.* (巴州極飛農業航空科技有限公司) (“ Bazhou XAG ”)	(a)/(c) /(d)	PRC/Chinese mainland 2 March 2015	RMB90,000,000	100%	–	Integrated agricultural operations
Guangzhou Kuaifei Computer Technology Co., Ltd.* (廣州快飛計算機科技有限公司) (“ Guangzhou Kuaifei ”)	(b)/(c) /(d)	PRC/Chinese mainland 7 August 2014	RMB45,436,500	100%	–	Research and development in electronics and automatic control technology
Guangzhou XAG Manufacturing Co., Ltd.* (廣州極飛製造有限公司) (“ Guangzhou XAG Manufacturing ”)	(b)/(c) /(d)	PRC/Chinese mainland 16 June 2021	RMB100,000,000	100%	–	Manufacturing of terminal test equipment and repair of devices
XAG Hong Kong Limited (極飛香港有限公司) (“ XAG HK ”)	(d)	Hong Kong 28 January 2025	HKD1,000,000	100%	–	Import and export of agricultural robotics
XAG (Thailand) Co., Ltd. (極飛泰國)有限公司 (“ XAG Thailand ”)	(d)	Thailand 16 December 2025	THB5,000,000	20%	80%	Import, export and manufacture of agricultural robotics

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

Notes:

- (a) The statutory financial statements of these companies for the year ended 31 December 2023 prepared under PRC Generally Accepted Accounting Principles (“**PRC GAAP**”) were audited by Pan-China Certified Public Accountants LLP Guangdong Branch (天健會計師事務所(特殊普通合夥)廣東分所), certified public accountants registered in the PRC.
- (b) No audited financial statements have been prepared for these companies for the year ended 31 December 2023.
- (c) The statutory financial statements of these companies for the year ended 31 December 2024 prepared under PRC GAAP were audited by Ernst & Young Hua Ming LLP Guangzhou Branch (安永華明會計師事務所(特殊普通合夥)廣州分所), certified public accountants registered in the PRC.
- (d) The statutory financial statements of these companies for the year ended 31 December 2025 have not yet been issued as at the date of this report.

Company

The carrying amounts of the Company’s investments in subsidiaries:

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Investments, at cost	63,164	137,169	137,173

The directors assessed and concluded no impairment was provided on the investments in subsidiaries during the Relevant Periods.

2.1 BASIS OF PREPARATION

For ordinary shares issued to Pre-[REDACTED] Investors, pursuant to the supplemental agreements entered into between the Company and the Pre-[REDACTED] Investors in relation to the termination of redemption rights granted by the Company, which is *void ab initio* as described in note 29 to this report, having taking into account the legal and regulatory framework of the Company’s jurisdiction and the governing law of the supplementary agreements, the directors considered that it is appropriate to present the Pre-[REDACTED] Investments as equity throughout the Relevant Periods. For the details of financial impacts, see note 29 of this report.

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

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

Basis of consolidation

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

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

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

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

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

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

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

2.2 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

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

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

1 No mandatory effective date yet determined but available for adoption

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

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

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The Group is in the process of making a detailed assessment of the impact of these new and amended IFRS Accounting Standards upon initial application.

So far, the Group considers that these new and amended IFRS Accounting Standards, except for IFRS 18, may result in changes in certain accounting policies but will not have a significant impact on the Group’s financial performance and financial position in the period of initial application.

The application of IFRS 18 is not expected to have material impact on the financial position of the Group but is expected to affect the presentation of the consolidated statements of profit or loss and other comprehensive income and consolidated statement of cash flows and disclosures in the future financial information. The Group will continue to assess the impact of IFRS 18 on the Group’s financial information.

2.3 MATERIAL ACCOUNTING POLICIES

Fair value measurement

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

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

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

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

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

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

Impairment of non-financial assets

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

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

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

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

Related parties

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

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

Property, plant and equipment and depreciation

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

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

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

Buildings	4.8%
Motor vehicles	23.8% to 31.7%
Plant and machinery	9.5% to 31.7%
Office and other equipment	19.0% to 31.7%
Leasehold improvements	Over the shorter of lease terms and estimated useful lives

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

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

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

Intangible assets (other than goodwill)

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

Intangible assets are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives. The principal estimated useful lives of intangible assets are as follows:

Software	2 to 10 years
Trademarks and patents	8 years
Domain names	10 years

The estimated useful lives of intangible assets are determined by considering the period of the economic benefits to the Group or the periods of validity of intangible assets protected by the relevant laws, as well as by referring to the industry practice.

Research and development costs

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

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

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Leases

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

Group as a lessee

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

(a) Right-of-use assets

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

Buildings	1.5 to 8.0 years
Leasehold land	15 to 50 years

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

(b) Lease liabilities

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

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

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

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

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

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

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Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in other income and gains in the consolidated statements of profit or loss and other comprehensive income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Investments and other financial assets

Initial recognition and measurement

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

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

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

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

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

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

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

Financial assets at fair value through profit or loss

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

This category includes derivative instruments.

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Derecognition of financial assets

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

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

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

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

Impairment of financial assets

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

General approach

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

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

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

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

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

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- Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
- Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
- Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

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

For trade receivables that contain a significant financing component and lease receivables, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

Classification as equity and financial liabilities

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

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

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

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as derivative financial instruments, loans and borrowings or payables, as appropriate.

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

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

Subsequent measurement

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

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

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

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

Financial liabilities at fair value through profit or loss

Financial liabilities measured at fair value through profit or loss include financial liabilities held for trading.

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

Derecognition of financial liabilities

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

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

Offsetting of financial instruments

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

Derivative financial instruments

Initial recognition and subsequent measurement

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

Any gains or losses arising from changes in fair value of derivatives are taken directly to profit or loss.

Inventories

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

Cash and cash equivalents

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

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

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Provisions

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

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

The Group provides for warranties in relation to the sale of agricultural robotics for general repairs of defects occurring during the warranty period. Provisions for these assurance-type warranties granted by the Group are initially recognised based on sales volume and past experience of the level of repairs and returns. The warranty-related cost is revised annually.

Safety fund surplus reserve

Provisions for the Group’s obligations for safety operations are based on the Group’s revenue arising from the sale of products in accordance with related PRC rules and regulations. The Group records a corresponding cost when such expenditure for safety operations is incurred. The remaining provisions for the Group’s obligations for safety operations are recorded as safety fund surplus reserve. The remaining provisions are not recorded in profit or loss while the Group decreases its retained profits when it recognises the safety fund surplus reserve.

Income tax

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

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

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

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

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

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

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

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

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

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

Government grants

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

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

Where the Group receives grants of non-monetary assets, the grants are recorded at the fair value of the non-monetary assets and released to the statement of profit or loss over the expected useful lives of the relevant assets by equal annual instalments. If fair value is not reliably determinable, it is measured at a nominal amount.

Revenue recognition

Revenue from contracts with customers

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

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

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

(a) Sale of products

Revenue from the sale of products is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery or acceptance of the products.

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(b) *Provision of services*

(i) Support services

For contracts with specified service periods, revenue from support services is recognised over time on a straight-line basis as the customer simultaneously receives and consumes the economic benefits. For contracts without specified service periods, revenue from support services is recognised at the point in time when services are completed.

(ii) Smart agriculture solutions

Revenue from the smart agriculture solutions is recognised over time as the customer simultaneously receives and consumes the economic benefits.

Other income

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

Contract assets

If the Group performs by transferring goods or services to a customer before being unconditionally entitled to the consideration under the contract terms, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets. They are reclassified to trade receivables when the right to the consideration becomes unconditional.

Contract liabilities

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

Contract costs

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

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

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

Share-based payments

The Group operates share award schemes for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (“**equity-settled transactions**”).

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. Further details are included in note 31 to the Historical Financial Information.

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

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

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

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

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

Other employee benefits

Pension scheme

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

Housing fund — Chinese Mainland

The Group contributes on a monthly basis to a defined contribution housing fund plan operated by the local municipal government. Contributions to this plan by the Group are expensed as incurred.

Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

Borrowing costs

All borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Dividends

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

Foreign currencies

The Historical Financial Information is presented in RMB, which is the Company’s functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the

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Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the end of each reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

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

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

The functional currency of the Group’s subsidiaries overseas is a currency other than the RMB. As at the end of each reporting period, the assets and liabilities of the subsidiary are translated into RMB at the exchange rates prevailing at the end of each of the reporting period and its statement of profit or loss and other comprehensive income is translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

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

For the purpose of the consolidated statements of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of foreign currency transactions which arise throughout the year are translated into RMB at the exchange rates at the weighted average exchange rates for the year.

Events after the reporting period

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

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

Classification of financial assets

The classification of financial assets at initial recognition depends on the Group’s business model for managing the financial assets. In determining the business model, the Group considers how the performance of the business model and the financial assets held within that business model are evaluated and reported to the Group’s key management personnel, the risks that affect the performance of the business model (and the financial assets held

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within) and, in particular, the way those risks are managed. In determining whether cash flows are going to be realised by collecting the financial assets’ contractual cash flows, it is necessary for the Group to consider the reason, timing, frequency, and value of sales prior to the maturity date.

Recognition of income taxes and deferred tax assets

Determining income tax provision involves judgement on the future tax treatment of certain transactions. Management evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatments of such transactions are reconsidered periodically to take into account all changes in tax legislation.

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

The amount of unrecognised tax losses are RMB1,422,789,000, RMB1,466,416,000 and RMB1,442,029,000 as at 31 December 2023, 2024 and 2025, respectively. The amount of unrecognised deductible temporary differences are RMB131,573,000, RMB138,526,000 and RMB122,944,000 as at 31 December 2023, 2024 and 2025, respectively. Further details are disclosed in note 27 to the Historical Financial Information.

If the Group had been able to recognise all unrecognised deferred tax assets, the equity would have increased by RMB254,863,000, RMB265,440,000 and RMB255,118,000, respectively, as at 31 December 2023, 2024 and 2025.

Estimation uncertainty

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

Write-down of inventories to net realisable value

The Group reviews the carrying amounts of the inventories at the end of each of reporting period to determine whether the inventories are carried at the lower of cost and net realisable value. The net realisable value is estimated based on the current market situation and historical experience on similar inventories. Any change in the assumptions would increase or decrease the amount of inventories written down or the related reversals of write-down and affect the Group’s financial position.

Impairment of non-financial assets (other than goodwill)

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

For details of the Group’s impairment assessment of its non-financial assets including property, plant and equipment, right-of-use assets and intangible assets, please refer to note 13 to the Historical Financial Information.

Provision for product warranties

The Group provides one-year warranties on the products sold to its customers, under which faulty products are repaired or replaced. The amount of the warranty provision is estimated based on the sales volumes and past experience of the level of repairs and returns. The estimation basis is reviewed on an ongoing basis and revised where appropriate.

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Provision for expected credit losses on trade and bills receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade and bills receivables and contract assets. The provision rates are based ageing for groupings of various customer segments that have similar loss patterns.

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

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group’s historical credit loss experience and forecast of economic conditions may also not be representative of a customer’s actual default in the future. The information about the ECLs on the Group’s trade and bills receivables and contract assets is disclosed in note 19 to the Historical Financial Information.

Leases — Estimating the incremental borrowing rate

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

4. OPERATING SEGMENT INFORMATION

Management has determined the operating segment based on the information reviewed by the Group’s chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segment. The chief operating decision maker has been identified as the executive directors of the Company.

Management monitors the results of the Group’s operating segment separately for the purpose of making decisions about resource allocation and performance assessment, and focuses on the operating results of the Group as a whole as the Group’s resources are integrated and no discrete operating segment information is available. Accordingly, no further information about the operating segment is presented.

