

APPENDIX I

ACCOUNTANTS’ REPORT

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

ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF CHONGQING AFARI TECHNOLOGY CO., LTD. AND CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED

Introduction

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

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.

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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-[●] have been made.

Dividends

We refer to note 12 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
[REDACTED]

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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 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

	<i>Notes</i>	Year ended 31 December		
		2023	2024	2025
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
REVENUE	5	6,698,322	6,963,852	9,876,042
Cost of sales	6	(6,426,071)	(6,481,472)	(9,087,972)
Gross profit		272,251	482,380	788,070
Other income and gains	5	202,890	158,833	672,520
Selling and marketing expenses		(375,086)	(337,820)	(296,386)
Administrative expenses		(423,397)	(338,158)	(403,847)
Research and development expenses	6	(214,781)	(406,576)	(821,801)
Fair value gains on financial assets at fair value through profit or loss, net		–	–	46,463
Fair value gains/(losses) on investment properties		10,684	(95,587)	(51,753)
Impairment losses on financial assets, net		(18,303)	(3,561)	(80,567)
Other expenses	7	(87,100)	(139,219)	(358,718)
Finance costs	8	(123,445)	(93,336)	(72,450)
Share of profits of joint ventures and associates		413,770	488,247	442,704
LOSS BEFORE TAX	6	(342,517)	(284,797)	(135,765)
Income tax expense	11	80,345	(44,100)	(185,435)
LOSS FOR THE YEAR		(262,172)	(328,897)	(321,200)
Attributable to:				
Owners of the parent		24,213	40,017	84,408
Non-controlling interests		(286,385)	(368,914)	(405,608)
		(262,172)	(328,897)	(321,200)
EARNINGS PER SHARE				
ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT				
Basic and Diluted (<i>RMB</i>)	13	0.01	0.01	0.02

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CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
LOSS FOR THE YEAR	<u>(262,172)</u>	<u>(328,897)</u>	<u>(321,200)</u>
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Share of other comprehensive income/(loss) of associates	148,767	112,715	(170,177)
Exchange differences:			
Exchange differences related to foreign operations	<u>(25,483)</u>	<u>(63,472)</u>	<u>50,939</u>
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	<u>123,284</u>	<u>49,243</u>	<u>(119,238)</u>
Other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods:			
Share of other comprehensive (loss)/income of associates	(1,553)	2,283	1,140
Changes in fair value of equity investments designated at fair value through other comprehensive income/(loss), net of tax	<u>111</u>	<u>99</u>	<u>(1,341)</u>
Net other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods	<u>(1,442)</u>	<u>2,382</u>	<u>(201)</u>
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR, NET OF TAX	<u>121,842</u>	<u>51,625</u>	<u>(119,439)</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	<u>(140,330)</u>	<u>(277,272)</u>	<u>(440,639)</u>
Attributable to:			
Owners of the parent	146,055	91,642	(35,031)
Non-controlling interests	<u>(286,385)</u>	<u>(368,914)</u>	<u>(405,608)</u>
	<u>(140,330)</u>	<u>(277,272)</u>	<u>(440,639)</u>

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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	14	2,017,214	1,967,653	1,866,421
Investment properties	15	3,256,257	3,160,670	3,108,917
Right-of-use assets	16	470,622	451,232	458,775
Other intangible assets	18	1,565,414	1,763,029	6,254,927
Goodwill	17	242,786	202,096	137,887
Investments in joint ventures and associates	19	4,755,765	5,187,772	5,095,537
Deferred tax assets	22	950,265	883,075	678,133
Equity investments designated at fair value through other comprehensive income	21	6,629	6,728	–
Financial assets at fair value through profit or loss	26	–	–	222,408
Time deposits	27	–	–	2,723,390
Prepayments, other receivables and other assets	25	3,845	5,648	5,983
Total non-current assets		13,268,797	13,627,903	20,552,378
CURRENT ASSETS				
Inventories	23	2,868,603	2,266,954	1,861,057
Trade and bills receivables	24	1,759,296	1,687,458	1,918,113
Prepayments, other receivables and other assets	25	477,685	451,943	555,969
Restricted cash	27	1,893,421	2,207,049	1,991,178
Time deposits	27	544,945	150,679	173,403
Cash and cash equivalents	27	986,333	1,321,676	2,517,714
Total current assets		8,530,283	8,085,759	9,017,434
CURRENT LIABILITIES				
Trade and bills payables	28	4,895,122	5,678,936	5,500,251
Contract liabilities	30	274,828	243,781	369,986
Other payables and accruals	29	1,640,826	1,383,724	1,686,440
Interest-bearing bank and other borrowings	31	868,679	1,195,939	2,337,469
Lease liabilities	16	5,085	812	8,912
Tax payable		18,122	5,177	3,299
Total current liabilities		7,702,662	8,508,369	9,906,357
NET CURRENT ASSETS/ (LIABILITIES)				
		827,621	(422,610)	(888,923)
TOTAL ASSETS LESS CURRENT LIABILITIES				
		14,096,418	13,205,293	19,663,455

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		As at 31 December		
	Notes	2023	2024	2025
		RMB'000	RMB'000	RMB'000
NON-CURRENT LIABILITIES				
Interest-bearing bank and other				
borrowings	31	1,429,612	820,931	926,993
Lease liabilities	16	3,489	91	13,658
Deferred tax liabilities	22	648,690	622,303	583,447
Provision	33	51,857	85,365	73,502
Deferred income	32	1,600	11,361	651,908
Total non-current liabilities		2,135,248	1,540,051	2,249,508
Net assets		11,961,170	11,665,242	17,413,947
EQUITY				
Equity attributable to owners of the				
parent				
Share capital	34	4,571,523	4,521,100	4,521,100
Treasury shares	35	(259,710)	(133,881)	(341,672)
Reserves	37	6,126,530	6,124,110	6,108,536
		10,438,343	10,511,329	10,287,964
Non-controlling interests		1,522,827	1,153,913	7,125,983
Total equity		11,961,170	11,665,242	17,413,947

Year ended 31 December 2023

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Year ended 31 December 2024

	Attributable to owners of the parent										Non-controlling interests	Total equity
	Share capital	Treasury shares	Share premium*	Fair value reserve*	Exchange fluctuation reserve*	Statutory surplus reserve*	Other reserve*	Other comprehensive income*	Safety production fund*	(Accumulated		
										losses)/retained profits*		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2024	4,571,523	(259,710)	8,664,675	38,139	(351,758)	426,994	72,366	103,202	-	(2,827,088)	1,522,827	11,961,170
Profit/(Loss) for the year	-	-	-	-	-	-	-	-	-	40,017	(368,914)	(328,897)
Other comprehensive income/(loss) for the year:												
Exchange differences related to foreign operations	-	-	-	-	(63,472)	-	-	-	-	-	-	(63,472)
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax	-	-	-	99	-	-	-	-	-	-	-	99
Share of other comprehensive income of associates	-	-	-	-	-	-	-	114,998	-	-	-	114,998
Total comprehensive income/(loss) for the year	-	-	-	99	(63,472)	-	-	114,998	-	40,017	(368,914)	(277,272)
Cancellation of treasury shares	(50,423)	130,091	(79,668)	-	-	-	-	-	-	-	-	-
Share of other reserves of associates	-	-	-	-	-	-	(82)	-	-	-	-	(82)
Debt restructuring	-	(4,262)	(14,312)	-	-	-	-	-	-	-	-	(18,574)
Appropriation of special reserves	-	-	-	-	-	-	-	-	8,194	(8,194)	-	-
Utilisation of special reserve for the year	-	-	-	-	-	-	-	-	(8,194)	8,194	-	-
As at 31 December 2024	4,521,100	(133,881)	8,570,695	38,238	(415,230)	426,994	72,284	218,200	-	(2,787,071)	1,153,913	11,665,242

Year ended 31 December 2025

	Attributable to owners of the parent																		
	Share capital	Treasury shares	Share premium*	Share-based payments		Fair value reserve*	Exchange fluctuation reserve*	Statutory surplus reserve*	Other reserve*	Other comprehensive income*	Safety production fund*	(Accumulated losses)/ Retained profits*		Non-controlling interests	Total equity				
				Share premium*	Share-based payments reserve*							RMB'000	RMB'000			RMB'000	RMB'000	RMB'000	RMB'000
	RMB'000 Note 34	RMB'000 Note 35	RMB'000 Note 37	RMB'000 Note 37	RMB'000 Note 37	RMB'000 Note 37	RMB'000 Note 37	RMB'000 Note 37	RMB'000 Note 37	RMB'000 Note 37	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000				
As at 1 January 2025	4,521,100	(133,881)	8,570,695	-	38,238	(415,230)	426,994	72,284	218,200	-	(2,787,071)	10,511,329	1,153,913	11,665,242	(321,200)				
Profit/(Loss) for the year	-	-	-	-	-	-	-	-	-	-	84,408	84,408	(405,608)	-	-				
Other comprehensive (loss)/income for the year:																			
Exchange differences related to foreign operations	-	-	-	-	-	50,939	-	-	-	-	-	50,939	-	50,939	-				
Share of other comprehensive loss of associates	-	-	-	-	-	-	-	-	(169,037)	-	-	(169,037)	-	(169,037)	-				
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax	-	-	-	-	(1,341)	-	-	-	-	-	-	(1,341)	-	(1,341)	-				

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	Attributable to owners of the parent											Non-controlling interests	Total equity	
	Share capital	Treasury shares	Share premium*	Share-based payments reserve*	Fair value reserve*	Exchange fluctuation reserve*	Statutory surplus reserve*	Other reserve*	Other comprehensive income*	Safety production fund*	(Accumulated losses)/ Retained profits*			Total
	RMB'000 Note 34	RMB'000 Note 35	RMB'000 Note 37	RMB'000 Note 37	RMB'000 Note 37	RMB'000 Note 37	RMB'000 Note 37	RMB'000 Note 37	RMB'000 Note 37	RMB'000 Note 37	RMB'000	RMB'000	RMB'000	RMB'000
Total comprehensive (loss)/income for the year	-	-	-	-	(1,341)	50,939	-	-	(169,037)	-	84,408	(35,031)	(405,608)	(440,639)
Repurchase of ordinary shares	-	(210,233)	-	-	-	-	-	-	-	-	-	(210,233)	-	(210,233)
Capital injection from non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-	2,275,540	2,275,540
Share of other reserves of associates	-	-	-	-	-	-	-	831	-	-	-	831	-	831
Debt restructuring	-	2,442	8,231	-	-	-	-	-	-	-	-	10,673	-	10,673
Acquisition of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	4,099,815	4,099,815
Disposal of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	1,355	1,355
Share-based payments	-	-	-	10,395	-	-	-	-	-	-	-	10,395	968	11,363
Transfer of fair value reserve upon the disposal of equity investments at fair value through other comprehensive income	-	-	-	-	4,803	-	-	-	-	-	(4,803)	-	-	-
Appropriation of special reserves	-	-	-	-	-	-	-	-	-	10,048	(10,048)	-	-	-
Utilisation of special reserve for the year	-	-	-	-	-	-	-	-	-	(10,048)	10,048	-	-	-
As at 31 December 2025	4,521,100	(341,672)	8,578,926	10,395	41,700	(364,291)	426,994	73,115	49,163	-	(2,707,466)	10,287,964	7,125,983	17,413,947

* These reserve accounts represent the total consolidated reserves of RMB6,126,530,000, RMB6,124,110,000 and RMB6,108,536,000 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

	Notes	Year ended 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before tax		(342,517)	(284,797)	(135,765)
Adjustments for:				
Finance costs	8	123,445	93,336	72,450
Depreciation of property, plant and equipment	6, 14	148,729	183,029	194,363
Depreciation of right-of-use assets	6, 16	15,718	15,417	15,122
Amortisation of other intangible assets . . .	6, 18	175,433	323,203	535,835
Gains on disposal of items of property, plant and equipment	6	(2,899)	(17,345)	(8,094)
Gains on disposal of other intangible assets	6	—	—	(45,212)
(Gains)/losses on termination of lease	6	—	(860)	76
Equity-settled share-based expense		23,771	—	11,363
Fair value gains on financial assets at fair value through profit or loss		—	—	(46,463)
Fair value (gains)/losses on investment properties	6, 15	(10,684)	95,587	51,753
Share of profits of joint ventures and associates	6	(413,770)	(488,247)	(442,704)
Gains on disposal of investments in associates, net.	5	(10,183)	(1,434)	—
Gains on liquidation of subsidiaries, net. . .		(62,439)	—	—
Gains on disposal of subsidiaries, net		—	—	(32,122)
Impairment losses on inventories	6	70,687	93,735	111,535
Impairment losses on property, plant and equipment	6	679	—	23,452
Impairment losses on other intangible assets	6	28	—	155,420
Impairment losses on goodwill	6	44,915	40,690	64,209
Losses/(gains) on debt restructuring	6	5,361	(42,970)	33,595
Impairment losses on Investments in associates		—	—	37,850
Release to profit or loss from deferred income		(303)	(975)	(217,549)
Impairment losses on financial assets, net . .		18,303	3,561	80,567
Effect of foreign exchange rate changes, net .		(31,151)	(84,965)	17,990
Interest income		(67,916)	(63,696)	(83,780)