Geographical information

(a) Revenue from external customers

Revenues are attributed to geographical areas based on the locations of the customers. Revenues by geographical areas are presented as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Chinese Mainland	451,824	694,615	747,205
Overseas*	162,672	370,924	419,027
	<u>614,496</u>	<u>1,065,539</u>	<u>1,166,232</u>

* For the presentation of this geographical information only, the overseas include Hong Kong, Macao and Taiwan

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(b) *Non-current assets*

Almost all of the Group’s non-current assets are located in the Chinese mainland. Thus, no geographic information is presented. The non-current asset information is based on the locations of the assets and excluded financial instruments.

Information about major customers

No revenue from sales to a single external customer amounted to over 10% of the total revenue of the Group during the Relevant Periods.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Revenue from contracts with customers.	614,496	1,065,539	1,166,232

Revenue from contracts with customers

(a) *Disaggregated revenue information*

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Types of goods or services			
Agricultural drones.	498,758	935,298	1,021,669
Agricultural rovers.	3,229	1,486	17,092
Autopilot consoles.	10,157	33,771	17,934
Smart farm IoT products.	8,632	11,047	35,746
Parts.	39,356	62,835	55,069
Others.	54,364	21,102	18,722
Total.	614,496	1,065,539	1,166,232
Timing of revenue recognition			
Goods transferred at a point in time.	554,030	1,042,998	1,146,701
Services transferred at a point in time.	35,077	21,084	12,147
Services transferred over time.	25,389	1,457	7,384
Total.	614,496	1,065,539	1,166,232

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

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the relevant years:			
Sale of products	187,384	267,128	330,725

(b) Performance obligations

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

Sale of products

The performance obligation is satisfied upon delivery and acceptance of products and payment in advance is normally required, except for certain customers where payment is generally due within 30 to 360 days from acceptance.

Provision of services

For contracts with specified service periods, the performance obligation is satisfied over time as services are rendered and payment is made in accordance with predefined milestones. For contracts without specified service periods, the performance obligation is satisfied at the point in time when services are completed and payment is generally due upon completion of the services and customer acceptance.

For contracts with specified service periods for Smart farm IoT products, the amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at the end of each of the Relevant Periods are as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Amounts expected to be recognised as revenue:			
Within one year	1,581	1,521	797
After one year	2,697	1,176	624
Total	4,278	2,697	1,421

For other contracts, as the original expected duration of the contracts from customers of the Group is within one year or less, the Group applies the practical expedient of not disclosing the transaction price allocated to the remaining performance obligation.

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Other income and gains

An analysis of other income and gains is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Other income			
Interest income	13,624	12,991	13,136
Government grants*	9,221	12,265	14,193
Revenue from sales of			
raw materials	6,674	4,390	4,908
Revenue from sales of agricultural products	6,798	7,634	6,775
Others	2,111	1,398	2,439
Total other income	38,428	38,678	41,451
Gains			
Gain on disposal of items of property, plant and			
equipment, net.	5,590	–	763
Fair value gains from financial assets at fair			
value through profit			
or loss	717	1,835	8,641
Foreign exchange gains, net.	378	1,652	–
Total gains	6,685	3,487	9,404
Total other income and gains	45,113	42,165	50,855

* Government grants mainly represent incentives received from local governments for the purpose of reimbursing the Group’s R&D expenditures and awarding the Group’s contribution to the local agricultural cultivation. These grants related to income are recognised in profit or loss upon receipt and there are no unfulfilled conditions or contingencies relating to these grants.

6. FINANCE COSTS

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Interest on lease liabilities	1,500	1,698	1,567
Interest on bank borrowings	99	7	–
Interest on discounted letters of credit	–	6	395
Interest on discounted bills receivable	–	–	180
	1,599	1,711	2,142

For the details of Pre-[REDACTED] Investments, please refer to note 29 to this report.

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7. PROFIT/LOSS BEFORE TAX

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

	Notes	Year ended 31 December		
		2023	2024	2025
		RMB’000	RMB’000	RMB’000
Cost of inventories sold		354,777	621,378	680,898
Cost of services provided		69,707	24,939	17,807
Depreciation of property, plant and equipment*	13	33,950	20,441	10,046
Depreciation of right-of-use assets*	14	20,071	18,619	15,053
Amortisation of other intangible assets*	15	1,740	1,554	1,804
Provision of warranties**	24(b)	46,238	48,448	28,095
Administrative penalties***		10,063	—	—
Research and development costs****		160,161	159,113	176,124
Lease payments not included in the measurement of lease liabilities*	14(c)	2,061	1,365	871
[REDACTED] Expenses		[REDACTED]	[REDACTED]	[REDACTED]
Employee benefit expenses* (including directors’ and chief executive’s remuneration (note 8)):				
Wages and salaries		171,901	169,346	178,581
Employee retirement benefits		15,779	14,828	16,563
Share-based payment expenses		(3,556)	1,561	514
		184,124	185,735	195,658
Foreign exchange differences, net*****		(378)	(1,652)	9,419
Impairment of financial and contract assets, net:				
(Reversal of impairment)/impairment of trade receivables, net*****	19	(498)	3,160	2,223
(Reversal of impairment)/impairment of other receivables, net*****	20	(386)	1,050	317
		(884)	4,210	2,540
Provision for impairment of inventories to net realisable value**	18	27,641	31,271	23,471
(Gain)/loss on disposal of items of property, plant and equipment*****		(5,590)	3,334	(763)
Loss on early termination of a lease*****	14(c)	41	75	—
Loss on disposal of a subsidiary*****	32	—	3,791	—
Fair value gains of financial assets at fair value through profit or loss, net*****		(717)	(1,835)	(8,641)

* The depreciation of property, plant and equipment, amortisation of intangible assets, depreciation of right-of-use assets, lease payments not included in the measurement of lease liabilities and employee benefit expenses are included in “Cost of sales”, “Selling and distribution expenses”, “Administrative expenses”, and “Research and development expenses” in the consolidated statements of profit or loss and other comprehensive income.

** Included in “Cost of sales” in the consolidated statements of profit or loss and other comprehensive income.

*** Administrative penalties recognized by the Group of RMB10,063,000, nil and nil during the Relevant Periods, respectively, as a result of an administrative penalty against an immaterial non-compliance incident with respect to certain exports of the Group. These expenses are included in “Other expenses, net” in the consolidated statements of profit or loss and other comprehensive income.

**** No research and development costs were capitalised during the Relevant Periods.

***** Included in “Other income and gains, net” or “Other expenses, net” in the consolidated statements of profit or loss and other comprehensive income.

***** Included in “Reversal of impairment/(impairment) on financial assets, net” in the consolidated statements of profit or loss and other comprehensive income.

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8. DIRECTORS’ AND CHIEF EXECUTIVE’S REMUNERATION

Directors’ and chief executive’s remuneration as recorded during the Relevant Periods, disclosed pursuant to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the “**Listing Rules**”), section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is set out below:

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Fees	180	180	120
Other emoluments:			
Salaries, allowances and benefits in kind	2,585	2,624	2,408
Performance related bonuses	630	1,323	882
Pension scheme contributions	308	333	330
Share-based payment expenses.	–	1,433	676
Subtotal	3,523	5,713	4,296
Total	3,703	5,893	4,416

(a) Independent non-executive directors

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

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Ms. Cai Manli*	–	–	–
Mr. Hu Gang**	–	–	–
Dr. Yang Minli	60	60	60
Mr. Dai Junxun***	60	60	30
Mr. Tang Qingquan****	60	60	30
Mr. Chan Ngai Fan^	–	–	–
Ms. Yu Fang Jing^	–	–	–
Total	180	180	120

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

* Ms. Cai Manli resigned as an independent non-executive director in April 2023.

** Mr. Hu Gang resigned as an independent non-executive director in April 2023.

*** Mr. Dai Junxun was appointed as an independent non-executive director in April 2023 and resigned in July 2025.

**** Mr. Tang Qingquan was appointed as an independent non-executive director in April 2023 and resigned in July 2025.

^ Mr. Chan Ngai Fan and Ms. Yu Fang Jing were appointed as independent non-executive directors in July 2025.

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(b) Executive directors, non-executive directors and supervisors

Year ended 31 December 2023

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors:					
Mr. Peng Bin	—	494	99	78	671
Mr. Gong Jiaqin	—	621	132	64	817
Ms. Tang Xiaomin*	—	394	153	43	590
Non-executive directors:					
Mr. Kang Pei	—	—	—	—	—
Ms. Wang Jie**	—	—	—	—	—
Mr. Liu Jiawei***	—	—	—	—	—
Mr. Wu Xuefei****	—	—	—	—	—
Mr. HU DANIEL TIANHANG^	—	—	—	—	—
Mr. Song Chenfeng^	—	—	—	—	—
Supervisors:					
Mr. Guan Wulie	—	393	93	43	529
Mr. Huang Yaolin	—	398	77	43	518
Mr. Li Zhigen@	—	285	76	37	398
Total	—	2,585	630	308	3,523

* Ms. Tang Xiaomin was appointed as a vice president in April 2023.

** Ms. Wang Jie was appointed as a non-executive director in April 2023.

*** Mr. Liu Jiawei was appointed as a non-executive director in September 2023.

**** Mr. Wu Xuefei resigned as a non-executive director in September 2023.

^ Mr. HU DANIEL TIANHANG and Mr. Song Chenfeng resigned as non-executive directors in May 2023.

@ Mr. Li Zhigeng was appointed as a supervisor in April 2023.

Year ended 31 December 2024

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Share-based payment expenses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors:						
Mr. Peng Bin	—	463	193	77	1,433	2,166
Mr. Gong Jiaqin	—	577	259	64	—	900
Ms. Tang Xiaomin	—	459	345	56	—	860
Non-executive directors:						
Mr. Kang Pei	—	—	—	—	—	—
Ms. Wang Jie	—	—	—	—	—	—
Mr. Liu Jiawei	—	—	—	—	—	—

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	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Share-based payment expenses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Supervisors:						
Mr. Guan Wulie	–	382	176	43	–	601
Mr. Huang Yaolin*	–	170	28	18	–	216
Mr. Li Zhigen	–	357	149	50	–	556
Mr. Xiao Dingfeng**	–	216	173	25	–	414
Total	–	2,624	1,323	333	1,433	5,713

* Mr. Huang Yaolin resigned as a supervisor in June 2024.

** Mr. Xiao Dingfeng was appointed as a supervisor in June 2024.

Year ended 31 December 2025

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Share-based payment expenses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors:						
Mr. Peng Bin	–	461	178	89	676	1,404
Mr. Gong Jiaqin	–	601	235	76	–	912
Ms. Tang Xiaomin	–	551	230	70	–	851
Non-executive directors:						
Mr. Kang Pei*	–	–	–	–	–	–
Ms. Wang Jie**	–	–	–	–	–	–
Mr. Liu Jiawei***	–	–	–	–	–	–
Mr. Jiang Shaoqing****	–	–	–	–	–	–
Supervisors:						
Mr. Guan Wulie^	–	262	77	29	–	368
Mr. Li Zhigen^	–	256	85	34	–	375
Mr. Xiao Dingfeng^	–	277	77	32	–	386
Total	–	2,408	882	330	676	4,296

* Mr. Kang Pei resigned as a non-executive director in August 2025.

** Ms. Wang Jie will resign as a non-executive director upon [REDACTED].

*** Mr. Liu Jiawei resigned as a non-executive director in August 2025.

**** Mr. Jiang Shaoqing was appointed as a non-executive director in July 2025.

^ Mr. Guan Wulie, Mr. Li Zhigeng and Mr. Xiao Dingfeng were stepped down as supervisors in August 2025.

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9. FIVE HIGHEST PAID EMPLOYEES

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

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Salaries, allowances and benefits in kind	1,721	833	1,017
Performance related bonuses	535	678	359
Pension scheme contributions	150	99	103
Share-based payment expenses	—	7	—
	<u>2,406</u>	<u>1,617</u>	<u>1,479</u>

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

	Year ended 31 December		
	2023	2024	2025
HK\$500,001 to HK\$1,000,000	2	2	2
HK\$1,000,001 to HK\$2,000,000	1	—	—
	<u>3</u>	<u>2</u>	<u>2</u>

10. INCOME TAX

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

Chinese Mainland

Pursuant to the Corporate Income Tax Law of the PRC (the “CIT Law”) and the respective regulations, the Company and the Group’s subsidiaries which operate in the Chinese mainland are subject to tax at the statutory rate of 25% on the taxable income, except for those subject to preferential tax set out below:

- On 11 December 2017, the Company was qualified as a High and New Technology Enterprise (“HNTE”) for a three-year period, and subsequently renewed in 2020 and 2023 for another three-year period. Therefore, the Company was entitled to a preferential income tax rate of 15% during the Relevant Periods.
- The Group’s several subsidiaries in PRC were qualified as small and micro-sized enterprises, which enjoyed a corporate income tax incentive as follows:

According to the “Announcement of the Ministry of Finance and the State Administration of Taxation on Further Implementing Preferential Policies for Income Tax for Small and Micro Enterprises [No. 13 of 2022]” and “Announcement of the Ministry of Finance and the State Administration of Taxation on Preferential Policies for the Income Tax of Small and Micro Enterprises and Individual Industrial and Commercial Households [No. 6 of 2023]”, the annual taxable income of small and micro-sized enterprises not exceeding RMB1 million is reduced by 25% of the taxable income and subject to enterprise income tax at a rate of 20%. According to the “Announcement of the Ministry of Finance and the State Administration of Taxation on Further Implementation of Preferential Policies on Income Tax for Small and Micro Enterprises”, for small and micro-sized enterprises with an annual taxable income exceeding the annual taxable income of small and microprofit enterprises exceeding RMB1 million but not exceeding RMB3 million shall be deducted by 25% from the taxable income and subject to enterprise income tax at a rate of 20%. The execution period is from 1 January 2022 to 31 December 2027.

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Hong Kong

The first HK\$2,000,000 of assessable profits of the Group’s Hong Kong subsidiary are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. No income tax has been provided by the Group’s Hong Kong subsidiary as there were no assessable profit arising in the tax jurisdictions during the Relevant Periods.

Japan

The first JPY8,000,000 of assessable profits of the Group’s Japan subsidiary are taxed at 15% and the remaining assessable profits are taxed at 23.2%. No income tax on the Group’s Japan subsidiaries has been provided as there were no assessable profit arising in the tax jurisdictions during the Relevant Periods.

The income tax expense/(credit) of the Group during the Relevant Periods is analysed as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current income tax expense/(credit)	114	—	(1)
	<u>114</u>	<u>—</u>	<u>(1)</u>

A reconciliation of the tax expense/(credit) applicable to (loss)/profit before tax at the statutory rate for the jurisdiction in which the operations of the Group are substantially based to the tax expense at the effective tax rate is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
(Loss)/profit before tax.	(132,674)	70,407	123,780
Tax at the applicable PRC Company’s income tax rate of 15%	(19,901)	10,561	18,567
Effect of different applicable tax rates for specific jurisdictions or enacted by local authority	(3,338)	(3,264)	1,354
Expenses not deductible for tax	1,613	973	324
Additional deductible allowance for qualified research and development expenses*	(19,433)	(19,608)	(22,163)
Deductible temporary differences and/or tax losses utilised from previous periods	(175)	(782)	(2)
Tax losses and temporary differences not recognised	41,348	12,120	1,919
Tax charge/(credit) at the Group’s effective tax rate	114	—	(1)
	<u>114</u>	<u>—</u>	<u>(1)</u>

* Based on Public Notice 2021 No. 13 issued by the State Tax Bureau of the PRC on 31 March 2021, the manufacturing enterprises were eligible for an additional 100% deduction of eligible R&D expenses starting from 1 January 2021. Furthermore, based on Public Notice 2023 No. 7 issued by the State Tax Bureau of the PRC on 26 March 2023, the enterprises were eligible for an additional 100% deduction of eligible R&D expenses from 1 January 2023. The Group has claimed such additional deduction during the Relevant Periods.

11. DIVIDENDS

No dividends have been paid or declared by the Company during the Relevant Periods.

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

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

No adjustment has been made to the basic loss/earnings per share amounts presented for the Relevant Periods in respect of a dilution as the Group had no potentially dilutive ordinary shares outstanding during the Relevant Periods.

The calculation of basic (loss)/earning per share amounts is based on:

	Year ended 31 December		
	2023	2024	2025
(Loss)/earnings:			
(Loss)/profit for the year attributable to owners of the parent, used in the basic (loss)/earnings per share calculation (RMB’000)	(132,289)	69,418	123,781
Shares:			
Weighted average number of ordinary shares outstanding during the year, used in the basic (loss)/earnings per share calculation (in thousand shares)	340,383	341,398	341,398
(Loss)/earnings per share:			
Basic and diluted (expressed in RMB per share)	(0.39)	0.20	0.36

For the details of Pre-[REDACTED] Investments, please refer to note 29 to this report.

13. PROPERTY, PLANT AND EQUIPMENT

The Group

31 December 2023	Buildings	Motor vehicles	Plant and machinery	Office and other equipment	Leasehold improvements	Construction in progress	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
At 1 January 2023:							
Cost	29,760	20,021	59,364	6,480	44,078	7,907	167,610
Accumulated depreciation.	(8,027)	(4,695)	(19,102)	(2,538)	(20,290)	–	(54,652)
Net carrying amount	21,733	15,326	40,262	3,942	23,788	7,907	112,958

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31 December 2023	Buildings	Motor vehicles	Plant and machinery	Office and other equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023, net of accumulated depreciation	21,733	15,326	40,262	3,942	23,788	7,907	112,958
Additions	–	418	2,680	182	308	2,268	5,856
Disposals	–	(223)	(9,586)	(175)	–	–	(9,984)
Depreciation provided during the year (note 7)	(1,422)	(4,319)	(14,380)	(1,244)	(12,585)	–	(33,950)
Internal transfers	–	24	526	80	8,727	(9,357)	–
At 31 December 2023, net of accumulated depreciation	<u>20,311</u>	<u>11,226</u>	<u>19,502</u>	<u>2,785</u>	<u>20,238</u>	<u>818</u>	<u>74,880</u>
At 31 December 2023:							
Cost	29,760	19,822	45,429	6,147	53,113	818	155,089
Accumulated depreciation.	(9,449)	(8,596)	(25,927)	(3,362)	(32,875)	–	(80,209)
Net carrying amount	<u>20,311</u>	<u>11,226</u>	<u>19,502</u>	<u>2,785</u>	<u>20,238</u>	<u>818</u>	<u>74,880</u>
31 December 2024	Buildings	Motor vehicles	Plant and machinery	Office and other equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024:							
Cost	29,760	19,822	45,429	6,147	53,113	818	155,089
Accumulated depreciation.	(9,449)	(8,596)	(25,927)	(3,362)	(32,875)	–	(80,209)
Net carrying amount	<u>20,311</u>	<u>11,226</u>	<u>19,502</u>	<u>2,785</u>	<u>20,238</u>	<u>818</u>	<u>74,880</u>
At 1 January 2024, net of accumulated depreciation	20,311	11,226	19,502	2,785	20,238	818	74,880
Additions	–	268	4,103	324	3,957	775	9,427
Disposals	–	(7,367)	(7,252)	(25)	–	–	(14,644)
Disposal of a subsidiary (note 32)	–	(62)	(4)	(958)	–	–	(1,024)
Depreciation provided during the year (note 7)	(1,422)	(1,924)	(5,809)	(907)	(10,379)	–	(20,441)
Internal transfers	–	–	532	–	1,061	(1,593)	–
At 31 December 2024, net of accumulated depreciation	<u>18,889</u>	<u>2,141</u>	<u>11,072</u>	<u>1,219</u>	<u>14,877</u>	<u>–</u>	<u>48,198</u>
At 31 December 2024:							
Cost	29,760	6,966	28,442	4,834	58,131	–	128,133
Accumulated depreciation.	(10,871)	(4,825)	(17,370)	(3,615)	(43,254)	–	(79,935)
Net carrying amount	<u>18,889</u>	<u>2,141</u>	<u>11,072</u>	<u>1,219</u>	<u>14,877</u>	<u>–</u>	<u>48,198</u>

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31 December 2025	Buildings	Motor vehicles	Plant and machinery	Office and other equipment	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2025:						
Cost	29,760	6,966	28,442	4,834	58,131	128,133
Accumulated depreciation	(10,871)	(4,825)	(17,370)	(3,615)	(43,254)	(79,935)
Net carrying amount . . .	<u>18,889</u>	<u>2,141</u>	<u>11,072</u>	<u>1,219</u>	<u>14,877</u>	<u>48,198</u>
At 1 January 2025, net of accumulated depreciation	18,889	2,141	11,072	1,219	14,877	48,198
Additions	–	24	5,889	72	1,925	7,910
Disposals	–	(1,496)	(554)	(156)	–	(2,206)
Depreciation provided during the year (note 7)	<u>(1,422)</u>	<u>(440)</u>	<u>(3,099)</u>	<u>(563)</u>	<u>(4,522)</u>	<u>(10,046)</u>
At 31 December 2025, net of accumulated depreciation	<u>17,467</u>	<u>229</u>	<u>13,308</u>	<u>572</u>	<u>12,280</u>	<u>43,856</u>
At 31 December 2025:						
Cost	29,760	2,562	31,677	4,694	60,056	128,749
Accumulated depreciation	(12,293)	(2,333)	(18,369)	(4,122)	(47,776)	(84,893)
Net carrying amount . . .	<u>17,467</u>	<u>229</u>	<u>13,308</u>	<u>572</u>	<u>12,280</u>	<u>43,856</u>

As at 31 December 2023, 2024 and 2025, there were no items of the Group’s property, plant and equipment that were pledged, and no impairment was provided on the Group’s property, plant and equipment during the Relevant Periods.