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	<i>Notes</i>	Year ended 31 December		
		2023	2024	2025
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Operating cash (outflow)/inflow before movements in working capital		(314,793)	(136,731)	393,891
(Increase)/decrease in inventories		(556,016)	507,914	345,810
Decrease/(increase) in trade and bills receivables		716,392	(279,610)	(301,301)
(Increase)/decrease in prepayments, other receivables and other assets		(184,300)	(32,321)	244,636
(Increase)/decrease in restricted cash		(1,461,867)	(307,901)	212,065
Increase/(decrease) in trade and bills payables		1,557,294	877,052	(146,684)
Increase/(decrease) in other payables and accruals		247,268	(142,739)	375,448
Increase in deferred income		–	3,248	24,083
(Decrease)/increase in contract liabilities		(284,179)	(31,047)	126,228
Increase/(decrease) in provision		3,718	33,508	(12,174)
Cash generated (used in)/from operations		(276,483)	491,373	1,262,002
Interest received		70,039	50,080	57,586
Taxes paid		(32,398)	(16,242)	(21,227)
Net cash flows (used in)/from operating activities		(238,842)	525,211	1,298,361

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	Year ended 31 December		
Notes	2023	2024	2025
	RMB'000	RMB'000	RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends income	161,490	160,887	114,520
Investments in associates	(7,000)	—	(200,000)
Proceeds from disposal of investment in associates	—	57,156	—
Proceeds from disposal of items of property, plant and equipment and other intangible assets	14,205	48,533	284,098
Acquisition of subsidiaries	—	—	1,098,054
Disposal of subsidiaries	12	17,300	(1)
Purchases of property, plant and equipment and other intangible assets	(467,305)	(417,904)	(544,498)
Receipt of government grants for non-current assets	—	—	836,460
Maturity of time deposits and large certificates of deposit	—	553,340	152,546
Purchase of time deposits	—	(150,000)	(2,868,612)
Net cash flows (used in)/from investing activities	(298,598)	269,312	(1,127,433)
CASH FLOWS FROM FINANCING ACTIVITIES			
Grant of incentive shares	—	—	42,047
Capital injection from non-controlling interests	355,825	—	300
New interest-bearing bank and other borrowings	224,403	1,087,554	3,598,761
Repayment of interest-bearing bank and other borrowings	(661,208)	(1,361,822)	(2,350,269)
Cash received from repayments from related parties	—	28,275	—
Principal portion of lease payments	(4,464)	(3,137)	(1,721)
Interest paid	(128,617)	(91,204)	(66,431)
Increase in guarantee deposits	(268)	(1,185)	(48)
Payments on [REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]
Treasury Shares repurchased under share award scheme	—	—	(210,233)
Refund of purchase of restricted stock subscription payment	(17,047)	(113,044)	(30)
Net cash flows (used in)/from financing activities	(231,376)	(454,563)	992,144

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	<i>Notes</i>	Year ended 31 December		
		2023	2024	2025
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS.		(768,816)	339,960	1,163,072
Cash and cash equivalents at beginning of year.		1,743,112	986,333	1,321,676
Effect of foreign exchange rate changes, net.		12,037	(4,617)	32,966
 CASH AND CASH EQUIVALENTS AT END OF YEAR		<u>986,333</u>	<u>1,321,676</u>	<u>2,517,714</u>
 ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS				
Cash and bank balances.		3,424,699	3,679,404	7,405,685
Less: Time deposits.		(544,945)	(150,679)	(2,896,793)
Restricted cash.		<u>(1,893,421)</u>	<u>(2,207,049)</u>	<u>(1,991,178)</u>
 Cash and cash equivalents as stated in the statement of cash flows.		<u>986,333</u>	<u>1,321,676</u>	<u>2,517,714</u>

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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	14	482,573	455,174	428,640
Investment properties	15	66,214	58,552	55,863
Right-of-use assets	16	54,283	52,743	51,204
Other intangible assets	18	2,815	1,985	1,673
Investments in associates	19	2,025,149	2,206,157	2,243,644
Investments in subsidiaries	20	4,561,892	4,561,892	4,468,031
Deferred tax assets	22	211,881	211,839	204,284
Total non-current assets		7,404,807	7,548,342	7,453,339
CURRENT ASSETS				
Bills receivables	24	1,250	–	–
Prepayments, other receivables and other assets	25	68,896	2,866	52,978
Due from subsidiaries	45	5,760,620	5,776,713	5,269,205
Restricted cash	27	16,822	2,200	2,200
Time deposits	27	544,945	80,606	–
Cash and cash equivalents	27	292,110	352,313	97,265
Total current assets		6,684,643	6,214,698	5,421,648
CURRENT LIABILITIES				
Trade payables		137	5	–
Contract liabilities		–	708	590
Other payables and accruals	29	148,336	32,040	87,187
Due to subsidiaries	45	93,571	12,544	15,678
Interest-bearing bank and other borrowings	31	558,795	850,024	48,284
Total current liabilities		800,839	895,321	151,739
NET CURRENT ASSETS		5,883,804	5,319,377	5,269,909
TOTAL ASSETS LESS CURRENT LIABILITIES		13,288,611	12,867,719	12,723,248
NON-CURRENT LIABILITIES				
Interest-bearing bank and other borrowings	31	729,148	132,500	374,560
Deferred income		–	924	1,836
Deferred tax liabilities	22	9,111	7,961	–
Total non-current liabilities		738,259	141,385	376,396
Net assets		12,550,352	12,726,334	12,346,852
EQUITY				
Share capital	34	4,571,523	4,521,100	4,521,100
Treasury shares	35	(259,710)	(133,881)	(341,672)
Reserves	37	8,238,539	8,339,115	8,167,424
Total equity		12,550,352	12,726,334	12,346,852

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II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company, formerly known as Chongqing Qianli Technology Co. Ltd., was established in the People’s Republic of China (the “**PRC**”) as a wholly private-owned enterprise on 1 December 1997. The Company’s ordinary shares were listed on the Shanghai Stock Exchange on 25 November 2010. The registered office of the Company is located at No. 2, Huanghuan North Road, Jinshan Avenue, Liangjiang New District, Chongqing, the PRC.

During the Relevant Periods, the Company and its subsidiaries (collectively, the “**Group**”) were involved in the following principal activities:

- Research and development, production and sale of motorcycles, general-purpose machinery, and passenger vehicles
- Sales of Real Estate and rendering of management services including property management services
- Research and development, and rendering of technology solutions including intelligent and assistance driving solutions

As at 31 December 2025, the Company had direct and indirect interests in its subsidiaries, the particulars of principal subsidiaries are set out below:

Name	Notes	Place and date of incorporation/ registration and operations	Nominal value of issued ordinary/ registered paid-in capital (‘000)	Percentage of equity attributable to the Company		Principal activities
				Direct %	Indirect %	
Chongqing Lifan Motorcycle Production and Marketing Co., Ltd. 重慶力帆摩托車產銷有限公司	(3)	PRC/Chinese Mainland/ 27 May 1996	RMB801,600	100	–	Manufacturing of products
Chongqing Lifan Ruichi Motorcycle Co. Ltd. 重慶力帆瑞馳摩托車有限公司	(1)	PRC/Chinese Mainland/ 16 December 2019	RMB200,000	–	100	Manufacturing of products
Chongqing Lifan Industrial (Group) Import and Export Co., Ltd. 重慶力帆實業(集團)進出口有限公司	(1)	PRC/Chinese Mainland/ 8 March 2000	RMB2,500,000	–	100	Sale of products
Chongqing Lifan Power Co. Ltd. 重慶力帆內燃機有限公司	(1)	PRC/Chinese Mainland/ 17 July 2001	RMB100,000	–	100	Manufacturing of products
Chongqing Ruilan Automotive Technology Co., Ltd. 重慶睿藍汽車科技有限公司	(1)	PRC/Chinese Mainland/ 24 January 2022	RMB1,450,000	55	–	Sales of products
Chongqing Ruilan Automobile Research Institute Co., Ltd. 重慶睿藍汽車研究院有限公司	(1)	PRC/Chinese Mainland/ 8 June 2022	RMB218,000	–	55	Research and development
Chongqing Livan Automobile Sales Co., Ltd. 重慶睿藍汽車銷售有限公司	(1)	PRC/Chinese Mainland/ 22 December 2021	RMB100,000	–	55	Sales of products
Chongqing Livan Automobile Import and Export Co., Ltd. 重慶睿藍汽車進出口有限公司	(1)	PRC/Chinese Mainland/ 25 July 2016	RMB60,000	–	55	Sales of products
Lifan Group Chongqing Wanguang New Energy Technology Co. Ltd. 力帆集團重慶萬光新能源科技有限公司	(3)	PRC/Chinese Mainland/ 1 April 2004	RMB1,108,000	100	–	Manufacturing of products
Chongqing Livan Automobile Manufacturing Co., Ltd. 重慶睿藍汽車製造有限公司 (“ Ruilan Manufacturing ”)	(3)	PRC/Chinese Mainland/ 31 December 2005	RMB5,180,000	28	72	Manufacturing of products
Chongqing Lifan Industry (Group) Sales Co., Ltd. 重慶力帆實業集團銷售有限公司	(3)	PRC/Chinese Mainland/ 9 August 2002	RMB4,000	–	100	Sale of products
Chongqing Runtian Real Estate Development Co., Ltd. 重慶潤田房地產開發有限公司 (“ Runtian Real Estate ”)	(3), (4)	PRC/Chinese Mainland/ 30 August 2012	RMB300,000	–	50	Real Estate
Chongqing Afari Intelligent Drive Technology Co., Ltd. 重慶千里智駕科技有限公司 (“ Afari Intelligent Drive ”)	(2), (5)	PRC/Chinese Mainland/ 27 June 2025	RMB200,000	–	4	Intelligent driving solutions

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The English names of all Group companies registered in the Chinese Mainland and Russia represent the best efforts made by the management of the Company to translate the names of these companies as they do not have official English names.

Notes:

- (1) For these entities, the statutory financial statements for the year ended 31 December 2023, 2024 and 2025 prepared in accordance with China Accounting Standards for Business Enterprises have been audited by Baker Tilly China Certified Public Accountants LLP (天職國際會計師事務所(特殊普通合夥)), which is a certified public accounting firm registered in the Chinese Mainland. The statutory financial statements of these entities for the year ended 31 December 2025 have not yet been issued as at the date of this report.
- (2) For the entity, the statutory financial statement for the year ended 31 December 2025 prepared in accordance with China Accounting Standards for Business Enterprises have been audited by Ernst & Young Hua Ming LLP (安永華明會計師事務所(特殊普通合夥)), which is a certified public accounting firm registered in the Chinese Mainland.
- (3) No audited financial statements has been prepared for the entity since its date of incorporation.
- (4) The company is a subsidiary of wholly-owned subsidiary of the Company and, accordingly, are accounted for as a subsidiary since control can be exercised through its shareholders’ meeting and board of directors.
- (5) The company is a sub-subsidiary of a wholly-owned subsidiary of the Company and, accordingly, is accounted for as a subsidiary since control deriving from 60% of the voting rights can be exercised through its shareholders’ meeting and board of directors.

2.1 BASIS OF PREPARATION

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 (the “IASB”). All IFRS Accounting Standards effective for the accounting period commencing from 1 January 2025, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods.

The Historical Financial Information has been prepared under the historical cost convention except for investment properties measured at fair value through profit or loss, equity investments designated at fair value through other comprehensive income, financial assets at fair value through other comprehensive income which have been measured at fair value.

The Historical Financial Information has been prepared under the going concern basis notwithstanding the fact that, as at 31 December 2025, the Group had net current liabilities of approximately RMB888,923,000. Having taken into non-current time deposits with original maturities over one year of RMB2,723,390,000 which could be withdrawn prior to maturity, and available banking facilities of RMB1,134,860,000 as at 31 December 2025, and together with the expected operating cash outflow which covers a period of not less than twelve months from 31 December 2025 prepared by the management of the Group, the directors of the Company are of the opinion that the Group has sufficient financial resources to continue as a going concern for the next twelve months. Accordingly, the directors of the Company consider that it is appropriate to prepare the Historical Financial Information for the Relevant Periods on a going concern basis.

Basis of consolidation

The Historical Financial Information include 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).

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.