The Company

31 December 2023	Buildings	Motor vehicles	Plant and machinery	Office and other equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023:							
Cost	465	1,640	10,956	3,911	18,878	7,297	43,147
Accumulated depreciation	(24)	(1,412)	(6,114)	(1,815)	(12,011)	–	(21,376)
Net carrying amount . . .	<u>441</u>	<u>228</u>	<u>4,842</u>	<u>2,096</u>	<u>6,867</u>	<u>7,297</u>	<u>21,771</u>
At 1 January 2023, net of accumulated depreciation	441	228	4,842	2,096	6,867	7,297	21,771
Additions	–	7	690	133	302	–	1,132
Disposals	–	–	(114)	–	–	–	(114)
Depreciation provided during the year	(23)	(57)	(2,308)	(754)	(4,575)	–	(7,717)
Internal transfers	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>7,297</u>	<u>(7,297)</u>	<u>–</u>
At 31 December 2023, net of accumulated depreciation	<u>418</u>	<u>178</u>	<u>3,110</u>	<u>1,475</u>	<u>9,891</u>	<u>–</u>	<u>15,072</u>

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31 December 2023	Buildings	Motor vehicles	Plant and machinery	Office and other equipment	Leasehold improvements	Construction in progress	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 31 December 2023:							
Cost	465	1,648	11,491	4,045	26,477	–	44,126
Accumulated depreciation	(47)	(1,470)	(8,381)	(2,570)	(16,586)	–	(29,054)
Net carrying amount	<u>418</u>	<u>178</u>	<u>3,110</u>	<u>1,475</u>	<u>9,891</u>	<u>–</u>	<u>15,072</u>
31 December 2024	Buildings	Motor vehicles	Plant and machinery	Office and other equipment	Leasehold improvements		Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>		<i>RMB'000</i>
At 1 January 2024:							
Cost	465	1,648	11,491	4,045	26,477		44,126
Accumulated depreciation	(47)	(1,470)	(8,381)	(2,570)	(16,586)		(29,054)
Net carrying amount	<u>418</u>	<u>178</u>	<u>3,110</u>	<u>1,475</u>	<u>9,891</u>		<u>15,072</u>
At 1 January 2024, net of accumulated depreciation	418	178	3,110	1,475	9,891		15,072
Additions	–	229	1,471	119	524		2,343
Disposals	–	–	(234)	(24)	–		(258)
Depreciation provided during the year	(23)	(122)	(1,628)	(719)	(1,466)		(3,958)
At 31 December 2024, net of accumulated depreciation	<u>395</u>	<u>285</u>	<u>2,719</u>	<u>851</u>	<u>8,949</u>		<u>13,199</u>
At 31 December 2024:							
Cost	465	1,877	11,631	4,032	27,001		45,006
Accumulated depreciation	(70)	(1,592)	(8,912)	(3,181)	(18,052)		(31,807)
Net carrying amount	<u>395</u>	<u>285</u>	<u>2,719</u>	<u>851</u>	<u>8,949</u>		<u>13,199</u>
31 December 2025	Buildings	Motor vehicles	Plant and machinery	Office and other equipment	Leasehold improvements		Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>		<i>RMB'000</i>
At 1 January 2025:							
Cost	465	1,877	11,631	4,032	27,001		45,006
Accumulated depreciation	(70)	(1,592)	(8,912)	(3,181)	(18,052)		(31,807)
Net carrying amount	<u>395</u>	<u>285</u>	<u>2,719</u>	<u>851</u>	<u>8,949</u>		<u>13,199</u>
At 1 January 2025, net of accumulated depreciation	395	285	2,719	851	8,949		13,199
Additions	–	15	3,501	10	–		3,526
Disposals	–	(5)	–	–	–		(5)
Depreciation provided during the year	(22)	(143)	(1,306)	(469)	(1,033)		(2,973)
At 31 December 2025, net of accumulated depreciation	<u>373</u>	<u>152</u>	<u>4,914</u>	<u>392</u>	<u>7,916</u>		<u>13,747</u>

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31 December 2025	Buildings	Motor vehicles	Plant and machinery	Office and other equipment	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2025:						
Cost	465	1,778	15,132	4,042	27,001	48,418
Accumulated depreciation	(92)	(1,626)	(10,218)	(3,650)	(19,085)	(34,671)
Net carrying amount . . .	<u>373</u>	<u>152</u>	<u>4,914</u>	<u>392</u>	<u>7,916</u>	<u>13,747</u>

As at 31 December 2023, 2024 and 2025, there were no items of the Company’s property, plant and equipment that were pledged, and no impairment was provided on the Company’s property, plant and equipment during the Relevant Periods.

Impairment assessment of non-financial assets

The Group recorded loss-making in the years ended 31 December 2023 and considered there were impairment indicators that the carry amounts of the Group’s major non-financial assets including property, plant and equipment, right-of-use assets (note 14) and intangible assets (note 15) may not be recoverable and hence has involved external experts to perform impairment assessments on the abovesaid non-financial assets.

The recoverable amounts of the cash-generating units to which the abovesaid non-financial assets belong have been determined based on a value-in-use calculation using cash flow projections derived from financial budgets covering the remaining useful life of the non-financial assets, as approved by the Group’s senior management. The compound annual revenue growth rates and the average gross margin rates, and pre-tax discount rates applied to the value-in-use calculation of the cash-generating units are as follows:

	As at 31 December	
	2023	2024
Compound annual revenue growth rates (%)	27.49	16.25
Average gross margin rates (%)	36.40	37.55
Pre-tax discount rates (%)	20.44	20.29

The calculation of value- in- use is based on the following assumptions:

- Compound annual revenue growth rates and average gross margin rates are based on the cash generating units’ past performance and expected market development.
- Discount rates reflect current market assessments of the time value of money and the specific risks relating to the cash generating units.

Based on the assessment, the recoverable amounts of the cash-generating units have exceeded their carrying amounts and no impairment provision was made for non-financial assets as at 31 December 2023 and 2024.

The Group has considered the reasonably possible changes to the key assumptions as adopted in the impairment assessments and considered will not result in any impairment charge to be recognized.

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14. LEASES

The Group and the Company as a lessee

The Group and the Company have lease contracts for various items of land and buildings. Leases of land and buildings generally have lease terms between 1.5 and 50 years. There are several lease contracts that include termination options, which are further discussed below.

(a) *Right-of-use assets*

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

The Group

	Buildings	Leasehold land	Total
	RMB'000	RMB'000	RMB'000
At 1 January 2023.	26,353	14,752	41,105
Addition.	29,469	–	29,469
Depreciation charge (<i>note 7</i>)	(19,145)	(926)	(20,071)
Early termination of a lease.	(132)	–	(132)
At 31 December 2023 and 1 January 2024.	36,545	13,826	50,371
Addition.	14,774	–	14,774
Depreciation charge (<i>note 7</i>)	(17,650)	(969)	(18,619)
Early termination of a lease.	(676)	–	(676)
At 31 December 2024 and 1 January 2025.	32,993	12,857	45,850
Addition.	63,886	5,297	69,183
Depreciation charge (<i>note 7</i>)	(13,888)	(1,165)	(15,053)
Revision of a lease payment	(1,405)	–	(1,405)
At 31 December 2025	81,586	16,989	98,575

The Company

	Buildings
	RMB'000
At 1 January 2023.	6,646
Addition.	27,341
Depreciation charge.	(7,222)
At 31 December 2023 and 1 January 2024.	26,765
Addition.	1,226
Depreciation charge.	(7,142)
At 31 December 2024 and 1 January 2025.	20,849
Addition	56,124
Depreciation charge.	(6,522)
Revision of a lease payment	(1,380)
At 31 December 2025	69,071

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(b) Lease liabilities

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

The Group

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Carrying amount at beginning of the year .	38,343	46,702	44,677
Addition	29,469	14,774	69,183
Accretion of interest recognised during the year (note 6)	1,500	1,698	1,567
Lease payment	(22,519)	(17,896)	(16,626)
Early termination of a lease	(91)	(601)	–
Revision of a lease payment	–	–	(1,405)
Carrying amount at end of the year	<u>46,702</u>	<u>44,677</u>	<u>97,396</u>
Analysed into:			
Current portion	14,229	10,153	13,006
Non-current portion	<u>32,473</u>	<u>34,524</u>	<u>84,390</u>
	<u>46,702</u>	<u>44,677</u>	<u>97,396</u>

The Company

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Carrying amount at beginning of the year .	7,689	26,418	21,718
Addition	27,341	1,226	56,124
Accretion of interest recognised during the year	423	906	674
Lease payment	(9,035)	(6,832)	(7,336)
Revision of a lease payment	–	–	(1,380)
Carrying amount at end of the year	<u>26,418</u>	<u>21,718</u>	<u>69,800</u>
Analysed into:			
Current portion	5,764	5,010	5,535
Non-current portion	<u>20,654</u>	<u>16,708</u>	<u>64,265</u>
	<u>26,418</u>	<u>21,718</u>	<u>69,800</u>

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

The Group

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Depreciation charge of right-of-use assets . . .	20,071	18,619	15,053
Interest on lease liabilities	1,500	1,698	1,567
Loss on early termination of a lease	41	75	–
Lease payments in respect of short-term leases and low-value assets	2,061	1,365	871
Total amount recognised in profit or loss . . .	<u>23,673</u>	<u>21,757</u>	<u>17,491</u>

The Company

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Depreciation charge of right-of-use assets . . .	7,222	7,142	6,522
Interest on lease liabilities	423	906	674
Lease payments in respect of short-term leases	833	490	490
Total amount recognised in profit or loss . . .	<u>8,478</u>	<u>8,538</u>	<u>7,686</u>

- (d) Termination options:

The Group has several lease contracts that include termination options but the Group did not expect to exercise such options.

The Group as a lessor

The Group leases certain of its buildings and leases certain of its machinery and properties under operating lease arrangements.

At the end of each of the Relevant Periods, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year	254	488	835
1 to 2 years	193	–	–
Total	<u>447</u>	<u>488</u>	<u>835</u>

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15. INTANGIBLE ASSETS

The Group

31 December 2023

	Software	Trademarks and patents	Domain names	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023:				
Cost	6,153	475	7,139	13,767
Accumulated amortisation	(3,736)	(429)	(2,953)	(7,118)
Net carrying amount	<u>2,417</u>	<u>46</u>	<u>4,186</u>	<u>6,649</u>
At 1 January 2023, net of accumulated amortisation	2,417	46	4,186	6,649
Additions	885	–	–	885
Amortisation provided during the year (note 7)	(1,017)	(15)	(708)	(1,740)
At 31 December 2023, net of accumulated amortisation	<u>2,285</u>	<u>31</u>	<u>3,478</u>	<u>5,794</u>
At 31 December 2023:				
Cost	7,038	475	7,139	14,652
Accumulated amortisation	(4,753)	(444)	(3,661)	(8,858)
Net carrying amount	<u>2,285</u>	<u>31</u>	<u>3,478</u>	<u>5,794</u>

31 December 2024

	Software	Trademarks and patents	Domain names	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024:				
Cost	7,038	475	7,139	14,652
Accumulated amortisation	(4,753)	(444)	(3,661)	(8,858)
Net carrying amount	<u>2,285</u>	<u>31</u>	<u>3,478</u>	<u>5,794</u>
At 1 January 2024, net of accumulated amortisation	2,285	31	3,478	5,794
Additions	1,229	–	–	1,229
Amortisation provided during the year (note 7)	(831)	(15)	(708)	(1,554)
At 31 December 2024, net of accumulated amortisation	<u>2,683</u>	<u>16</u>	<u>2,770</u>	<u>5,469</u>
At 31 December 2024:				
Cost	8,267	475	7,139	15,881
Accumulated amortisation	(5,584)	(459)	(4,369)	(10,412)
Net carrying amount	<u>2,683</u>	<u>16</u>	<u>2,770</u>	<u>5,469</u>

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31 December 2025

	Software	Trademarks and patents	Domain names	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2025:				
Cost	8,267	475	7,139	15,881
Accumulated amortisation	(5,584)	(459)	(4,369)	(10,412)
Net carrying amount	<u>2,683</u>	<u>16</u>	<u>2,770</u>	<u>5,469</u>
At 1 January 2025, net of accumulated amortisation	2,683	16	2,770	5,469
Additions	2,037	–	–	2,037
Amortisation provided during the year (<i>note 7</i>)	<u>(1,081)</u>	<u>(15)</u>	<u>(708)</u>	<u>(1,804)</u>
At 31 December 2025, net of accumulated amortisation	<u>3,639</u>	<u>1</u>	<u>2,062</u>	<u>5,702</u>
At 31 December 2025:				
Cost	10,304	475	7,139	17,918
Accumulated amortisation	(6,665)	(474)	(5,077)	(12,216)
Net carrying amount	<u>3,639</u>	<u>1</u>	<u>2,062</u>	<u>5,702</u>

The Company

31 December 2023

	Software	Trademarks and patents	Domain names	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023:				
Cost	5,791	208	7,075	13,074
Accumulated amortisation	(3,374)	(162)	(2,889)	(6,425)
Net carrying amount	<u>2,417</u>	<u>46</u>	<u>4,186</u>	<u>6,649</u>
At 1 January 2023, net of accumulated amortisation	2,417	46	4,186	6,649
Additions	618	–	–	618
Amortisation provided during the year	<u>(1,001)</u>	<u>(15)</u>	<u>(708)</u>	<u>(1,724)</u>
At 31 December 2023, net of accumulated amortisation	<u>2,034</u>	<u>31</u>	<u>3,478</u>	<u>5,543</u>
At 31 December 2023:				
Cost	6,409	208	7,075	13,692
Accumulated amortisation	(4,375)	(177)	(3,597)	(8,149)
Net carrying amount	<u>2,034</u>	<u>31</u>	<u>3,478</u>	<u>5,543</u>

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31 December 2024

	Software	Trademarks and patents	Domain names	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2024:				
Cost	6,409	208	7,075	13,692
Accumulated amortisation	(4,375)	(177)	(3,597)	(8,149)
Net carrying amount	<u>2,034</u>	<u>31</u>	<u>3,478</u>	<u>5,543</u>
At 1 January 2024, net of accumulated amortisation	2,034	31	3,478	5,543
Additions	1,209	–	–	1,209
Amortisation provided during the year	<u>(802)</u>	<u>(15)</u>	<u>(708)</u>	<u>(1,525)</u>
At 31 December 2024, net of accumulated amortisation	<u>2,441</u>	<u>16</u>	<u>2,770</u>	<u>5,227</u>
At 31 December 2024:				
Cost	7,618	208	7,075	14,901
Accumulated amortisation	(5,177)	(192)	(4,305)	(9,674)
Net carrying amount	<u>2,441</u>	<u>16</u>	<u>2,770</u>	<u>5,227</u>

31 December 2025

	Software	Trademarks and patents	Domain names	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2025:				
Cost	7,618	208	7,075	14,901
Accumulated amortisation	(5,177)	(192)	(4,305)	(9,674)
Net carrying amount	<u>2,441</u>	<u>16</u>	<u>2,770</u>	<u>5,227</u>
At 1 January 2025, net of accumulated amortisation	2,441	16	2,770	5,227
Additions	1,956	–	–	1,956
Amortisation provided during the year	<u>(1,043)</u>	<u>(15)</u>	<u>(708)</u>	<u>(1,766)</u>
At 31 December 2025, net of accumulated amortisation	<u>3,354</u>	<u>1</u>	<u>2,062</u>	<u>5,417</u>
At 31 December 2025:				
Cost	9,574	208	7,075	16,857
Accumulated amortisation	(6,220)	(207)	(5,013)	(11,440)
Net carrying amount	<u>3,354</u>	<u>1</u>	<u>2,062</u>	<u>5,417</u>

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16. CERTIFICATES OF DEPOSITS

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Certificates of deposits	316,516	209,688	267,109
Less: Non-current portion	(74,695)	(132,477)	(256,125)
Current portion.	<u>241,821</u>	<u>77,211</u>	<u>10,984</u>

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Certificates of deposits	295,123	187,574	267,109
Less: non-current portion	(53,302)	(132,477)	(256,125)
Current portion.	<u>241,821</u>	<u>55,097</u>	<u>10,984</u>

The Group and the Company have certificates of deposits with interest rates ranged from 1.75% to 3.85% as at the end of each of the Relevant Periods.

17. INVESTMENT IN AN ASSOCIATE

The Group and the Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Investment, at cost	599	—	—
Less: provision for impairment	<u>599</u>	<u>—</u>	<u>—</u>
Share of net assets	<u>—</u>	<u>—</u>	<u>—</u>

The Group, through the Company, held 40% shareholding interests in Beijing Jifei Education Technology Co., Ltd. (北京極飛教育科技有限公司) (“**Jifei Education**”), which is considered as an immaterial associate of the Group. The investment in Jifei Education was fully impaired prior to 1 January 2023 as the associate was in a cumulative loss position and the directors assessed that the associate will not generate sufficient profit resulting from its operations.

On 4 March 2024, the Group disposed of its 40% equity interest in Jifei Education at nil consideration, and the industrial and commercial change registration was completed on 18 April 2024.

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18. INVENTORIES

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Raw materials	157,975	203,789	174,996
Work in progress	14,047	27,356	22,985
Finished goods	72,829	71,671	81,802
	<u>244,851</u>	<u>302,816</u>	<u>279,783</u>
Less: provision for impairment losses on inventories	(98,772)	(75,528)	(65,010)
	<u>146,079</u>	<u>227,288</u>	<u>214,773</u>

Movements in provision

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Carrying amounts at the beginning of the year . .	109,190	98,772	75,528
Impairment losses recognised, net	27,641	31,271	23,471
Write-off	(38,059)	(51,295)	(33,989)
Disposal of a subsidiary	—	(3,220)	—
Carrying amounts at the end of the year	<u>98,772</u>	<u>75,528</u>	<u>65,010</u>

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Raw materials	3,060	6,709	7,257
Work in progress	401	295	153
Finished goods	14,947	22,110	18,464
	<u>18,408</u>	<u>29,114</u>	<u>25,874</u>
Less: provision for impairment losses on inventories	(1,885)	(4,294)	(4,352)
	<u>16,523</u>	<u>24,820</u>	<u>21,522</u>

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Movements in provision

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Carrying amounts at the beginning of the year . .	3,003	1,885	4,294
Impairment losses recognised, net	296	3,252	2,589
Write-off	(1,414)	(843)	(2,531)
Carrying amounts at the end of the year	<u>1,885</u>	<u>4,294</u>	<u>4,352</u>

19. TRADE AND BILLS RECEIVABLES

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade receivables	11,268	6,823	50,731
Bills receivable	<u>1,000</u>	<u>900</u>	<u>1,000</u>
	12,268	7,723	51,731
Less: impairment	(2,764)	(5,890)	(8,113)
Net carrying amount	<u>9,504</u>	<u>1,833</u>	<u>43,618</u>

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade receivables	174,157	137,831	261,657
Bills receivable	<u>1,000</u>	<u>900</u>	<u>1,000</u>
	175,157	138,731	262,657
Less: impairment	(2,784)	(5,753)	(8,922)
Net carrying amount	<u>172,373</u>	<u>132,978</u>	<u>253,735</u>

The Group primarily request advance payments from its customers under the trading terms, except for certain creditworthy customers, where credit period is generally ranged from 60 to 360 days. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

As at 31 December 2023, 2024 and 2025, there was a concentration of credit risk in the Group’s trade receivables as 81.42%, 77.28% and 89.58% of trade receivables were due from the top five customers, respectively, and 32.22%, 51.18% and 35.13% of trade receivables were due from the largest customer.

The bills receivable held by the Group were mostly issued by reputable banks and had short-term maturities. Therefore, the directors assessed and concluded that the impairment loss for bills receivable was immaterial as at the end of each of the Relevant Periods.

An ageing analysis of the trade and bill receivables as at the end of each of the Relevant Periods, based on the date of revenue recognition and net of loss allowance, is as follows:

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The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year	9,401	1,758	43,431
1 to 2 years	48	73	184
2 to 3 years	55	2	3
Over 3 years	—	—	—
	<u>9,504</u>	<u>1,833</u>	<u>43,618</u>

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year	24,218	71,390	182,833
1 to 2 years	75,301	15,877	43,619
2 to 3 years	14,947	45,711	15,815
Over 3 years	<u>57,907</u>	<u>—</u>	<u>11,468</u>
	<u>172,373</u>	<u>132,978</u>	<u>253,735</u>

The movements in the loss allowance of trade and bill receivables are as follows:

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At beginning of year	3,353	2,764	5,890
Impairment losses, net	(498)	3,160	2,223
Amount written off as uncollectible	<u>(91)</u>	<u>(34)</u>	<u>—</u>
At end of year	<u>2,764</u>	<u>5,890</u>	<u>8,113</u>

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At beginning of year	3,497	2,784	5,753
Impairment losses, net	(622)	2,969	3,169
Amount written off as uncollectible	<u>(91)</u>	<u>—</u>	<u>—</u>
At end of year	<u>2,784</u>	<u>5,753</u>	<u>8,922</u>

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An impairment analysis is performed at the end of each of reporting period using a provision matrix to measure expected credit losses. The provision rates are based on ageing for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Trade receivables for which the counterparties failed to make the demanded repayments are defaulted receivables. The Group has provided full impairment for the defaulted receivables. The Company estimated that the expected loss rate for its trade receivables due from subsidiaries is minimal.

Set out below is the information about the credit risk exposure on the Group’s trade and bill receivables:

The Group

At 31 December 2023

	Gross carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000		RMB'000
Expected credit losses on individual basis	2,023	100.00%	2,023
Expected credit losses using a provision matrix			
Less than 1 year	9,842	4.48%	441
1 to 2 years	54	11.11%	6
2 to 3 years	110	50.00%	55
Over 3 years	239	100.00%	239
Total	<u>12,268</u>	<u>22.53%</u>	<u>2,764</u>

At 31 December 2024

	Gross carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000		RMB'000
Expected credit losses on individual basis	5,542	100.00%	5,542
Expected credit losses using a provision matrix			
Less than 1 year	1,785	1.51%	27
1 to 2 years	81	9.88%	8
2 to 3 years	5	50.00%	3
Over 3 years	310	100.00%	310
Total	<u>7,723</u>	<u>76.27%</u>	<u>5,890</u>

At 31 December 2025

	Gross carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000		RMB'000
Expected credit losses on individual basis	5,542	100.00%	5,542
Expected credit losses using a provision matrix			
Less than 1 year	45,665	4.89%	2,234
1 to 2 years	205	10.24%	21
2 to 3 years	5	50.00%	2
Over 3 years	314	100.00%	314
Total	<u>51,731</u>	<u>15.68%</u>	<u>8,113</u>

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The Company

At 31 December 2023

	Gross carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000		RMB'000
Expected credit losses on individual basis			
(i) Individual assessed	433	100.00%	433
(ii) Due from subsidiaries.	169,362	1.18%	1,994
Expected credit losses using a provision matrix			
Less than 1 year	5,108	4.03%	206
1 to 2 years	53	9.43%	5
2 to 3 years	110	50.00%	55
Over 3 years.	91	100.00%	91
Total	<u>175,157</u>	<u>1.59%</u>	<u>2,784</u>

At 31 December 2024

	Gross carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000		RMB'000
Expected credit losses on individual basis			
(i) Individual assessed	3,953	100.00%	3,953
(ii) Due from subsidiaries.	133,256	1.21%	1,609
Expected credit losses using a provision matrix			
Less than 1 year	1,275	1.57%	20
1 to 2 years	81	9.88%	8
2 to 3 years	5	50.00%	2
Over 3 years.	161	100.00%	161
Total	<u>138,731</u>	<u>4.15%</u>	<u>5,753</u>

At 31 December 2025

	Gross carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000		RMB'000
Expected credit losses on individual basis			
(i) Individual assessed	3,953	100.00%	3,953
(ii) Due from subsidiaries.	213,177	1.21%	2,574
Expected credit losses using a provision matrix			
Less than 1 year	45,194	4.89%	2,210
1 to 2 years	162	9.88%	16
2 to 3 years	5	50.00%	3
Over 3 years.	166	100.00%	166
Total	<u>262,657</u>	<u>3.40%</u>	<u>8,922</u>

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20. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Value-added tax recoverable	54,940	53,563	41,336
Prepayments	9,540	9,355	9,386
Deposits	6,317	4,125	6,675
Other receivables	1,272	1,771	1,382
[REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]
	72,069	68,814	63,211
Less: provision for impairment of other receivables	(217)	(1,267)	(1,436)
Total	71,852	67,547	61,775
Including: current portion	69,154	66,100	58,045
Non-current portion	2,698	1,447	3,730

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Value-added tax recoverable	33,501	25,571	32,986
Prepayments	5,443	5,633	7,107
Due from subsidiaries	395,499	369,313	213,899
Deposits	3,143	2,575	4,802
Other receivables	841	1,450	1,100
[REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]
	438,427	404,542	264,326
Less: provision for impairment of other receivables	(385)	(1,448)	(1,882)
Total	438,042	403,094	262,444
Including: current portion	437,360	402,719	260,594
Non-current portion	682	375	1,850

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

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

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At beginning of year	603	217	1,267
Impairment losses, net	(386)	1,050	317
Amount written off as uncollectible	–	–	(148)
At end of year	<u>217</u>	<u>1,267</u>	<u>1,436</u>

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At beginning of year	1,129	385	1,448
Impairment losses, net	(744)	1,063	582
Amount written off as uncollectible	–	–	(148)
At end of year	<u>385</u>	<u>1,448</u>	<u>1,882</u>

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Wealth management products, at fair value	<u>6,007</u>	<u>115,741</u>	<u>146,835</u>

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Wealth management products, at fair value	<u>–</u>	<u>110,069</u>	<u>120,828</u>

The above financial assets were wealth management products issued by reputable banks in the Chinese mainland. They were mandatorily classified as financial assets at fair value through profit and loss as their contractual cash flows are not solely payments of principal and interest.