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

2.2 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

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

IFRS 18	<i>Presentation and Disclosure in Financial Statements²</i>
IFRS 19	<i>Subsidiaries without Public Accountability: Disclosures²</i>
Amendments to IFRS 9 and IFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments¹</i>
Amendments to IFRS 9 and IFRS 7	<i>Contracts Referencing Nature-dependent Electricity¹</i>
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture³</i>
Amendments to HKAS 21	<i>Translation to a Hyperinflationary Presentation Currency²</i>
Annual Improvements to IFRS Accounting Standards — Volume 11	<i>Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7¹</i>

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

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

3 No mandatory effective date yet determined but available for adoption

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

Based on a preliminary assessment, the adoption of IFRS 18 is not expected to have any impact on the Group’s results of operations and financial position but has impact on the presentation and disclosure of the Group’s financial statements.

2.3 MATERIAL ACCOUNTING INFORMATION

Investments in associates and joint ventures

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

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

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

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

Business combinations and goodwill

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

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

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

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group’s previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at each end of the Relevant Periods. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group’s cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its investment properties, equity investments designated at fair value through other comprehensive income, financial assets at fair value through profit or loss and certain debt 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

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

Impairment of non-financial assets

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

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

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

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.

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

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Land is not depreciated. Other property and equipment’s 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	3.17% to 12.50%
Machinery	6.33% to 48.50%
Office equipment and electronic devices	9.5% to 31.67%
Vehicles	9.50% to 48.50%
Other equipment	20.00% to 33.33%

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

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

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

Investment properties

Investment properties are interests in land and buildings (including right-of-use assets) held to earn rental income and/or for capital appreciation. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of the retirement or disposal.

For a transfer from investment properties to owner-occupied properties or inventories, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use. If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under “Property, plant and equipment and depreciation” for owned property and/or accounts for such property in accordance with the policy stated under “Right-of-use assets” for property held as a right-of-use asset up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as a revaluation in accordance with IFRS 16 Property, Plant and Equipment. For a transfer from inventories to investment properties, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the statement of profit or loss.

Properties under development

Properties under development are intended to be held for sale after completion.

Properties under development are stated at the lower of cost comprising land costs, construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period and net realisable value.

Properties under development are classified as current assets unless they will not be realised in the normal operating cycle. On completion, the properties are transferred to completed properties held for sale.

Completed properties held for sale

Completed properties held for sale are stated in the statement of financial position at the lower of cost and net realisable value. Cost is determined by an apportionment of the total costs of land and buildings attributable to the unsold properties. Net realisable value takes into account the price ultimately expected to be realised, less estimated costs to be incurred in selling the properties.

Allocation of property development costs

Land costs are allocated to each of the units according to their respective saleable gross floor areas (“GFA”) to the total saleable GFA. Construction costs relating to units were identified and allocated specifically. Common construction costs have been allocated according to the saleable GFA.

Intangible assets (other than goodwill)

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

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

Patents	2.92 to 10 years
Trademark	5 to 10 years
Software	3 to 10 years
Technology know-how	5 to 9 years
Automotive design and development costs	2 to 10 years

Research and development expenses

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.

Deferred development costs are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products not exceeding five to seven years, commencing from the date when the products are put into commercial production.

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:

Leasehold land	45 to 50, 95 years
Buildings	1 to 10 years
Vehicles	3 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 machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment that is considered to be of low value.

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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 an operating lease.

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 term and is included in revenue in the statement of profit or loss 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, fair value through other comprehensive income, and fair value through profit or loss.

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

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

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

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

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

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

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

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

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

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

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

Financial assets at fair value through profit or loss

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

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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 statement of financial position) when:

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

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

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

Impairment of financial assets

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

General approach

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

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

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

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

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

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

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

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

Simplified approach

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

Financial liabilities

Initial recognition and measurement

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

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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, financial liabilities included in other payables and accruals, and interest-bearing bank and other 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 bills payables, financial liabilities included in other payables and accruals and interest-bearing bank and other 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 the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

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

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. Financial guarantee contract liabilities are measured initially at their fair values. It is subsequently measured at the higher of:

- (i) the amount of the loss allowance determined in accordance with IFRS 9; and
- (ii) the amount initially recognised less, where appropriate, cumulative amortisation recognised over the guarantee period.

Derecognition of financial liabilities

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

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

Offsetting of financial instruments

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

Treasury shares

Own equity instruments which are reacquired and held by the Company or the Group (treasury shares) are recognised directly in equity at cost. No gain or loss is recognised in the statement of profit or loss on the purchase, sale, issue or cancellation of the Group’s own equity instruments.

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.

Contract costs

Other than the costs which are capitalised as inventories, property, plant and equipment and intangible assets, costs incurred to fulfil or obtain 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; and
- (c) The costs are expected to be recovered.

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

Cash and cash equivalents

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

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

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Special reserve — safety production fund

Provisions for the Group’s obligations for safety operations are based on the Group’s revenue arising from the sale of construction machinery and equipment per year in accordance with related Chinese Mainland 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 a special reserve — safety production fund. The remaining provisions are not recorded in profit or loss while the Group decreases its retained profits when it recognises the special reserve — safety production fund.

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 Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

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

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

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of (i) the amount that would be recognised in accordance with the general policy for provisions above and (ii) the amount initially recognised less, when appropriate, the amount of income recognised in accordance with the policy for revenue recognition.

Income tax

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

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

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

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

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

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

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

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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 or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

Revenue recognition

Revenue from contracts with customers

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

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods 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.

(a) Sale of motorcycles, passenger vehicles and others

The Group sells motorcycle, passenger vehicles and other machine or parts (such as general-purpose machinery, automotive parts) to customers. Revenue from the sale of products is recognised at the point in time when control of the products, generally when the products are delivered to the customer, and there is no unfulfilled obligation that could affect the customer’s acceptance of the products.

Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

The Group provides sales rebate and discounts to certain customers for sales of motorcycles, passenger vehicles, and the relevant revenue is recognised based on contract consideration net of the estimated sales rebate and discount amount.

Passenger vehicles are often sold with volume rebates. To estimate the variable consideration for the expected future rebates, the most likely amount method is used for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The requirements on constraining estimates of variable consideration are applied and a refund liability for the expected future rebates is recognised.

For new energy vehicles, customers only pay the amount after deducting the government subsidies to which they are entitled for the purchase of new energy vehicles, which is applied on their behalf and collected by the Group from the government according to the applicable government policy. The Group has concluded that government subsidies should be considered as a part of the transaction price it charges the customers for the new energy vehicles, as the subsidy is granted to the purchaser of the new energy vehicles and the purchaser remains liable for such amount in the event the subsidies were not received by the Group due to his fault such as refusal or delay of providing application information.

(b) Rendering of technology solutions

The Group provide technology solutions including intelligent and assistance driving solutions to customers. Revenue from technology solutions primarily consist of perception fusion algorithm developing and other advanced algorithm developing service. For contracts pursuant to which the Group has an enforceable right to payment for performance completed to date, or when the customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs, technology solutions revenue is recognized over a period of time based on the progress towards complete satisfaction in the contracts using input method, which is determined as the proportion of the costs incurred for the work performed to date relative to the estimated total costs to complete the contract, to the extent that the amount can be measured reliably and its recovery is considered probable. If the aforementioned conditions are not met, revenue from the rendering of technology solution is recognised at the point in time when the performance obligation under the terms of the contract with the customer is satisfied and the customer’s acceptance occurred.

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(c) *Sale of real estate*

Revenues are recognised when or as the control of the asset is transferred to the purchaser. For property development and sales contracts for which the control of the property is transferred at a point in time, revenue is recognised when the purchaser obtains the physical possession or the legal title of the completed property and the Group has a present right to payment and the collection of the consideration is probable.

In determining the transaction price, the Group adjusts the promised amount of consideration for the effect of the financing component if it is significant.

(d) *Rendering of property management services*

Revenue from the provision of management service including property management services is recognised over the scheduled period on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by the Group.

Revenue from other sources

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

Other income

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

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

Contract liabilities

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

Share-based payments

Several employee incentive schemes are operated 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 in exchange for equity instruments (“**equity-settled transactions**”). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer based on a recent transaction price, further details of which are given in note 36 to the Historical Financial Information.

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

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

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

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

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

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Employee benefits

Employee benefits refer to all forms of consideration or compensation other than share-based payments given by the Group in exchange for services rendered by employees or for termination of employment. Employee benefits include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits. Benefits given by the Group to an employee’s spouse, children and dependents, family members of deceased employees and other beneficiaries are also considered employee benefits.

Pension schemes

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

Housing fund and other social insurances

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

Termination benefits

The Group provides termination benefits to employees and recognises an employee benefits liability for termination benefits, with a corresponding charge to profit or loss, at the earlier of when the Group can no longer withdraw the offer of those benefits resulting from an employment termination plan or a curtailment proposal and when the Group recognises costs involving the payment of termination benefits.

Borrowing costs

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

Dividends

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

Foreign currencies

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

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

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

The functional currencies of certain overseas subsidiaries are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

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

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement 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 overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

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3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

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

Principal versus agent considerations

The Group sells products to a customer who is also the supplier of key materials used in the manufacturing of products. The Group needs to determine whether it is a principal or an agent in these transactions by evaluating the nature of its promise to the customer. To assess whether the Group controls the goods before they are transferred to the customer, the Group has considered various factors, including but not limited to whether the Group (i) is the principal in the arrangement, (ii) has general inventory risk, (iii) has latitude in establishing the selling price and (iv) has significant involvement in the determination of product and service specifications. Therefore, the Group reports revenue earned from the customers and costs paid to the suppliers related to these transactions on a gross basis.

Deferred tax assets

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

Estimation uncertainty

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

Fair value measurements and valuation processes

The Group’s investment properties are measured at fair value for financial reporting purposes. In estimating the fair value of investment properties, the management of the Group uses market-observable data to the extent it is available. Where Level 1 inputs are unavailable, the Group engages third-party qualified valuers to perform the valuation. At the end of the reporting period, the management of the Group works closely with the qualified external valuers to establish and determine the appropriate valuation techniques and inputs for Level 2 and Level 3 fair value measurements. The management of the Group will first consider and adopt Level 2 inputs, where inputs can be derived from observable quoted prices in the active market. When Level 2 inputs are not available, the management of the Group will adopt valuation techniques that include Level 3 inputs. Where there is a material change in the fair value of an asset or a liability, the causes of the fluctuations will be reported to the directors of the Company for appropriate actions to be taken. Information about the valuation techniques, inputs and key assumptions used in determining the fair value of investment properties are disclosed in note 48.

Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due 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 calibrated the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group’s historical credit loss experience and forecast of economic conditions may also not be representative of a customer’s actual default in the future. The information about the ECLs on the Group’s trade receivables are disclosed in note 24 to the Historical Financial Information.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-current assets other than financial assets at the end of each reporting period. Intangible assets with indefinite useful lives are tested for impairment annually and at other times when such an indication exists. Other non-current assets other than financial assets are tested for impairment when there are indications that the carrying amounts may not be recoverable. An impairment exists when the carrying amount of an asset or asset group exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and the present value of the future cash flows expected to be derived from it. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm’s length transaction of similar assets or observable market prices less incremental costs for disposing of the assets. When the calculations of the present value of the future cash flows expected to be derived from an asset or asset group are undertaken, management must

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estimate the expected future cash flows from the asset or asset group and choose a suitable discount rate in order to calculate the present value of those cash flows.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Further details are given in note 17 to the Historical Financial Information.

Deferred tax assets

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 losses and the 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. Further details are given in note 22 to the Historical Financial Information.

Development costs

Development costs are capitalised in accordance with the accounting policy for research and development costs in note 2.3 to the Historical Financial Information. Determining the amounts to be capitalised requires management to make assumptions regarding the expected future cash generation of the assets, discount rates to be applied and the expected period of benefits.

Warranty provisions

Provisions for warranties granted by the Group for the passenger vehicles sold are recognised based on sales volumes and past experiences of costs for repairs and replacement, among others. The estimate of unit warranty cost may not be equal to the actual warrant costs in the future. The Group reassesses the unit warranty cost at least annually and the unit warranty cost is revised when appropriate.

Impairment of inventories

The Group periodically assesses the net realisable value of its inventories and provides for inventory impairment based on the difference between the cost of the inventory and the net realisable value. When estimating the net realisable value of inventories, management considers the purpose for which the inventories are held, as well as future use or sales as the basis for estimation. Where the expectation is different from the original estimate, such difference will impact on the carrying value of the inventories and write-down of inventories in the period in which such estimates have been changed.

Variable consideration for sales rebates

The Group estimates variable consideration to be included in the transaction price for the sale of passenger vehicles with rebates.

Management assesses the expected rebates based on factors primarily consist of the customer’s historical rebate entitlement, accumulated purchases to date, accumulated retails to date. Any significant changes in experience as compared to historical patterns and rebate entitlements of customers will impact the expected rebate estimated by the Group.