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

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cash and bank balances	291,941	498,350	563,630
Time deposits	–	40,024	23,940
Total	<u>291,941</u>	<u>538,374</u>	<u>587,570</u>
Less:			
Restricted for bank acceptance bills	2,080	38,772	–
Restricted for foreign currency swap contract	–	43,197	157,330
Restricted for others (<i>note (a)</i>)	1,645	889	889
Subtotal	<u>3,725</u>	<u>82,858</u>	<u>158,219</u>
Less:			
Time deposits with original maturity of more than three months.	–	40,024	23,940
Total cash and cash equivalents	<u>288,216</u>	<u>415,492</u>	<u>405,411</u>
Denominated in			
RMB	246,699	427,593	349,190
USD	32,888	62,693	12,278
JPY	12,354	4,291	70,123
HKD	–	43,797	155,979
	<u>291,941</u>	<u>538,374</u>	<u>587,570</u>

Note (a):

As at 31 December 2023, RMB750,000 was frozen due to dispute between the Group and a third party, which was settled in 2024.

As at 31 December 2023, 2024 and 2025, certain cash and bank balances were under restricted due to their designated usage for capital settlement and trade-related payments, amounting to RMB888,000, RMB889,000 and RMB889,000, respectively.

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cash and bank balances	257,396	441,383	512,644
Time deposits	–	40,024	23,940
Total	<u>257,396</u>	<u>481,407</u>	<u>536,584</u>
Less:			
Restricted for bank acceptance bills	2,080	38,772	–
Restricted for foreign currency swap contract	–	43,197	157,330
Restricted for others	1,641	889	889
Subtotal	<u>3,721</u>	<u>82,858</u>	<u>158,219</u>
Less:			
Time deposits with original maturity of more than three months.	–	40,024	23,940
Total cash and cash equivalents	<u>253,675</u>	<u>358,525</u>	<u>354,425</u>
Denominated in			

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	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
RMB	212,458	370,626	298,204
USD	32,888	62,693	12,278
JPY	12,050	4,291	70,123
HKD	–	43,797	155,979
	<u>257,396</u>	<u>481,407</u>	<u>536,584</u>

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

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates.

As at 31 December 2023, 2024 and 2025, the Group and the Company assessed the credit risk of cash and cash equivalents, time deposits and restricted cash to be minimal as they were deposited with creditworthy banks with no recent history of default.

23. TRADE AND BILLS PAYABLES

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade payables	76,214	179,596	224,089
Bills payables	38,886	113,633	80,345
	<u>115,100</u>	<u>293,229</u>	<u>304,434</u>

An ageing analysis of the trade and bills payables as at the end of each of the Relevant Periods was as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year.	114,069	292,208	303,870
1 to 2 years.	713	406	157
2 to 3 years.	83	332	57
Over 3 years	235	283	350
	<u>115,100</u>	<u>293,229</u>	<u>304,434</u>

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade payables	8,336	5,756	4,702
Bills payables	38,886	143,633	160,345
	<u>47,222</u>	<u>149,389</u>	<u>165,047</u>

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An ageing analysis of the trade and bills payables as at the end of each of the Relevant Periods was as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year	46,498	148,818	164,641
1 to 2 years	447	185	92
2 to 3 years	81	143	42
Over 3 years	196	243	272
	<u>47,222</u>	<u>149,389</u>	<u>165,047</u>

The trade payables are non-interest-bearing and are normally settled within 30 to 120 days upon receipt of the value added tax invoice. The bills payable are normally settled within 180 days.

24. OTHER PAYABLES AND ACCRUALS

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Payroll payable	35,416	35,926	38,737
Output VAT to be transferred	24,220	31,721	28,940
Deposits received	25,820	33,448	35,926
Product warranty provision (note (b))	14,266	20,848	16,921
Provisions and accruals	2,455	5,755	9,467
Government grant to be repayable	11,630	14,280	–
Other tax payables	1,374	1,572	1,815
Other payables (note (a))	86,375	750	6,672
	<u>201,556</u>	<u>144,300</u>	<u>138,478</u>

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Payroll payable	25,470	28,167	31,698
Output VAT to be transferred	23,781	31,590	28,816
Deposits received	25,244	33,094	35,577
Provisions and accruals	1,845	3,980	6,279
Government grant to be repayable	11,630	14,280	–
Due to subsidiaries	247	12,047	275
Other tax payables	958	1,282	1,086
Other payables (note (a))	84,879	464	6,427
	<u>174,054</u>	<u>124,904</u>	<u>110,158</u>

Other payables are unsecured and repayable on demand or within one year.

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Note:

- (a) The balances mainly represent administrative penalties recognized by the Group as a result of an administrative penalty against an immaterial non-compliance incident with respect to certain exports of the Group, which was fully settled by the Group during the year ended 31 December 2024.
- (b) The movements in the product warranty provision are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At beginning of year	12,855	14,266	20,848
Additional provision	46,238	48,448	28,095
Amounts utilised during the year.	(44,827)	(41,866)	(32,022)
At end of year	<u>14,266</u>	<u>20,848</u>	<u>16,921</u>

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

25. CONTRACT LIABILITIES

The Group recognised the following revenue-related contract liabilities as at the end of the Relevant Periods:

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Advances from customers	280,350	353,165	330,244
	<u>280,350</u>	<u>353,165</u>	<u>330,244</u>

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Advances from customers	276,953	352,153	329,235
	<u>276,953</u>	<u>352,153</u>	<u>329,235</u>

Contract liabilities primarily represent advances received from customers, from whom the goods or services have not yet been transferred or provided. The Group receives payments from customers based on billing schedules as established in the contracts and the majority of payments is usually fully received in advance of the performance under the contracts.

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26. INTEREST-BEARING BANK BORROWINGS

The Group

	At 31 December 2023			At 31 December 2024			At 31 December 2025		
	<i>Effective interest rate (%)</i>	<i>Maturity</i>	<i>RMB'000</i>	<i>Effective interest rate (%)</i>	<i>Maturity</i>	<i>RMB'000</i>	<i>Effective interest rate (%)</i>	<i>Maturity</i>	<i>RMB'000</i>
Bank loans-unsecured . . .	N/A	N/A	–	1.30	2025	29,612	1.29- 1.40	2026	79,438
Analysed into:									
Bank borrowings									
repayable:									
Within one year			–			29,612			79,438

The Company

The Company did not have any interest-bearing bank borrowings at the end of each of the Relevant Periods.

27. DEFERRED TAX

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

Deferred tax assets

The Group

	Lease liabilities
	<i>RMB'000</i>
At 1 January 2023.	6,012
Credited to profit or loss.	440
At 31 December 2023 and 1 January 2024.	6,452
Charged to profit or loss.	(75)
At 31 December 2024 and 1 January 2025.	6,377
Credited to profit or loss.	7,375
At 31 December 2025	13,752

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The Company

	Lease liabilities
	<i>RMB’000</i>
At 1 January 2023.	997
Credited to profit or loss.	2,966
At 31 December 2023 and 1 January 2024.	3,963
Charged to profit or loss.	(836)
At 31 December 2024 and 1 January 2025.	3,127
Credited to profit or loss.	7,234
At 31 December 2025	10,361

Deferred tax liabilities

The Group

	Right-of-use assets
	<i>RMB’000</i>
At 1 January 2023.	6,012
Charged to profit or loss.	440
At 31 December 2023 and 1 January 2024.	6,452
Credited to profit or loss.	(75)
At 31 December 2024 and 1 January 2025.	6,377
Charged to profit or loss.	7,375
At December 31, 2025	13,752

The Company

	Right-of-use assets
	<i>RMB’000</i>
At 1 January 2023.	997
Charged to profit or loss.	2,966
At 31 December 2023 and 1 January 2024.	3,963
Credited to profit or loss.	(836)
At 31 December 2024 and 1 January 2025.	3,127
Charged to profit or loss.	7,234
At 31 December 2025	10,361

For presentation purposes, certain deferred tax assets and liabilities have been offset in the statement of financial position.

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The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	At 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Net deferred tax assets recognized in the consolidated statement of financial position . . .	–	–	–
Net deferred tax liabilities recognized in the consolidated statement of financial position . . .	–	–	–

The following is an analysis of the deferred tax balances of the Company for financial reporting purposes:

	At 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Net deferred tax assets recognized in the consolidated statement of financial position . . .	–	–	–
Net deferred tax liabilities recognized in the consolidated statement of financial position . . .	–	–	–

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

	At 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Tax losses not recognised	1,422,789	1,466,416	1,442,029
Deductible temporary differences	131,573	138,526	122,944
Total	<u>1,554,362</u>	<u>1,604,942</u>	<u>1,564,973</u>

Deferred tax assets have not been recognised in respect of these tax losses and deductible temporary differences as they have arisen in the Company and its subsidiaries that have been loss-making and it is not considered probable that taxable profits will be available against which the tax losses and deductible temporary differences can be utilised. Tax losses not recognised will expire in one to ten years.

28. DEFERRED INCOME

The Group

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
<i>Government grants:</i>			
At beginning of year	5,168	11,480	6,659
Grants received	15,533	7,444	3,995
Charged to profit or loss	(9,221)	(12,265)	(1,858)
At end of year	<u>11,480</u>	<u>6,659</u>	<u>8,796</u>

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The Company

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
<i>Government grants:</i>			
At beginning of year	1,793	2,834	997
Grants received	6,849	6,042	3,995
Charged to profit or loss	(5,808)	(7,879)	(524)
At end of year	<u>2,834</u>	<u>997</u>	<u>4,468</u>

The Group’s and the Company’s deferred government grants represents government grants received for assets and are credited to the profit or loss on a straight-line basis over the expected lives of the related assets or recognised as income on a systematic basis over the periods that the costs, for which they are intended to compensate, are expensed.

29. SHARE CAPITAL

The Group and the Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Issued and fully paid:			
Ordinary shares with par value of RMB1.00			
each	<u>341,398</u>	<u>341,398</u>	<u>341,398</u>

A summary of movement in the Group’s and the Company’s share capital is as follows:

	Number of shares in issue	Share capital
	(in thousand)	RMB'000
At 1 January 2023.	340,000	340,000
Contributions from shareholder (<i>note</i>).	1,398	1,398
At 31 December 2023, 2024, and 2025	<u>341,398</u>	<u>341,398</u>

Note: During the year ended 31 December 2023, the Company received capital contribution of RMB25,500,000 from one investor, of which RMB1,398,000 and RMB24,102,000 was recognized as increase to share capital and capital reserve, respectively.

Pursuant to the investment agreements with the Pre-[REDACTED] Investors, set out in the section headed “History, Development and Corporate Structure” in the Document, the Pre-[REDACTED] Investors were granted certain special rights (“Special Rights”) by the Company, including redemption rights.

There was no exercise of Special Rights granted by the Company throughout the Relevant Periods.

In September 2025, the Company and the Pre-[REDACTED] Investors subsequently entered into a supplemental agreement, agreeing that the redemption rights granted by the Company to Pre-[REDACTED] Investors, have been irrecoverably terminated and shall be *void ab initio*. Taking into account the legal and regulatory framework of the Company’s jurisdiction and the governing law of the supplemental agreement, the directors considered that it is appropriate to present the Pre-[REDACTED] Investments as equity throughout the Relevant Periods.

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Had the redemption rights granted by the Company to the Pre-[REDACTED] Investors been accounted for as financial liabilities measured at fair value through profit or loss prior to entering into the supplemental agreement, (i) the redemption financial liabilities, total current liabilities and net liabilities would have been:

	As at 31 December	
	2023	2024
	RMB'000	RMB'000
Redemption financial liabilities	2,342,501	2,584,184
Total current liabilities	2,954,139	3,415,011
Net liabilities	2,025,148	2,196,176

and (ii) the fair value losses associated with the redemption financial liabilities, the net loss for the year, basic and diluted loss per share would have been:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Fair value losses	(288,353)	(241,683)	(170,967)
Net loss	(421,141)	(171,276)	(47,186)
Basic and diluted loss per share (RMB)	(1.24)	(0.50)	(0.14)

30. RESERVES

The Group

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

(a) Capital reserve

The capital reserve of the Group mainly represents the share premium arising from the excess of the net proceeds from issuance of shares of the Company over its par value and the effect of implementation and unlocking of restricted share incentive scheme.

(b) Share-based payment reserve

The share-based payment reserve of the Group was resulting from the equity-settled share-based payment transactions, details of which were set out in note 31 to the Historical Financial Information.

(c) Safety fund surplus reserve

Pursuant to certain regulations issued by the Ministry of Finance and the State Administration of Work Safety, the Group is required to set aside an amount for maintenance, production and other similar funds. The funds can be used for maintenance of production and improvements of safety and are not available for distribution to shareholders.

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The Company

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

	Capital reserve	Share-based payment reserve	Accumulated losses	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
At 1 January 2023.	912,756	10,680	(429,305)	494,131
Loss and total comprehensive loss for the year	–	–	(93,555)	(93,555)
Contributions from shareholders . . .	24,102	–	–	24,102
Share-based payments	–	(3,556)	–	(3,556)
At 31 December 2023 and 1 January 2024.	936,858	7,124	(522,860)	421,122
Profit and total comprehensive income for the year	–	–	102,806	102,806
Share-based payments	–	1,561	–	1,561
Vesting of awarded shares	1,433	(1,433)	–	–
At 31 December 2024 and 1 January 2025.	938,291	7,252	(420,054)	525,489
Profit and total comprehensive income for the year	–	–	142,797	142,797
Share-based payments	–	514	–	514
Vesting of awarded shares	676	(676)	–	–
At 31 December 2025	938,967	7,090	(277,257)	668,800

31. SHARE-BASED PAYMENTS

Share Option Scheme

The Group approved a share option scheme (the “**Share Option Scheme**”). From 12 November 2019 to 1 November 2021, the Group granted 2,428,280 (equal to 11,789,675 shares after conversion into a joint stock company) share options to 68 eligible employees which would vest in instalments over the next four years. The vesting of share options is also subject to the performance condition. The exercise price varies from RMB7.00 per share to RMB18.08 per share.

On 18 January 2022, the Group amended the Share Option Scheme for 68 eligible participants by introducing a listing-based condition (the “[**REDACTED**] Condition”). The [**REDACTED**] Condition would be satisfied when the ordinary shares of the Company are successfully listed on a recognised stock exchange. The total incremental expenses resulting from the modification was RMB7,574,000, which will be recognized over the remaining vesting period by the Group.

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The fair values of share options granted were estimated at the modification date using the binomial model. The following table lists the key inputs to the model used:

	18 January 2022
Exercise price (RMB per share)	7.00-18.08
Dividend yield (%)	0.00
Expected volatility (%)	50.00
Risk-free interest rate (%)	2.40
Expected life of options (year)	3.7
Exercise multiple	2.2

The share options granted and outstanding during the Relevant Periods are as follows:

	Year ended 31 December		
	2023	2024	2025
	<i>in thousand shares</i>	<i>in thousand shares</i>	<i>in thousand shares</i>
At beginning of the year	8,677	3,947	3,911
Forfeited	(4,730)	(36)	(28)
At end of the year	<u>3,947</u>	<u>3,911</u>	<u>3,883</u>

The aforesaid transactions have been accounted for as share-based payment transactions. During the years ended 31 December 2023, 2024 and 2025, the Group recognised share-based compensation expense of RMB(3,556,000), RMB128,000, and RMB(148,000), respectively.

The weighted-average exercise prices of granted share options were RMB7.12, RMB7.12 and RMB7.05 per share at the end of each of the Relevant Periods, respectively.

The range of exercise prices of the share options outstanding at the end of each of the Relevant Periods varies from RMB7.00 to RMB18.08 per share, respectively.

On 3 December 2025, the board of directors approved the accelerated exercise of the remaining unexercised options under the Share Option Scheme. All vested options under the Share Option Scheme were exercisable as at 31 December 2025.

32. DISPOSAL OF A SUBSIDIARY

In May 2024, the Group disposed of 75.3% equity interests in XAG Japan to the non-controlling shareholder of XAG Japan, for a cash consideration of RMB500,000. The transaction was completed on 15 May 2024.

	May 2024
	<i>RMB'000</i>
Net assets disposed of:	
Current assets*	6,060
Non-current assets**	1,024
Current liabilities	(5,378)
Non-controlling interests	<u>(1,313)</u>
Subtotal	393
Loss on disposal of a subsidiary	<u>(3,791)</u>
Consideration Satisfied by:	
Cash	500
Exemption of trade payables***	<u>(3,898)</u>

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* Including inventories.

** Including property, plant and equipment.

*** The Company agreed to exempt XAG Japan from the remaining trade payables after the completion of the equity transfer.

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of a subsidiary is as follows:

	May 2024
	<i>RMB'000</i>
Cash consideration	484
Less: cash and cash equivalents disposed of	<u>(650)</u>
Net outflow of cash and cash equivalents in respect of the disposal of a subsidiary	<u>(166)</u>

The variance between the consideration by cash and the cash settlement amount was attributable to exchange rate fluctuations.

33. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the years ended 31 December 2023, 2024 and 2025, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB29,469,000, RMB14,774,000 and RMB69,183,000, respectively, in respect of lease arrangements for buildings and leasehold land.

(b) Changes in liabilities arising from financing activities

	Interest-bearing bank borrowings	Lease liabilities	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2023.	20,015	38,343	58,358
Changes from financing cash flows	<u>(20,114)</u>	<u>(22,519)</u>	<u>(42,633)</u>
New leases	–	29,469	29,469
Interest expense	99	1,500	1,599
Early termination of a lease	<u>–</u>	<u>(91)</u>	<u>(91)</u>
At 31 December 2023 and 1 January 2024.	<u>–</u>	<u>46,702</u>	<u>46,702</u>
Changes from financing cash flows	29,599	(17,896)	11,703
New leases	–	14,774	14,774
Interest expense	13	1,698	1,711
Early termination of a lease	<u>–</u>	<u>(601)</u>	<u>(601)</u>
At 31 December 2024 and 1 January 2025.	<u>29,612</u>	<u>44,677</u>	<u>74,289</u>
Changes from financing cash flows	49,251	(16,626)	32,625
New leases	–	69,183	69,183
Interest expense	575	1,567	2,142
Revision of a lease payment	<u>–</u>	<u>(1,405)</u>	<u>(1,405)</u>
At 31 December 2025	<u>79,438</u>	<u>97,396</u>	<u>176,834</u>

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(c) Total cash outflow for leases:

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

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within operating activities.	2,061	1,365	871
Within financing activities.	22,519	17,896	16,626
	<u>24,580</u>	<u>19,261</u>	<u>17,497</u>

34. COMMITMENTS

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

35. RELATED PARTY TRANSACTIONS

(a) Names and relationships

Name of related parties	Relationship with the Group
Xiamen Jili Enterprise Management Consulting Partnership (Limited Partnership)	Shareholder of the Company with more than 5% of direct shareholding
Zhejiang Jiyun Geographic Information Technology Co., Ltd.	Controlled by the controlling shareholders

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

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Revenue from sales of goods and services to (note i):			
Zhejiang Jiyun Geographic Information Technology Co., Ltd.	<u>357</u>	<u>371</u>	<u>992</u>
Purchase of goods and services from (note ii):			
Zhejiang Jiyun Geographic Information Technology Co., Ltd.	<u>10,965</u>	<u>8,979</u>	<u>10,571</u>

- (i) The sales to the related party were made according to the published prices and conditions offered to the major customers of the Group. The credit term granted to the related party was generally in line with the credit terms granted to other customers.
- (ii) The purchases from the related party were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties.

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(c) Outstanding balances with related parties:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade			
Trade receivables:			
Zhejiang Jiyun Geographic Information Technology Co., Ltd.	383	—	—
	<u> </u>	<u> </u>	<u> </u>
Trade payables:			
Zhejiang Jiyun Geographic Information Technology Co., Ltd.	5,060	—	—
	<u> </u>	<u> </u>	<u> </u>
Non-trade			
Other receivables:			
Xiamen Jili Enterprise Management Consulting Partnership (Limited Partnership)	10	—	—
	<u> </u>	<u> </u>	<u> </u>

The Group’s balances with related parties are unsecured, interest-free and repayable on demand.

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

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Salaries, allowances and benefits in kind	2,585	2,624	2,408
Equity-settled share option expense	—	1,433	676
Employee retirement benefits and other staff welfare	938	1,656	1,212
	<u> </u>	<u> </u>	<u> </u>
Total compensation paid to key management personnel	3,523	5,713	4,296
	<u> </u>	<u> </u>	<u> </u>

Further details of directors’ and executives’ remunerations are included in note 8 to the Historical Financial Information.

36. FINANCIAL INSTRUMENTS BY CATEGORY

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

Financial assets

31 December 2023

	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Total
	RMB'000	RMB'000	RMB'000
Trade and bills receivables	—	9,504	9,504
Financial assets included in prepayments, other receivables and other assets	—	7,372	7,372
Financial assets at fair value through profit or loss	6,007	—	6,007
Certificates of deposits	—	316,516	316,516
Restricted cash	—	3,725	3,725
Cash and cash equivalents	—	288,216	288,216
	<u>6,007</u>	<u>625,333</u>	<u>631,340</u>

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	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Total
	RMB'000	RMB'000	RMB'000
Trade and bills receivables	–	1,833	1,833
Financial assets included in prepayments, other receivables and other assets	–	4,629	4,629
Financial assets at fair value through profit or loss	115,741	–	115,741
Derivative financial instruments	30	–	30
Certificates of deposits	–	209,688	209,688
Restricted cash	–	82,858	82,858
Time deposits	–	40,024	40,024
Cash and cash equivalents	–	415,492	415,492
	<u>115,771</u>	<u>754,524</u>	<u>870,295</u>

31 December 2025

	Financial assets at fair value through profit or loss	Financial assets at amortised cost	Total
	RMB'000	RMB'000	RMB'000
Trade and bills receivables	–	43,618	43,618
Financial assets included in prepayments, other receivables and other assets	–	6,621	6,621
Financial assets at fair value through profit or loss	146,835	–	146,835
Derivative financial instruments	2,228	–	2,228
Certificates of deposits	–	267,109	267,109
Restricted cash	–	158,219	158,219
Time deposits	–	23,940	23,940
Cash and cash equivalents	–	405,411	405,411
	<u>149,063</u>	<u>904,918</u>	<u>1,053,981</u>

Financial liabilities

31 December 2023

	Financial liabilities at amortised cost
	RMB'000
Trade and bills payables	115,100
Financial liabilities included in other payables and accruals	29,488
	<u>144,588</u>

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	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Total
	RMB'000	RMB'000	RMB'000
Trade and bills payables	–	293,229	293,229
Financial liabilities included in other payables and accruals	–	34,198	34,198
Interest-bearing bank borrowings	–	29,612	29,612
Derivative financial instruments	368	–	368
	<u>368</u>	<u>357,039</u>	<u>357,407</u>

31 December 2025

	Financial liabilities at fair value through profit or loss	Financial liabilities at amortised cost	Total
	RMB'000	RMB'000	RMB'000
Trade and bills payables	–	304,434	304,434
Financial liabilities included in other payables and accruals	–	42,598	42,598
Interest-bearing bank borrowings	–	79,438	79,438
Derivative financial instruments	952	–	952
	<u>952</u>	<u>426,470</u>	<u>427,422</u>

For the details of Pre-[REDACTED] Investments, please refer to Note 29 to this report.