The Group updates its assessment of expected rebates quarterly and the refund liabilities are adjusted accordingly. Estimates of expected rebates are sensitive to changes in circumstances and the Group’s past experience regarding rebate entitlements may not be representative of customers’ actual rebate entitlements in the future.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has four reportable operating segments as follows:

- (a) Motorcycles segment: research, development, production and sale of motorcycles and general-purpose machinery;
- (b) Passenger vehicles segment: research, development, production and sale of passenger vehicles;
- (c) Technology solutions segment: research and development, and rendering of technology solutions including intelligent and assistance driving solutions;
- (d) Real estate segment: principally, sale of real estate and investment in prime office space for its rental income potential;
- (e) The “others” segment comprises, principally, sale of other machine or parts.

Management monitors the results of the Group’s operating segments separately for the purpose of making decisions about resource allocation and performance assessment.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

The profit/loss of the operating segments will not be disclosed as they are not regularly reported to the Group’s key operating decision-makers, and the profit/loss are governed by the Group.

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Year ended 31 December 2023	Motorcycles	Passenger vehicles	Real estate	Others	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Segment revenue (note 5)					
Sales to external customers	2,429,019	3,694,618	442,198	52,743	6,618,578
Intersegment sales	5,710	12,141	–	24,375	42,226
Other revenue	–	–	79,744	–	79,744
Total segment revenue	2,434,729	3,706,759	521,942	77,118	6,740,548
Reconciliation:					
Elimination of intersegment sales					(42,226)
Total revenue					<u>6,698,322</u>
Segment cost of sales (note 6)					
Sales to external customers	2,107,872	3,890,241	379,867	48,091	6,426,071
Intersegment sales	4,923	11,476	–	22,919	39,318
Total segment cost of sales	2,112,795	3,901,717	379,867	71,010	6,465,389
Reconciliation:					
Elimination of intersegment sales					(39,318)
Total cost of sales					<u>6,426,071</u>
As at 31 December 2023	Motorcycles	Passenger vehicles	Real estate	Others	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Segment assets	3,620,188	12,385,097	4,468,163	14,573,612	35,047,060
Reconciliation:					
Elimination of intersegment receivables					(13,247,980)
Total assets					<u>21,799,080</u>
Segment liabilities	2,611,947	8,807,071	2,250,621	2,185,194	15,854,833
Reconciliation:					
Elimination of intersegment payables					(13,247,980)
Corporate and other unallocated liabilities					7,231,057
Total liabilities					<u>9,837,910</u>

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Year ended 31 December 2024	Motorcycles	Passenger vehicles	Real estate	Others	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Segment revenue (note 5)					
Sales to external customers	2,563,861	4,175,891	100,860	53,121	6,893,733
Intersegment sales	–	301,332	–	40,195	341,527
Other revenue	–	–	70,119	–	70,119
Total segment revenue	2,563,861	4,477,223	170,979	93,316	7,305,379
Reconciliation:					
Elimination of intersegment sales					(341,527)
Total revenue					<u>6,963,852</u>
Segment cost of sales (note 6)					
Sales to external customers	2,228,635	4,127,039	93,913	31,885	6,481,472
Intersegment sales	–	298,888	–	29,226	328,114
Total segment cost of sales	2,228,635	4,425,927	93,913	61,111	6,809,586
Reconciliation:					
Elimination of intersegment sales					(328,114)
Total cost of sales					<u>6,481,472</u>
As at 31 December 2024	Motorcycles	Passenger vehicles	Real estate	Others	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Segment assets	3,895,800	11,129,487	4,308,897	14,827,960	34,162,144
Reconciliation:					
Elimination of intersegment receivables					(12,448,482)
Total assets					<u>21,713,662</u>
Segment liabilities	3,024,864	8,733,743	2,214,606	1,770,691	15,743,904
Reconciliation:					
Elimination of intersegment payables					(12,448,482)
Corporate and other unallocated liabilities					6,752,998
Total liabilities					<u>10,048,420</u>

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Year ended 31 December 2025	Motorcycles	Passenger vehicles	Real estate	Technology solutions	Others	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>
Segment revenue (note 5)						
Sales to external customers	2,875,411	6,347,224	176,914	350,076	63,593	9,813,218
Intersegment sales	–	170,093	362	4,696	24,176	199,327
Other revenue	–	–	62,824	–	–	62,824
Total segment revenue . . .	2,875,411	6,517,317	240,100	354,772	87,769	10,075,369
<u>Reconciliation:</u>						
Elimination of intersegment sales						(199,327)
Total revenue						<u>9,876,042</u>
Segment cost of sales (note 6)						
Sales to external customers	2,503,152	6,166,748	147,031	243,631	27,410	9,087,972
Intersegment sales	–	165,256	–	3,268	10,420	178,945
Total segment cost of sales	2,503,152	6,332,004	147,031	246,899	37,830	9,266,917
<u>Reconciliation:</u>						
Elimination of intersegment sales						(178,945)
Total cost of sales						<u>9,087,972</u>
As at 31 December 2025	Motorcycles	Passenger vehicles	Real estate	Technology solutions	Others	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>
Segment assets	4,543,842	13,107,079	4,125,613	8,259,275	14,386,888	44,422,697
<u>Reconciliation:</u>						
Elimination of intersegment receivables						(14,852,885)
Total assets						<u>29,569,812</u>
Segment liabilities	3,023,969	11,225,738	2,123,900	421,434	1,263,018	18,058,059
<u>Reconciliation:</u>						
Elimination of intersegment payables						(14,852,885)
Corporate and other unallocated liabilities						8,950,691
Total liabilities						<u>12,155,865</u>

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Geographical information

(a) Revenue from external customers

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Chinese Mainland	4,455,793	4,135,506	5,973,291
Overseas	2,242,529	2,828,346	3,902,751
Total revenue	<u>6,698,322</u>	<u>6,963,852</u>	<u>9,876,042</u>

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

(b) Non-current assets

Information about the Group’s non-current assets excluding time deposits, deferred tax assets, goodwill, investments in joint ventures and associates and equity investments designated at fair value through other comprehensive income is presented based on the geographical locations of the assets.

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Chinese Mainland	7,290,058	7,337,586	14,412,267
Overseas	23,294	10,646	6,146
Total non-current assets	<u>7,313,352</u>	<u>7,348,232</u>	<u>14,418,413</u>

Information about major customer

For the year ended 31 December 2023, 2024 and 2025, revenue of approximately RMB2,249,335,000, RMB2,144,417,000 and RMB2,925,269,000 was derived from goods sales and service provisions by the passenger vehicles and technology solution segment to a single customer, including sales to a group of entities which are known to be under common control with that customer, and only the revenue from such sales accounted for more than 10% of the Group’s revenue.

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	6,618,578	6,893,733	9,813,218
Revenue from other sources	79,744	70,119	62,824
Total	<u>6,698,322</u>	<u>6,963,852</u>	<u>9,876,042</u>

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Revenue from contracts with customers

(a) Disaggregated revenue information

For the year ended 31 December 2023

Segments	Motorcycles	Passenger vehicles	Real estate	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Types of goods and services					
Passenger vehicles	–	3,694,618	–	–	3,694,618
Motorcycles	2,028,767	–	–	–	2,028,767
Others:					
General-purpose machinery . . .	400,252	–	–	–	400,252
Others	–	–	442,198	52,743	494,941
Total	2,429,019	3,694,618	442,198	52,743	6,618,578
Geographical markets					
Chinese Mainland	826,396	3,054,712	442,198	52,743	4,376,049
Overseas	1,602,623	639,906	–	–	2,242,529
Total	2,429,019	3,694,618	442,198	52,743	6,618,578
Timing of revenue recognition					
Transferred at a point in time . . .	2,429,019	3,694,618	423,475	52,743	6,599,855
Transferred over time	–	–	18,723	–	18,723
Total	2,429,019	3,694,618	442,198	52,743	6,618,578

For the year ended 31 December 2024

Segments	Motorcycles	Passenger vehicles	Real estate	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Types of goods and services					
Passenger vehicles	–	4,175,891	–	–	4,175,891
Motorcycles	2,135,725	–	–	–	2,135,725
Others:					
General-purpose machinery . . .	428,136	–	–	–	428,136
Others	–	–	100,860	53,121	153,981
Total	2,563,861	4,175,891	100,860	53,121	6,893,733
Geographical markets					
Chinese Mainland	758,271	3,153,135	100,860	53,121	4,065,387
Overseas	1,805,590	1,022,756	–	–	2,828,346
Total	2,563,861	4,175,891	100,860	53,121	6,893,733
Timing of revenue recognition					
Transferred at a point in time . . .	2,563,861	4,175,891	83,120	53,121	6,875,993
Transferred over time	–	–	17,740	–	17,740
Total	2,563,861	4,175,891	100,860	53,121	6,893,733

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For the year ended 31 December 2025

Segments	Motorcycles	Passenger vehicles	Real estate	Technology solutions	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Types of goods and services						
Passenger vehicles	–	6,347,224	–	–	–	6,347,224
Motorcycles	2,477,678	–	–	–	–	2,477,678
Intelligent driving and Assistance Driving System.	–	–	–	350,076	–	350,076
Others:						
General-purpose machinery	397,733	–	–	–	–	397,733
Others	–	–	176,914	–	63,593	240,507
Total	2,875,411	6,347,224	176,914	350,076	63,593	9,813,218
Geographical markets						
Chinese Mainland	653,283	4,666,600	176,914	350,076	63,593	5,910,466
Overseas	2,222,128	1,680,624	–	–	–	3,902,752
Total	2,875,411	6,347,224	176,914	350,076	63,593	9,813,218
Timing of revenue recognition						
Transferred at a point in time	2,875,411	6,347,224	173,079	350,076	63,593	9,809,383
Transferred over time	–	–	3,835	–	–	3,835
Total	2,875,411	6,347,224	176,914	350,076	63,593	9,813,218

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:

	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 reporting period	530,895	251,313	205,625

(b) **Performance obligations**

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

Sale of motorcycles, passenger vehicles and others

The Group mainly manufactures and sells a range of motorcycles, passenger vehicles and other machine or parts to its customers. Sales revenue is recognised when control of the goods is transferred to the customers, and there is no unfulfilled obligation that could affect the customer’s acceptance of the goods. Payment in advance is normally required, except for some long-standing customers with bulk purchases and good credit standing, where payment is generally due from 30 to 180 days from delivery.

For the performance obligations, they are generally satisfied within less than a year, and the Group has elected not to disclose the remaining performance obligations by applying the practical expedient.

Rendering of technology solutions

Revenue from technology solutions primarily consist of perception fusion algorithm developing and other advanced algorithm developing services. Revenue is recognised when the performance obligation under the terms of the contract with the customer is satisfied and the customer’s acceptance occurred. Payment is generally due from 30 to 180 days from service accepted by customers.

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Sale of real estate

For property sales contracts, the Group recognises revenue approximate to the contract amount when the purchaser obtains the physical possession or the legal title of the completed property.

The Group receives payments from customers based on billing schedules as established in the property sales contracts. Such advance payment schemes result in contract liabilities being recognised throughout the property construction period.

Rendering of property management services

The performance obligation is satisfied over time as services are rendered and short-term advances are normally required before rendering the services. Management service contracts are for periods of one year or less, and are billed based on the time incurred.

All 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	251,313	208,315	345,690
After one year	23,515	35,466	24,296
Total	<u>274,828</u>	<u>243,781</u>	<u>369,986</u>

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			
Government grants	12,032	5,943	393,257
Interest income	67,916	63,696	83,780
Additional deduction for value-added tax (a) . .	13,463	21,877	16,364
Others	<u>7,353</u>	<u>3,759</u>	<u>7,560</u>
Total other income	<u>100,764</u>	<u>95,275</u>	<u>500,961</u>
Other gains			
Exchange gains, net	26,315	–	85,656
Gains on disposal of investments in associates, net	10,183	1,434	–
Gains on liquidation of subsidiaries, net	62,439	–	–
Gains on disposal of subsidiaries, net.	–	–	32,122
Gains on disposal of items of property, plant and equipment and other intangible assets . .	3,189	18,294	53,781
Gains on termination of lease	–	860	–
Gains on debt restructuring (b)	<u>–</u>	<u>42,970</u>	<u>–</u>
Total gains	<u>102,126</u>	<u>63,558</u>	<u>171,559</u>
Total other income and gains	<u>202,890</u>	<u>158,833</u>	<u>672,520</u>

Notes:

- (a) According to Manufacturing Enterprises (Announcement [2023] No. 43) issued by the Ministry of Finance and the State Taxation Administration, advanced manufacturing enterprises are eligible for a 5% additional VAT deduction based on deductible input VAT in the corresponding years from 1 January 2023 to 31 December 2027.
- (b) In August 2020, the Company commenced the Judicial Restructuring as a result of adjudicated bankruptcy. On 30 November 2020, the Court approved the plan for the Judicial Restructuring (the “**Plan**”) formulated and submitted by the administrator. The execution period is 3 years, from the approval of the plan to 2024 February. Therefore, the difference between the carrying amount of restructuring financial liability and the consideration paid was recognised in profit or loss.

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6. LOSS BEFORE TAX

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

	<i>Notes</i>	Year ended 31 December		
		2023	2024	2025
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Cost of sales of goods and services*		6,426,071	6,481,472	9,087,972
Depreciation of property, plant and equipment	14	148,729	183,029	194,363
Depreciation of right-of-use assets	16(a)	15,718	15,417	15,122
Amortisation of other intangible assets	18	175,433	323,203	535,835
Research and development expenses*		214,781	406,576	821,801
Lease payments not included in the measurement of lease liabilities	16(c)	6,560	9,686	18,182
Employee benefit expense (including directors’ and supervisors’ remuneration (note 9)):				
Wages and salaries		665,042	593,434	992,457
Share-based payments		23,771	–	11,363
Pension scheme contributions and social welfare		140,002	123,998	150,625
Finance costs	8	123,445	93,336	72,450
Share of profits of joint ventures and associates		(413,770)	(488,247)	(442,704)
Foreign exchange differences, net		(26,315)	41,268	(85,656)
Impairment losses on inventories	23	70,687	93,735	111,535
Impairment losses on property, plant and equipment	7	679	–	23,452
Impairment losses on other intangible assets	7	28	–	155,420
Impairment losses on goodwill	7	44,915	40,690	64,209
Gains on disposal of property, plant and equipment	5	(2,899)	(17,345)	(8,094)
Gains on disposal of other intangible assets	7	–	–	(45,212)
(Gains)/losses on termination of lease	5	–	(860)	76
Losses/(gains) on debt restructuring	5, 7	5,361	(42,970)	33,595
Fair value (gains)/losses on investment properties, net		(10,684)	95,587	51,753

* Cost of sales of goods and services and research and development costs include expenses relating to staff costs, depreciation and amortisation expenses and impairment losses on inventories, which are also included in the respective total amounts disclosed separately above for each of these types of expenses.

There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

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7. OTHER EXPENSES, NET

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Discount fees	17,466	17,935	26,445
Impairment losses on goodwill	44,915	40,690	64,209
Impairment losses on property, plant and equipment	679	–	23,452
Impairment losses on Investments in associates	–	–	37,850
Losses on pending litigation	1,336	–	233
Indemnity expenses	14,288	33,989	9,217
Losses on disposal of items of property, plant and equipment	290	949	475
Losses on debt restructuring*	5,361	–	33,595
Losses on termination of lease	–	–	76
Impairment losses on other intangible assets	28	–	155,420
Exchange losses, net	–	41,268	–
Others	2,737	4,388	7,746
Total	87,100	139,219	358,718

* In August 2020, the Company commenced the Judicial Restructuring as a result of adjudicated bankruptcy. On 30 November 2020, the Court approved the plan for the Judicial Restructuring (the “Plan”) formulated and submitted by the administrator. The execution period is 3 years, from the approval of the plan to 2024 February. Therefore, the difference between the carrying amount of restructuring financial liability and the consideration paid was recognised in profit or loss. For year ended 2025, the losses on debt restructuring were primarily related to Group’s subsidiary Runtian Real Estate who satisfied its debt obligation by contributing its properties held for sale.

8. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Interest on interest-bearing bank and other borrowings	123,228	93,168	72,133
Interest on lease liabilities	217	168	317
Total	123,445	93,336	72,450

9. DIRECTORS’ AND SUPERVISORS’ REMUNERATION

The remuneration paid or payable to directors and supervisors of the Company during the Relevant Periods is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Fees	450	450	488
Other emoluments:			
Salaries, allowances and benefits in kind	3,213	3,861	2,006
Performance related bonuses	–	–	1,816
Share-based payment expenses	1,576	–	1,964
Pension scheme contributions and social welfare	140	175	154
Subtotal	4,929	4,036	5,940
Total	5,379	4,486	6,428

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ACCOUNTANTS’ REPORT

During the Relevant Periods, certain directors and supervisors were granted restricted shares in respect of their services to the Group under the employee incentive scheme of the Company, further details of which are set out in note 36 to the Historical Financial Information. The difference between the fair value of the shares granted and the subscription price was recorded in the share-based payment reserve within equity with the corresponding “share-based payment expenses” recognised in profit or loss over the vesting period. The amounts of the share-based payment expenses during the Relevant Periods are included in the above directors’, chief executive’s and supervisors’ remuneration disclosures.

(a) Independent non-executive directors

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

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Mrs. Xiao Xiang	150	150	150
Mr. Dou Junsheng	150	150	150
Mr. Ren Xiaochang	150	150	150
Mr. Huang Qun	—	—	38
Total	450	450	488

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

(b) Directors and supervisors

	Salaries, allowances and bonuses	Share-based payment expenses	Pension scheme contributions and social welfare	Total remuneration
	RMB’000	RMB’000	RMB’000	RMB’000
Year ended 31 December 2023				
Directors:				
Mr. Zhou Zongcheng (i) . . .	2,926	1,576	111	4,613
Mr. Hu Jingbing (ii)	—	—	—	—
Mr. Liu Jinliang (iii)	—	—	—	—
Mr. Dai Qing (iv)	—	—	—	—
Mrs. Wang Menglin (v)	—	—	—	—
Mr. Zhou Chong (vi)	—	—	—	—
Mrs. Zhu Jun (vii)	—	—	—	—
Subtotal	2,926	1,576	111	4,613
Supervisors:				
Mrs. Wang Ying (viii)	232	—	14	246
Mrs. Liu Lixia (ix)	55	—	15	70
Mr. Lin Chuan (x)	—	—	—	—
Mrs. Long Zhenzhu (xi)	—	—	—	—
Mr. Peng Jiahu (xii)	—	—	—	—
Subtotal	287	—	29	316
Total	3,213	1,576	140	4,929

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	Salaries, allowances and bonuses	Pension scheme contributions and social welfare	Total remuneration
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Year ended 31 December 2024			
Directors:			
Mr. Zhou Zongcheng (i)	3,303	140	3,443
Mr. Yin Qi (xiii)	500	19	519
Mr. Bao Yi (xiv)	—	—	—
Mrs. Wang Menglin (v)	—	—	—
Mr. Hu Jingbing (ii)	—	—	—
Mr. Dai Qing (iv)	—	—	—
Mr. Zhou Chong (vi)	—	—	—
Mrs. Zhu Jun (i)	—	—	—
Mr. Liu Jinliang (iii)	—	—	—
Mr. Li Chuanhai (xv)	—	—	—
Mrs. Long Zhenzhu (xi)	—	—	—
Subtotal	3,803	159	3,962
Supervisors:			
Mrs. Liu Lixia (ix)	58	16	74
Mr. Lin Chuan (x)	—	—	—
Mrs. Wang Ying (viii)	—	—	—
Mr. Peng Jiahu (xii)	—	—	—
Subtotal	58	16	74
Total	3,861	175	4,036

	Salaries and allowances	Performance related bonuses	Share-based payment expenses	Pension scheme contributions and social welfare	Total remuneration
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Year ended 31 December 2025					
Directors:					
Mr. Yin Qi (xiii)	1,800	1,516	944	132	4,392
Mr. Bao Yi (xiv)	—	—	944	—	944
Mrs. Wang Menglin (v)	—	—	—	—	—
Mr. Liu Jinliang (iii)	—	—	—	—	—
Mr. Li Chuanhai (xv)	—	—	—	—	—
Mrs. Long Zhenzhu (xi)	—	—	—	—	—
Mr. Xu Honghu (xvi)	—	—	—	—	—
Mr. Xu Huanchun (xvii)	174	300	76	13	563
Subtotal	1,974	1,816	1,964	145	5,899
Supervisors:					
Mrs. Liu Lixia (ix)	32	—	—	9	41
Mr. Lin Chuan (x)	—	—	—	—	—
Mr. Peng Jiahu (xii)	—	—	—	—	—
Subtotal	32	—	—	9	41
Total	2,006	1,816	1,964	154	5,940

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Notes:

- (i) Mr. Zhou Zongcheng was appointed as a director on 23 September 2022, and resigned as a director with effect from 11 November 2024.
- (ii) Mr. Hu Jingbing was appointed as a director on 31 January 2024, and resigned as a director with effect from 23 September 2024.
- (iii) Mr. Liu Jinliang was appointed as a director on 23 September 2022.
- (iv) Mr. Dai Qing was appointed as a director on 23 September 2022, and resigned as a director with effect from 23 September 2024.
- (v) Mrs. Wang Menglin was appointed as a director on 22 January 2021, and resigned as a director with effect from 30 May 2025.
- (vi) Mr. Zhou Chong was appointed as a director on 22 January 2021, and resigned as a director with effect from 23 September 2024.
- (vii) Mrs. Zhu Jun was appointed as a director on 22 January 2021, and resigned as a director with effect from 21 January 2024.
- (viii) Mrs. Wang Ying was appointed as a supervisor on 22 January 2021, and resigned as a supervisor with effect from 31 January 2024.
- (ix) Mrs. Liu Lixia was appointed as a supervisor on 31 January 2024.
- (x) Mr. Lin Chuan was appointed as a supervisor on 31 January 2024.
- (xi) Mrs. Long Zhenzhu was appointed as a supervisor on 22 January 2021, and resigned as a supervisor with effect from 5 July 2023. She was also appointed as a director on 23 September 2024.
- (xii) Mr. Peng Jiahu was appointed as a supervisor on 31 January 2024.
- (xiii) Mr. Yin Qi was appointed as a director on 11 November 2024.
- (xiv) Mr. Bao Yi was appointed as a director on 23 September 2024.
- (xv) Mr. Li Chuanhai was appointed as a director on 23 September 2024.
- (xvi) Mr. Xu Honghu was appointed as a director on 16 June 2025.
- (xvii) Mr. Xu Huanchun was appointed as a director on 29 September 2025.
- (xviii) Huang Qun was appointed as an independent non-executive director on 29 September 2025, while the other independent non-executive directors were appointed on 22 January 2021.
- (xix) Certain directors and supervisors of the Company listed above received emoluments from non-consolidated related parties, and they did not receive emoluments from the Company.

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

10. FIVE HIGHEST PAID EMPLOYEES

The number of directors or supervisors within five individuals with the highest emoluments in the Group for the years ended 31 December 2023, 2024 and 2025 were 1, 1 and 1, respectively. Details of the remuneration for the Relevant Periods of the highest paid employees who are neither a director nor supervisor of the Company are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Salaries, bonuses, allowances and benefits in kind	7,453	6,545	7,816
Performance related bonuses	—	—	3,430
Share-based payment expense	2,778	—	2,370
Pension scheme contributions	281	243	519
Total	10,512	6,788	14,135

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

	Number of employees		
	Year ended 31 December		
	2023	2024	2025
Nil to HKD1,000,000	–	–	–
HKD1,000,001 to HKD2,000,000	1	3	–
HKD2,000,001 to HKD3,000,000	2	1	1
HKD3,000,001 to HKD4,000,000	1	–	3
Total	4	4	4

11. INCOME TAX

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

Chinese Mainland

Pursuant to the income tax rules and regulations of the Chinese Mainland, the provision for Chinese Mainland income tax for the Group entities was calculated based on the statutory tax rate of 25% during the Relevant Periods, except for the Company and certain subsidiaries of the Group in Chinese Mainland which were registered as High and New Technology Enterprises pursuant to the Chinese Mainland tax regulations and were entitled to a preferential tax rate of 15% for the Relevant Periods.

Meanwhile, certain subsidiaries of the Group that have applied the Income Tax Policy for Western Development pursuant to the Chinese Mainland tax regulations were entitled to a preferential tax rate of 15% for the Relevant Periods.

Certain subsidiaries of the Group have applied the Small-Scaled Minimal Profit Corporate Income Tax Preferential Policy, pursuant to which the portion of annual taxable income amount not exceeding RMB3,000,000 shall be computed at a reduced rate of 25% as taxable income amount and shall be levied at a reduced tax rate of 20%.

The provision of Chinese Mainland land appreciation tax is estimated per the requirements outlined in the relevant Chinese Mainland tax laws and regulations. Chinese Mainland land appreciation tax has been provided at progressive rates of the appreciation value, with certain allowable deductions, including land costs, borrowing costs, and the relevant property development expenditures.

Hong Kong

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

Russia

The subsidiary incorporated in Russia is subject to Russia profits tax at the statutory rate of 20% on any estimated assessable profits arising in Russia during the Relevant Periods.

Corporate income taxes in other jurisdictions

Income taxes on profit arising from other jurisdictions except Hong Kong and Russia were calculated on the estimated taxable profit for the Relevant Periods at the respective rates prevailing in the relevant jurisdictions, which were ranging from 16.5% to 34%.