Transfers of financial assets

Transferred financial assets that are not derecognised in their entirety

At the end of each of the Relevant Periods, the Group endorsed certain bills receivables accepted by banks in the Chinese mainland (the “Endorsed Bills”) with a carrying amount of RMB1,000,000, RMB 900,000 and RMB1,000,000, respectively, to certain of its suppliers in order to settle the trade payables due to such suppliers (the “Endorsement”). In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Endorsed Bills, and accordingly, it continued to recognise the full carrying amounts of the Endorsed Bills and the associated trade payables settled. Subsequent to the Endorsement, the Group did not retain any rights on the use of the Endorsed Bills, including the sale, transfer or pledge of the Endorsed Bills to any other third parties. The aggregate carrying amount of the trade payables settled by the Endorsed Bills during the year to which the suppliers have recourse was RMB1,000,000, RMB 900,000 and RMB1,000,000, respectively, at the end of each of the Relevant Periods.

Transferred financial assets that are derecognised in their entirety

At 31 December 2025, the Group, endorsed certain bills receivables accepted by banks in the Chinese mainland (the “Derecognised Bills”) to certain of its suppliers in order to settle the trade payables due to such suppliers or already discounted to banks with a carrying amount in aggregate of RMB37,350,000. The Derecognised Bills had a maturity of six months at the end of the reporting period. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills may exercise the right of recourse against any, several or all of the persons liable for the Derecognised Bills, including the Group, in disregard of the order of precedence (the “Continuing Involvement”). In the opinion of the directors, the risk of the Group being claimed by the holders of the Derecognised Bills is remote in the absence of a default of the accepted banks. The Group has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills and the associated trade payables. The maximum exposure to loss from

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the Group’s Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group’s Continuing Involvement in the Derecognised Bills are not significant.

During the Relevant Periods, the Group has not recognised any gain or loss on the date of transfer of the Derecognised Bills. No gains or losses were recognised from the Continuing Involvement, both during the Relevant Periods or cumulatively.

37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, time deposits, restricted cash, trade and bills receivables, financial assets included in prepayments, other receivables and other assets, trade and bills payables, interest-bearing bank borrowings, financial liabilities included in other payables and accruals, and lease liabilities approximate to their carrying amounts as at the end of each of the Relevant Periods due to the short term maturities of these instruments.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group’s financial instruments:

31 December 2023

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB’000	RMB’000	RMB’000	RMB’000
Financial assets measured at fair value:				
Financial assets at fair value through profit or loss	–	6,007	–	6,007
	=	=	=	=

31 December 2024

	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB’000	RMB’000	RMB’000	RMB’000
Financial assets measured at fair value:				
Financial assets at fair value through profit or loss	–	115,741	–	115,741
Derivative financial instruments . . .	–	30	–	30
Total	–	115,771	–	115,771
	=	=	=	=
Financial liabilities measured at fair value:				
Derivative financial instruments . . .	–	368	–	368
Total	–	368	–	368
	=	=	=	=

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	Fair value measurement using			Total
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets measured at fair value:				
Financial assets at fair value through profit or loss	–	146,835	–	146,835
Derivative financial instruments . . .	–	2,228	–	2,228
Total	–	149,063	–	149,063
	=	=	=	=
Financial liabilities measured at fair value:				
Derivative financial instruments . . .	–	952	–	952
Total	–	952	–	952
	=	=	=	=

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

The fair values of the certificates of deposits have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group’s own non-performance risk as at the end of the Relevant Periods were assessed to be insignificant.

The Group invested in wealth management products issued by reputable banks in the Chinese mainland. The Group has estimated the fair value by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

The Group enters into derivative financial instruments with various counterparties, principally financial institutions with AAA credit ratings. Derivative financial instruments primarily represents foreign currency forward contracts, are measured by using quoted price provided by financial institutions.

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

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group’s principal financial instruments, other than derivatives, comprise financial assets at fair value through profit or loss, certificates of deposits, time deposits, cash and cash equivalents, interest-bearing bank borrowings and lease liabilities. The main purpose of these financial instruments is to raise finance for the Group’s operations. The Group has various other financial assets and liabilities such as trade and bills receivables and trade and bills payables, which arise directly from its operations.

The Group also enters into derivative transactions, principally foreign currency forward contracts. The purpose is to manage the foreign currency risks arising from the Group’s operations and its sources of finance.

The main risks arising from the Group’s financial instruments are foreign currency risk, credit risk and liquidity risk. The management of the Group reviews and agrees policies for managing each of these risks and they are summarised below.

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units’ functional currencies.

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The following table demonstrates the sensitivity at the end of each of the Relevant Periods to a reasonably possible change in the foreign exchange rates, with all other variables held constant, of the Group’s profit after tax and equity.

	Increase/(decrease) in foreign currency rate	Increase/(decrease) in profit before tax	Increase/(decrease) in shareholder’s equity
	%	RMB’000	RMB’000
As at 31 December 2023			
If the RMB strengthens against the USD	5	(1,644)	(1,644)
If the RMB weakens against the USD	(5)	1,644	1,644
If the RMB strengthens against the JPY	5	(618)	(618)
If the RMB weakens against the JPY	(5)	618	618
As at 31 December 2024			
If the RMB strengthens against the USD	5	(3,098)	(3,098)
If the RMB weakens against the USD	(5)	3,098	3,098
If the RMB strengthens against the JPY	5	(215)	(215)
If the RMB weakens against the JPY	(5)	215	215
If the RMB strengthens against the HKD	5	(2,190)	(2,190)
If the RMB weakens against the HKD	(5)	2,190	2,190
As at 31 December 2025			
If the RMB strengthens against the USD	5	(1,927)	(1,927)
If the RMB weakens against the USD	(5)	1,927	1,927
If the RMB strengthens against the JPY	5	(3,506)	(3,506)
If the RMB weakens against the JPY	(5)	3,506	3,506
If the RMB strengthens against the HKD	5	(7,799)	(7,799)
If the RMB weakens against the HKD	(5)	7,799	7,799

Credit risk

The Group trades only with the recognised and creditworthy third parties. It is the Group’s policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis. The credit risk of the Group’s other financial assets, which comprise cash and cash equivalents, time deposits, restricted cash, certificates of deposits, trade and bills receivables, financial assets included in prepayments, other receivables and other assets, with a maximum exposure equal to the carrying amounts of these instruments.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group’s credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at the end of each of the Relevant Periods. The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Trade and bills receivables* . . .	–	–	–	12,268	12,268
Financial assets included in prepayments, other receivables and other assets					
– Normal**	7,376	–	–	–	7,376
– Doubtful**	–	–	213	–	213
Certificates of deposits –					
Not yet past due	316,516	–	–	–	316,516

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	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Restricted cash – Not yet past due	3,725	–	–	–	3,725
Cash and cash equivalents – Not yet past due	288,216	–	–	–	288,216
	<u>615,833</u>	<u>–</u>	<u>213</u>	<u>12,268</u>	<u>628,314</u>

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills receivables* . . .	–	–	–	7,723	7,723
Financial assets included in prepayments, other receivables and other assets					
– Normal**	4,786	–	–	–	4,786
– Doubtful**	–	–	1,110	–	1,110
Certificates of deposits – Not yet past due	209,688	–	–	–	209,688
Restricted cash – Not yet past due	82,858	–	–	–	82,858
Time deposits – Not yet past due	40,024	–	–	–	40,024
Cash and cash equivalents – Not yet past due	415,492	–	–	–	415,492
	<u>752,848</u>	<u>–</u>	<u>1,110</u>	<u>7,723</u>	<u>761,681</u>

As at 31 December 2025

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills receivables* . . .	–	–	–	51,731	51,731
Financial assets included in prepayments, other receivables and other assets					
– Normal**	6,947	–	–	–	6,947
– Doubtful**	–	–	1,110	–	1,110
Certificates of deposits – Not yet past due	267,109	–	–	–	267,109
Restricted cash – Not yet past due	158,219	–	–	–	158,219
Time deposits – Not yet past due	23,940	–	–	–	23,940
Cash and cash equivalents – Not yet past due	405,411	–	–	–	405,411
	<u>861,626</u>	<u>–</u>	<u>1,110</u>	<u>51,731</u>	<u>914,467</u>

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- * For trade and bills receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 19 to the Historical Financial Information.
- ** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be “normal” when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be “doubtful”.

Liquidity risk

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

The Group’s objective is to maintain sufficient cash and cash equivalents and have available funding through operation and financial support from bank borrowings.

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

31 December 2023				
	On demand and less than 1 year	1 to 3 years	Over 3 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills payables	115,100	—	—	115,100
Financial liabilities included in other payables and accruals	29,488	—	—	29,488
Lease liabilities	14,946	14,710	21,385	51,041
	<u>159,534</u>	<u>14,710</u>	<u>21,385</u>	<u>195,629</u>
31 December 2024				
	On demand and less than 1 year	1 to 3 years	Over 3 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills payables	293,229	—	—	293,229
Financial liabilities included in other payables and accruals	34,198	—	—	34,198
Derivative financial instruments . . .	368	—	—	368
Interest-bearing bank borrowings. . .	30,000	—	—	30,000
Lease liabilities	13,227	21,222	13,853	48,302
	<u>371,022</u>	<u>21,222</u>	<u>13,853</u>	<u>406,097</u>
31 December 2025				
	On demand and less than 1 year	1 to 3 years	Over 3 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills payables	304,434	—	—	304,434
Financial liabilities included in other payables and accruals	42,598	—	—	42,598
Derivative financial instruments . . .	952	—	—	952
Interest-bearing bank borrowings. . .	80,000	—	—	80,000
Lease liabilities	15,625	35,939	58,770	110,334
	<u>443,609</u>	<u>35,939</u>	<u>58,770</u>	<u>538,318</u>

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Capital management

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

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

The Group monitors capital using the debt-to-asset ratio, which is total liabilities divided by total assets. The debt-to-asset ratios as at the end of each of the Relevant Periods were as follows:

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Total liabilities	655,591	872,010	959,738
Total assets	972,944	1,260,018	1,472,041
Debt-to-asset ratio	67%	69%	65%

39. EVENTS AFTER THE RELEVANT PERIODS

Except otherwise disclosed in the Historical Financial Information, there were no other significant events that required additional disclosure or adjustments occurred after the end of the Relevant Periods.

40. SUBSEQUENT FINANCIAL STATEMENTS

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