The income tax expense of the Group for the Relevant Periods is analysed as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current tax expense	18,371	1,256	18,002
Deferred tax expense (note 22)	(114,307)	40,803	165,928
Chinese Mainland LAT	15,591	2,041	1,505
Total tax expense for the year	(80,345)	44,100	185,435

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A reconciliation of the tax expense applicable to loss before tax at the preferential tax rate for the jurisdiction in which the Company and the majority of its subsidiaries are domiciled and/or operate 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 before tax	(342,517)	(284,797)	(135,765)
Tax at the preferential tax rate of 15%	(51,378)	(42,720)	(20,365)
Impact of different tax rates on subsidiaries	7,653	(17,651)	3,347
Chinese Mainland land appreciation tax	15,591	2,041	1,505
Tax effect of Chinese Mainland land appreciation tax	(2,338)	(306)	(226)
Tax effect of share of profit or loss of associates	(62,066)	(73,237)	(66,171)
Tax losses and deductible temporary differences not recognised	31,268	265,948	368,714
Utilisation of tax losses not recognised from previous periods	(13,955)	(17,502)	(10,148)
Super deduction on research and development expenses (a)	(12,607)	(62,397)	(94,428)
Adjustments in respect of current income tax of previous periods	2,850	(10,802)	1,879
Expenses not deductible for tax	3,533	726	1,328
Effect on opening deferred tax of decrease in rates	1,104	—	—
Tax expense at the Group’s effective tax rate	(80,345)	44,100	185,435

- (a) The super deduction allowance was for qualified research and development costs. According to the relevant laws and regulations promulgated by the State Taxation Administration of Chinese Mainland, enterprises engaging in research and development activities were entitled to claim 175% of their research and development costs incurred as tax deductible expenses when determining their assessable profits for the year ended 2023. According to the relevant laws and regulations, starting from 1 January 2023, the aforementioned deduction rate increased to 200%.

12. DIVIDENDS

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

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

The calculation of the basic earnings per share amounts is based on the profit for the Relevant Periods attributable to ordinary equity holders of the parent, and the weighted average numbers of ordinary shares of 4,571,523,000, 4,546,312,000 and 4,517,865,000 outstanding during the year end 31 December 2023, 2024 and 2025.

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Earnings			
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	24,213	40,017	84,408
Shares			
Weighted average number ('000) of ordinary shares outstanding during the year, used in the basic earnings per share calculation	4,571,523	4,546,312	4,517,865
Earnings per share			
Basic and Diluted (RMB)	0.01	0.01	0.02

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

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14. PROPERTY, PLANT AND EQUIPMENT

The Group

31 December 2023

	Buildings	Machinery	Office equipment and electronic devices	Vehicles	Land	Other equipment	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023:								
Cost	2,264,359	1,771,656	94,510	34,092	4,028	1,373	141,108	4,311,126
Impairment	(43,297)	(692,416)	(691)	(55)	–	–	(93,387)	(829,846)
Accumulated depreciation	(672,381)	(721,651)	(77,449)	(29,780)	–	(130)	–	(1,501,391)
Net carrying amount	<u>1,548,681</u>	<u>357,589</u>	<u>16,370</u>	<u>4,257</u>	<u>4,028</u>	<u>1,243</u>	<u>47,721</u>	<u>1,979,889</u>
At 1 January 2023, net of accumulated depreciation and impairment	1,548,681	357,589	16,370	4,257	4,028	1,243	47,721	1,979,889
Additions	4,460	124,865	8,248	4,130	–	483	73,751	215,937
Internal transfer	5,063	35,325	–	–	–	–	(40,388)	–
Disposals	(66)	(8,895)	(820)	(1,502)	–	–	–	(11,283)
Disposal of subsidiaries	–	(2,236)	–	–	–	–	(15,101)	(17,337)
Impairment (note 7)	–	(665)	–	–	–	–	(14)	(679)
Depreciation provided during the year (note 6)	(77,847)	(63,996)	(5,019)	(1,410)	–	(457)	–	(148,729)
Exchange realignment	(534)	(154)	(41)	26	119	–	–	(584)
At 31 December 2023, net of accumulated depreciation and impairment	<u>1,479,757</u>	<u>441,833</u>	<u>18,738</u>	<u>5,501</u>	<u>4,147</u>	<u>1,269</u>	<u>65,969</u>	<u>2,017,214</u>
At 31 December 2023:								
Cost	2,275,055	1,720,994	83,551	14,099	4,147	1,856	66,540	4,166,242
Impairment	(43,814)	(574,570)	(118)	–	–	–	(571)	(619,073)
Accumulated depreciation	(751,484)	(704,591)	(64,695)	(8,598)	–	(587)	–	(1,529,955)
Net carrying amount	<u>1,479,757</u>	<u>441,833</u>	<u>18,738</u>	<u>5,501</u>	<u>4,147</u>	<u>1,269</u>	<u>65,969</u>	<u>2,017,214</u>

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ACCOUNTANTS’ REPORT

31 December 2024

	Buildings	Machinery	Office equipment and electronic devices	Vehicles	Land	Other equipment	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024:								
Cost	2,275,055	1,720,994	83,551	14,099	4,147	1,856	66,540	4,166,242
Impairment	(43,814)	(574,570)	(118)	–	–	–	(571)	(619,073)
Accumulated depreciation	(751,484)	(704,591)	(64,695)	(8,598)	–	(587)	–	(1,529,955)
Net carrying amount	<u>1,479,757</u>	<u>441,833</u>	<u>18,738</u>	<u>5,501</u>	<u>4,147</u>	<u>1,269</u>	<u>65,969</u>	<u>2,017,214</u>
At 1 January 2024, net of accumulated depreciation and impairment	1,479,757	441,833	18,738	5,501	4,147	1,269	65,969	2,017,214
Additions	863	25,571	2,626	18,304	–	5,077	92,356	144,797
Internal transfer	388	124,761	236	–	–	–	(125,385)	–
Disposals	(3,274)	(2,047)	(259)	(353)	(4,197)	–	–	(10,130)
Depreciation provided during the year (note 6)	(79,989)	(92,183)	(7,418)	(2,076)	–	(1,363)	–	(183,029)
Exchange realignment	(1,403)	(364)	906	(388)	50	–	–	(1,199)
At 31 December 2024, net of accumulated depreciation and impairment	<u>1,396,342</u>	<u>497,571</u>	<u>14,829</u>	<u>20,988</u>	<u>–</u>	<u>4,983</u>	<u>32,940</u>	<u>1,967,653</u>
At 31 December 2024:								
Cost	2,262,691	1,812,358	81,520	28,518	–	6,933	33,511	4,225,531
Impairment	(43,800)	(537,701)	(111)	–	–	–	(571)	(582,183)
Accumulated depreciation	(822,549)	(777,086)	(66,580)	(7,530)	–	(1,950)	–	(1,675,695)
Net carrying amount	<u>1,396,342</u>	<u>497,571</u>	<u>14,829</u>	<u>20,988</u>	<u>–</u>	<u>4,983</u>	<u>32,940</u>	<u>1,967,653</u>

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ACCOUNTANTS’ REPORT

31 December 2025

	Buildings	Machinery	Office equipment and electronic devices	Vehicles	Other equipment	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2025:							
Cost	2,262,691	1,812,358	81,520	28,518	6,933	33,511	4,225,531
Impairment	(43,800)	(537,701)	(111)	–	–	(571)	(582,183)
Accumulated depreciation	(822,549)	(777,086)	(66,580)	(7,530)	(1,950)	–	(1,675,695)
Net carrying amount	<u>1,396,342</u>	<u>497,571</u>	<u>14,829</u>	<u>20,988</u>	<u>4,983</u>	<u>32,940</u>	<u>1,967,653</u>
At 1 January 2025, net of accumulated depreciation and impairment	1,396,342	497,571	14,829	20,988	4,983	32,940	1,967,653
Additions	762	16,963	9,834	2,422	11,702	82,828	124,511
Acquisition of subsidiaries that are not businesses	–	13,751	4,891	–	–	–	18,642
Internal transfer	1,461	84,332	339	–	–	(86,132)	–
Disposals	(2)	(25,118)	(348)	(905)	–	(39)	(26,412)
Disposal of subsidiaries	–	(158)	(3)	–	–	–	(161)
Impairment (note 7)	(7,011)	(16,439)	(2)	–	–	–	(23,452)
Depreciation provided during the year (note 6)	(75,821)	(104,571)	(5,427)	(5,571)	(2,973)	–	(194,363)
Exchange realignment	(449)	(64)	90	426	–	–	3
At 31 December 2025, net of accumulated depreciation and impairment	<u>1,315,282</u>	<u>466,267</u>	<u>24,203</u>	<u>17,360</u>	<u>13,712</u>	<u>29,597</u>	<u>1,866,421</u>
At 31 December 2025:							
Cost	2,253,286	1,595,225	93,611	29,530	18,635	30,155	4,020,442
Impairment	(35,990)	(336,295)	(50)	–	–	–	(372,335)
Accumulated depreciation	(902,014)	(792,663)	(69,358)	(12,170)	(4,923)	(558)	(1,781,686)
Net carrying amount	<u>1,315,282</u>	<u>466,267</u>	<u>24,203</u>	<u>17,360</u>	<u>13,712</u>	<u>29,597</u>	<u>1,866,421</u>

As at 31 December 2023, 2024 and 2025, certain of the Group’s buildings with aggregate net carrying values of approximately RMB94,721,000, RMB91,139,000 and RMB87,556,000 did not have property ownership certificates registered under the names of the Company or the respective subsidiaries of the Group.

As at 31 December 2023, 2024 and 2025, the Group’s property, plant and equipment of RMB394,673,000, RMB467,089,000 and RMB638,224,000 were pledged to secure bank borrowings, respectively (note 43).

Impairment testing of property, plant and equipment

During the Relevant Periods, the Group recognised impairment losses on property, plant and equipment amounting to RMB679,000, Nil and RMB23,452,000, respectively, due to certain property, plant and equipment being idle, scrapped, or technologically outdated.

Meanwhile, as the low or negative gross margin of passenger vehicles business, the Group performed an impairment test on passenger vehicles cash generating unites (“**Passenger vehicles CGU**”) engaging in passenger vehicles business in the passenger vehicles segment.

The assets allocated to Passenger vehicles CGU include property, plant and equipment, other intangible assets (including capitalised development expenditures), right-of-use assets and other non-current assets related to the production, manufacturing, and R&D of passenger vehicles.

As at 31 December 2023, 2024 and 2025, the headroom of the passenger vehicles CGU was RMB146,159,000, RMB643,501,000 and RMB1,957,064,000, respectively, which was determined based on a value in use calculation using cash flow projections approved by senior management. The forecast period used in the cash flow projections was 8 years, 7 years and 6 years, respectively, based on the economic useful life of the major assets, and the applied discount rate was 11.34%, 10.80% and 12.64%, respectively.

Based on the impairment test, the passenger vehicles CGU has sufficient headroom, therefore no impairment allowance has been recognized.

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The Company

31 December 2023

	Buildings	Machinery	Office equipment and electronic devices	Vehicles	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>
At 1 January 2023:						
Cost	762,150	72,093	11,657	3,381	6,590	855,871
Impairment	–	(6,144)	(10)	–	–	(6,154)
Accumulated depreciation	(262,655)	(60,080)	(9,396)	(1,017)	–	(333,148)
Net carrying amount	<u>499,495</u>	<u>5,869</u>	<u>2,251</u>	<u>2,364</u>	<u>6,590</u>	<u>516,569</u>
At 1 January 2023, net of accumulated depreciation and impairment	499,495	5,869	2,251	2,364	6,590	516,569
Additions	–	110	578	1,629	396	2,713
Internal transfer	5,063	1,923	–	–	(6,986)	–
Disposals	(218)	(4,495)	(28)	(1,584)	–	(6,325)
Depreciation provided during the year	<u>(27,606)</u>	<u>(652)</u>	<u>(1,173)</u>	<u>(953)</u>	<u>–</u>	<u>(30,384)</u>
At 31 December 2023, net of accumulated depreciation and impairment	<u>476,734</u>	<u>2,755</u>	<u>1,628</u>	<u>1,456</u>	<u>–</u>	<u>482,573</u>
At 31 December 2023:						
Cost	766,903	19,643	12,169	2,171	–	800,886
Impairment	–	(1,505)	(10)	–	–	(1,515)
Accumulated depreciation	<u>(290,169)</u>	<u>(15,383)</u>	<u>(10,531)</u>	<u>(715)</u>	<u>–</u>	<u>(316,798)</u>
Net carrying amount	<u>476,734</u>	<u>2,755</u>	<u>1,628</u>	<u>1,456</u>	<u>–</u>	<u>482,573</u>

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31 December 2024

	Buildings	Machinery	Office equipment and electronic devices	Vehicles	Total
	<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	766,903	19,643	12,169	2,171	800,886
Impairment	–	(1,505)	(10)	–	(1,515)
Accumulated depreciation	(290,169)	(15,383)	(10,531)	(715)	(316,798)
Net carrying amount	<u>476,734</u>	<u>2,755</u>	<u>1,628</u>	<u>1,456</u>	<u>482,573</u>
At 1 January 2024, net of accumulated depreciation and impairment	476,734	2,755	1,628	1,456	482,573
Additions	–	1,039	1,067	444	2,550
Disposals	–	(41)	(35)	(196)	(272)
Depreciation provided during the year	(27,595)	(1,067)	(691)	(324)	(29,677)
At 31 December 2024, net of accumulated depreciation and impairment	<u>449,139</u>	<u>2,686</u>	<u>1,969</u>	<u>1,380</u>	<u>455,174</u>
At 31 December 2024:					
Cost	766,903	19,862	11,586	1,861	800,212
Impairment	–	(1,433)	(6)	–	(1,439)
Accumulated depreciation	(317,764)	(15,743)	(9,611)	(481)	(343,599)
Net carrying amount	<u>449,139</u>	<u>2,686</u>	<u>1,969</u>	<u>1,380</u>	<u>455,174</u>

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ACCOUNTANTS’ REPORT

31 December 2025

	Buildings	Machinery	Office equipment and electronic devices	Vehicles	Total
	<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	766,903	19,862	11,586	1,861	800,212
Impairment	–	(1,433)	(6)	–	(1,439)
Accumulated depreciation	(317,764)	(15,743)	(9,611)	(481)	(343,599)
Net carrying amount	<u>449,139</u>	<u>2,686</u>	<u>1,969</u>	<u>1,380</u>	<u>455,174</u>
At 1 January 2025, net of accumulated depreciation and impairment	449,139	2,686	1,969	1,380	455,174
Additions	–	–	905	275	1,180
Disposals	–	(10)	(107)	–	(117)
Depreciation provided during the year	(26,119)	(259)	(741)	(478)	(27,597)
At 31 December 2025, net of accumulated depreciation and impairment	<u>423,020</u>	<u>2,417</u>	<u>2,026</u>	<u>1,177</u>	<u>428,640</u>
At 31 December 2025:					
Cost	766,903	19,760	10,300	2,136	799,099
Impairment	–	(1,427)	(4)	–	(1,431)
Accumulated depreciation	(343,883)	(15,916)	(8,270)	(959)	(369,028)
Net carrying amount	<u>423,020</u>	<u>2,417</u>	<u>2,026</u>	<u>1,177</u>	<u>428,640</u>

As at 31 December 2023, 2024 and 2025, the Company’s property, plant and equipment of RMB165,146,000, RMB153,899,000 and RMB143,037,000 were pledged to secure bank borrowings, respectively.

15. INVESTMENT PROPERTIES

The Group

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Carrying amount at the beginning	3,245,573	3,256,257	3,160,670
Change in fair value	10,684	(95,587)	(51,753)
Carrying amount at the end	<u>3,256,257</u>	<u>3,160,670</u>	<u>3,108,917</u>

The Group’s investment properties consist of 5 commercial properties in Chongqing, 1 industrial property in Chongqing and 1 industrial property in Guangdong Province.

The Group’s investment properties were revalued on 31 December 2023, 2024 and 2025 based on valuations performed by independent professionally qualified valuers, at RMB3,256,257,000, RMB3,160,670,000 and RMB3,108,917,000.

Each year, the Group’s property manager and the chief financial officer decide, after approval from the audit committee, to appoint which external valuer to be responsible for the external valuations of the Group’s properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group’s property manager and the chief financial officer have discussions with the valuer on the valuation assumptions and valuation results twice a year when the valuation is performed for quarterly and annual financial reporting.

Summary of the valuation techniques used and the key inputs to the valuation of investment properties are included in note 48 to the Historical Financial Information.

The investment properties are leased to third parties under operating leases, further summary details of which are included in note 16 to the Historical Financial Information.

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As at 31 December 2023, 2024 and 2025, the Group’s investment properties of RMB2,588,720,000, RMB2,664,074,000 and RMB2,433,004,000 were pledged to secure bank and other borrowings, respectively (note 43).

The Company

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Carrying amount at the beginning.	64,824	66,214	58,552
Change in fair value	1,390	(7,662)	(2,689)
Carrying amount at the end	66,214	58,552	55,863

The Company’s investment properties consist of 2 commercial properties in Chongqing and 1 industrial property in Chongqing.

The Company’s investment properties were revalued on 31 December 2023, 2024 and 2025 based on valuations performed by independent professionally qualified valuers, at RMB66,214,000, RMB58,552,000 and RMB55,863,000.

As at 31 December 2023, 2024 and 2025, the Company’s investment properties of RMB66,214,000, RMB58,552,000 and RMB21,627,000 were pledged to secure bank and other borrowings, respectively.

16. LEASES

The Group as a lessee

The Group has lease contracts for various items of leasehold land, buildings and vehicles used in its operations. Leases of lump sum payments were made upfront to acquire the leasehold land from the owners with lease periods of 45 to 50 or 95 years, and no ongoing payments will be made under the terms of these land leases. Leases of buildings generally have lease terms between 1 and 10 years. Vehicles generally have lease terms of 3 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

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

The Group

	Leasehold land	Buildings	Vehicles	Total
	RMB’000	RMB’000	RMB’000	RMB’000
At 1 January 2023	473,367	5,100	–	478,467
Additions	–	7,880	–	7,880
Depreciation charge (note 6)	(10,866)	(4,852)	–	(15,718)
Exchange realignment	(7)	–	–	(7)
At 31 December 2023 and 1 January 2024	462,494	8,128	–	470,622
Additions	–	119	–	119
Decrease arising from lease term termination	–	(3,967)	–	(3,967)
Depreciation charge (note 6)	(12,081)	(3,336)	–	(15,417)
Exchange realignment	(125)	–	–	(125)
At 31 December 2024 and 1 January 2025	450,288	944	–	451,232
Additions.	–	11,344	2,596	13,940
Acquisition of subsidiaries that are not businesses.	–	8,822	–	8,822
Depreciation charge (note 6)	(12,136)	(2,943)	(43)	(15,122)
Decrease arising from lease term termination	–	(76)	–	(76)
Exchange realignment	(21)	–	–	(21)
At 31 December 2025	438,131	18,091	2,553	458,775

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As at 31 December 2023, 2024 and 2025, certain of the Group’s leasehold land with aggregate carrying amounts of approximately RMB423,998,000, RMB450,185,000 and RMB428,151,000, respectively, were pledged to secure interest-bearing bank and other borrowings granted to the Group (note 43).

The Company

	Leasehold land
	<i>RMB’000</i>
At 1 January 2023	55,822
Depreciation charge	(1,539)
At 31 December 2023 and 1 January 2024	54,283
Additions	–
Depreciation charge	(1,540)
At 31 December 2024 and 1 January 2025	52,743
Depreciation charge	(1,539)
At 31 December 2025.	51,204

During the Relevant Periods, all of the Company’s leasehold land, were pledged to secure interest-bearing bank and other borrowings granted to the Company.

(b) Lease liabilities

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

The Group

	As at 31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
At beginning of year	4,941	8,574	903
New leases	7,880	119	13,657
Acquisition of subsidiaries that are not businesses	–	–	9,414
Accretion of interest recognised during the year	217	168	317
Decrease arising from lease term termination	–	(4,821)	–
Payments	(4,464)	(3,137)	(1,721)
Carrying amount at end of year	8,574	903	22,570
Analysed into:			
Current portion	5,085	812	8,912
Non-current portion	3,489	91	13,658

The maturity analysis of lease liabilities is disclosed in note 49 to the Historical Financial Information.

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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
Interest on lease liabilities	217	168	317
Depreciation charge of right-of-use assets	15,718	15,417	15,122
Expenses relating to short-term leases and leases of low-value assets	6,560	9,686	18,182
(Gains)/losses on termination of lease	–	(860)	76
Total amount recognised in profit or loss	22,495	24,411	33,697

(d) The total cash outflows for leases are disclosed in note 41 to the Historical Financial Information.

The Group as a lessor

The Group leases its buildings under operating lease arrangements. Details of rental income recognised are included in note 5.

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

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within one year	67,657	59,205	44,674
After one year	131,247	122,432	108,004
Total	198,904	181,637	152,678

17. GOODWILL

	Chongqing Runtian Real Estate CGU	*Other CGUs	Total
	RMB'000	RMB'000	RMB'000
At 1 January 2023:			
Cost	319,274	347,520	666,794
Accumulated impairment	(31,573)	(347,520)	(379,093)
Net carrying amount	287,701	–	287,701
Cost at 1 January 2023, net of accumulated impairment	287,701	–	287,701
Impairment during the year (note 6)	(44,915)	–	(44,915)
At 31 December 2023	242,786	–	242,786
At 1 January 2024 and 31 December 2023:			
Cost	319,274	347,520	666,794
Accumulated impairment	(76,488)	(347,520)	(424,008)
Net carrying amount	242,786	–	242,786
Cost at 1 January 2024, net of accumulated impairment	242,786	–	242,786
Impairment during the year (note 6)	(40,690)	–	(40,690)
At 31 December 2024	202,096	–	202,096

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	Chongqing Runtian Real Estate CGU	*Other CGUs	Total
	RMB'000	RMB'000	RMB'000
At 1 January 2025 and 31 December 2024:			
Cost	319,274	347,520	666,794
Accumulated impairment	(117,178)	(347,520)	(464,698)
Net carrying amount	202,096	–	202,096
Cost at 1 January 2025, net of accumulated impairment	202,096	–	202,096
Impairment during the year (<i>note 6</i>)	(64,209)	–	(64,209)
At 31 December 2025	137,887	–	137,887

* Other CGUs that have been fully impaired comprise the following: Lifan-Vietnam Motorcycle CGU, Uruguay Automotive CGU, Uruguay Engine CGU, Lifan Combustion Engine CGU, Chongqing Wireless Oasis Communication Technology CGU.

Impairment testing of goodwill

During the Relevant Periods, Goodwill acquired through business combinations was allocated to the following cash-generating unit for impairment testing:

- Chongqing Runtian Real Estate CGU

The carrying amounts of Goodwill allocated to the Chongqing Runtian Real Estate CGU as of 31 December 2023, 2024 and 2025 were RMB287,701,000, RMB242,786,000 and RMB202,096,000, respectively. Chongqing Runtian Real Estate CGU includes inventory, investment properties, and goodwill. The recoverable amount of the Chongqing Runtian Real Estate CGU has been determined based on a value in use calculation, using cash flow projections based on estimated useful life of core assets, as following disclosed:

	As at 31 December		
	2023	2024	2025
Investment properties	29.25 years	28.25 years	27.25 years
Inventories	3 years	3 years	2.5 years

Assumptions were used in the value in use calculation of the Chongqing Runtian Real Estate CGU at the end of each of the Relevant Periods. The following are the key assumptions on which management has based its cash flow projections to undertake impairment testing of goodwill:

	As at 31 December		
	2023	2024	2025
Pre-tax discount rate.	6.0%-10.35%	6.0%-10.75%	5.5%-11.00%
Annual rental income growth rate.	3%	3%	2%

Pre-tax discount rate — The discount rate used is before tax and reflects specific risks relating to the relevant unit.

Annual rental income growth rate — The basis is determined with reference to the average rental income achieved in the years before the budget year, increased for management’s expectation of the future market.

The values assigned to the key assumptions on annual rental income growth rate and pre-tax discount rate are consistent with external information sources.

During the Relevant Periods, the carrying amounts of goodwill included in the Chongqing Runtian Real Estate CGU were written down by RMB44,915,000, RMB40,690,000, RMB64,209,000, respectively. The impairment loss recognised was included in “Other expenses” in the consolidated statement of profit or loss.

The impairment was attributable to the overall decline in market of real estate in Chongqing which led to a decrease in demand and selling prices of the real estate.

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18. OTHER INTANGIBLE ASSETS

The Group

At 31 December 2023

	Trademark	Patents	Software	Automotive design and development costs	Capitalised development expenditures	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023:						
Cost	6,306	116,084	50,838	245,236	216,589	635,053
Accumulated amortisation	(5,078)	(29,255)	(32,720)	(30,974)	–	(98,027)
Impairment	(5)	(17,760)	(13,089)	(95,808)	–	(126,662)
Net carrying amount	1,223	69,069	5,029	118,454	216,589	410,364
Cost at 1 January 2023, net of accumulated amortisation and impairment	1,223	69,069	5,029	118,454	216,589	410,364
Additions	93	35,466	23,263	598,913	–	657,735
Internal development	–	–	–	–	672,802	672,802
Internal transfer	–	–	–	758,495	(758,495)	–
Disposals	–	–	(23)	–	–	(23)
Amortisation provided during the year (note 6)	(462)	(17,302)	(3,237)	(154,432)	–	(175,433)
Provision for impairment during the year (note 7)	(28)	–	–	–	–	(28)
Exchange realignment	(3)	–	–	–	–	(3)
At 31 December 2023	823	87,233	25,032	1,321,430	130,896	1,565,414
At 31 December 2023:						
Cost	6,366	151,388	72,088	1,578,586	130,896	1,939,324
Accumulated amortisation	(5,515)	(46,395)	(34,475)	(174,654)	–	(261,039)
Impairment	(28)	(17,760)	(12,581)	(82,502)	–	(112,871)
Net carrying amount	823	87,233	25,032	1,321,430	130,896	1,565,414

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At 31 December 2024

	Trademark	Patents	Software	Automotive design and development costs	Capitalised development expenditures	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024:						
Cost	6,366	151,388	72,088	1,578,586	130,896	1,939,324
Accumulated amortisation	(5,515)	(46,395)	(34,475)	(174,654)	–	(261,039)
Impairment	(28)	(17,760)	(12,581)	(82,502)	–	(112,871)
Net carrying amount	823	87,233	25,032	1,321,430	130,896	1,565,414
Cost at 1 January 2024, net of accumulated amortisation and impairment	823	87,233	25,032	1,321,430	130,896	1,565,414
Additions	648	–	13,293	–	–	13,941
Internal development	–	–	–	–	527,938	527,938
Internal transfer	–	–	–	113,129	(113,129)	–
Disposals	–	(21,058)	–	–	–	(21,058)
Amortisation provided during the year (<i>note 6</i>)	(319)	(15,454)	(11,740)	(295,690)	–	(323,203)
Exchange realignment	(3)	–	–	–	–	(3)
At 31 December 2024	1,149	50,721	26,585	1,138,869	545,705	1,763,029
At 31 December 2024:						
Cost	7,010	130,328	72,552	1,691,715	545,705	2,447,310
Accumulated amortisation	(5,833)	(61,847)	(39,279)	(470,344)	–	(577,303)
Impairment	(28)	(17,760)	(6,688)	(82,502)	–	(106,978)
Net carrying amount	1,149	50,721	26,585	1,138,869	545,705	1,763,029

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At 31 December 2025

	Trademark	Patents	Software	Technology know-how	Automotive design and development costs	Capitalised development expenditures	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2025:							
Cost	7,010	130,328	72,552	–	1,691,715	545,705	2,447,310
Accumulated amortisation	(5,833)	(61,847)	(39,279)	–	(470,344)	–	(577,303)
Impairment	(28)	(17,760)	(6,688)	–	(82,502)	–	(106,978)
Net carrying amount	<u>1,149</u>	<u>50,721</u>	<u>26,585</u>	<u>–</u>	<u>1,138,869</u>	<u>545,705</u>	<u>1,763,029</u>
Cost at 1 January 2025, net of accumulated amortisation and impairment	1,149	50,721	26,585	–	1,138,869	545,705	1,763,029
Additions	798	–	7,782	–	–	–	8,580
Acquisition of subsidiaries that are not businesses	–	1,392	–	3,082,090	–	–	3,083,482
Capital injection from equity holders	–	–	–	2,275,540	–	–	2,275,540
Internal development	–	–	–	–	–	99,398	99,398
Internal transfer	–	–	–	–	410,187	(410,187)	–
Disposals*	(5)	–	(5,108)	–	(278,441)	–	(283,554)
Disposal of subsidiaries	–	(268)	(27)	–	–	–	(295)
Amortisation provided during the year (note 6)	(625)	(17,222)	(12,041)	(147,180)	(358,767)	–	(535,835)
Provision for impairment during the year	–	(7,440)	–	–	(147,980)	–	(155,420)
Exchange realignment	2	–	–	–	–	–	2
At 31 December 2025	<u>1,319</u>	<u>27,183</u>	<u>17,191</u>	<u>5,210,450</u>	<u>763,868</u>	<u>234,916</u>	<u>6,254,927</u>
At 31 December 2025:							
Cost	7,795	91,254	69,851	5,508,907	1,739,091	234,916	7,651,814
Accumulated amortisation	(6,448)	(56,631)	(45,979)	(298,457)	(827,243)	–	(1,234,758)
Impairment	(28)	(7,440)	(6,681)	–	(147,980)	–	(162,129)
Net carrying amount	<u>1,319</u>	<u>27,183</u>	<u>17,191</u>	<u>5,210,450</u>	<u>763,868</u>	<u>234,916</u>	<u>6,254,927</u>

* In 2025, the Group disposed of P658 Model technology to its related party, Ningbo Geely Technology Development Co., Ltd. for cash consideration amounting to RMB345,220,000 as set out in note 45.

Impairment testing of other intangible assets

In 2025, the Group recognised impairment losses on other intangible assets amounting to RMB155,420,000 due to the discontinuation of production of certain models of passenger vehicles.

Details of impairment test on Passenger vehicles CGU has been set out in note 14.

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The Company

	Trademark	Patent	Software	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023:				
Cost.	3,888	1,009	16,096	20,993
Accumulated amortisation	(2,813)	(938)	(10,465)	(14,216)
Impairment	—	—	(3,371)	(3,371)
Net carrying amount.	1,075	71	2,260	3,406
Cost at 1 January 2023, net of accumulated amortisation and impairment	1,075	71	2,260	3,406
Additions	94	7	313	414
Disposals.	(94)	—	—	(94)
Amortisation provided during the year.	(375)	(39)	(497)	(911)
At 31 December 2023	700	39	2,076	2,815
At 1 January 2024:				
Cost.	3,888	1,016	16,409	21,313
Accumulated amortisation	(3,188)	(977)	(10,962)	(15,127)
Impairment	—	—	(3,371)	(3,371)
Net carrying amount.	700	39	2,076	2,815
At 1 January 2024:				
Cost.	3,888	1,016	16,409	21,313
Accumulated amortisation	(3,188)	(977)	(10,962)	(15,127)
Impairment	—	—	(3,371)	(3,371)
Net carrying amount.	700	39	2,076	2,815
Cost at 1 January 2024, net of accumulated amortisation and impairment	700	39	2,076	2,815
Additions	—	—	(33)	(33)
Amortisation provided during the year.	(238)	(21)	(538)	(797)
At 31 December 2024	462	18	1,505	1,985
At 31 December 2024:				
Cost.	3,888	1,016	16,376	21,280
Accumulated amortisation	(3,426)	(998)	(11,500)	(15,924)
Impairment	—	—	(3,371)	(3,371)
Net carrying amount.	462	18	1,505	1,985
At 1 January 2025:				
Cost	3,888	1,016	16,376	21,280
Accumulated amortisation	(3,426)	(998)	(11,500)	(15,924)
Impairment	—	—	(3,371)	(3,371)
Net carrying amount	462	18	1,505	1,985

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	Trademark	Patent	Software	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Cost at 1 January 2025, net of accumulated amortisation and impairment	462	18	1,505	1,985
Additions	415	–	37	452
Amortisation provided during the year	(227)	(5)	(532)	(764)
At 31 December 2025	650	13	1,010	1,673
At 31 December 2025:				
Cost	4,303	932	16,413	21,648
Accumulated amortisation	(3,653)	(919)	(12,032)	(16,604)
Impairment	–	–	(3,371)	(3,371)
Net carrying amount	650	13	1,010	1,673

19. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Share of net assets	6,239,024	6,671,031	6,616,646
Less: Impairment	(1,483,259)	(1,483,259)	(1,521,109)
Total	4,755,765	5,187,772	5,095,537

As at 31 December 2023, 2024 and 2025, the Group’s investments in joint ventures and associates of RMB2,017,736,000, RMB2,018,107,000 and RMB1,083,070,000 were pledged to secure bank and other borrowings, respectively (note 43).

Particulars of the material associates are as follows:

The Group

Name	Place of business	Place of registration	Principal activity	Percentage of ownership interest directly hold	Percentage of ownership interest indirectly hold
Bank of Chongqing Company Limited (重慶銀行股份有限公司) (“Chongqing bank”) (note 1) . . .	Chongqing, Chinese Mainland	Chongqing, Chinese Mainland	Finance	3.73%	4.76%

Note:

- As at 31 December 2023, 2024 and 2025, the Company and its wholly-owned subsidiary Lifan International (Holdings) Company Limited jointly held 8.49% of the shares of Chongqing Bank Company Limited, and the Company has significant influence over Chongqing bank as it has the power to participate in the financial and operating policy decisions of the entity by appointing a non-executive director in the board.

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The following table illustrates the summarised financial information in respect of Bank of Chongqing Company Limited adjusted for any differences in accounting policies and reconciled to the carrying amounts in the consolidated financial statements:

Bank of Chongqing Company Limited
(重慶銀行股份有限公司)

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Assets	759,883,870	856,641,840	1,033,725,681
Liabilities	700,584,443	792,877,922	967,726,839
Net assets	59,299,427	63,763,918	65,998,842
Non-controlling interests	2,381,693	2,692,945	3,026,735
Equity attributable to owners of the parent	56,917,734	61,070,973	62,972,107
Reconciliation to the Group’s interest in the associate:			
Proportion of the Group’s ownership	8.49%	8.49%	8.49%
Group’s share of net assets of the associate	4,235,588	4,636,953	4,749,316
Adjustments	218,572	218,572	218,572
Carrying amount of the investment	4,454,160	4,855,525	4,967,888
Fair value of the Group’s investment	1,494,808	2,132,796	2,678,406

Bank of Chongqing Company Limited
(重慶銀行股份有限公司)

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Revenue	13,211,473	13,679,303	15,113,456
Profit attributable to owners of the parent for the year	4,929,787	5,117,290	5,654,218
Other comprehensive income/(loss) attributable to owners of the parent	1,734,981	1,355,308	(1,992,190)
Total comprehensive income for the year	6,664,768	6,472,598	3,662,028
Dividend received	116,454	120,286	171,703

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

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Share of the joint ventures and associates’ profit for the year	13,420	81,534	(9,565)
Share of the joint ventures and associates’ total comprehensive income	13,420	81,534	(9,565)
Aggregate carrying amount of the Group’s investments in the joint ventures and associates	301,583	332,246	127,649

The Group’s transactions and outstanding balances with the associates are disclosed in note 45 to the Historical Financial Information.

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The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Share of net assets	3,429,412	3,610,420	3,648,207
Less: Impairment	(1,404,263)	(1,404,263)	(1,404,563)
Total	<u>2,025,149</u>	<u>2,206,157</u>	<u>2,243,644</u>

Particulars of the material associate of the Company are above, same as the Group.

As at 31 December 2023, 2024 and 2025, the Group’s investments in joint ventures and associates of RMB1,966,865,000, RMB2,018,107,000 and RMB1,083,070,000 were pledged to secure bank and other borrowings, respectively.

20. INVESTMENTS IN SUBSIDIARIES

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Investments, at cost	4,573,539	4,573,539	4,775,339
Share-based payments to subsidiaries	–	–	5,433
Impairment	(11,647)	(11,647)	(312,741)
Total	<u>4,561,892</u>	<u>4,561,892</u>	<u>4,468,031</u>

* Due to the business adjustment and the unsatisfactory R&D performance, one of the Company’s subsidiary Beijing Wireless Oasis Communication Technology Co., Ltd. (北京無線綠洲通信技術有限公司, “Beijing Wireless Oasis Communication”) formulated a plan for ceasing business operations since December 2025. So the Company recognised impairment losses of RMB300,573,000 on investment in Beijing Wireless Oasis in 2025.

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

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Non-current portion:			
Unlisted equity investments, at fair value	<u>6,629</u>	<u>6,728</u>	<u>–</u>

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

In 2025, the Group disposed of its equity interest in Creat Fund Management Limited for a total consideration of RMB5,387,000 as this investment was no longer allied with the Group’s investment strategy. The consideration received by the Group for the disposal was RMB5,387,000 and the accumulated gain recognised in other comprehensive income of RMB4,803,000 was transferred to retained profits.

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22. DEFERRED TAX

The Group

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

Deferred tax assets

	Tax losses	Impairment provision	Provision	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Gross deferred tax assets at 1 January 2023	388,627	452,212	1,372	2,559	844,770
Deferred tax credited/(charged) to profit or loss during the year	94,981	(1,677)	48	12,143	105,495
Gross deferred tax assets at 31 December 2023	483,608	450,535	1,420	14,702	950,265
Deferred tax (charged)/credit to profit or loss during the year	(55,406)	(21,112)	1,339	7,989	(67,190)
Gross deferred tax assets at 31 December 2024	428,202	429,423	2,759	22,691	883,075
Deferred tax charged to profit or loss during the year	(131,915)	(35,053)	(2,759)	(15,978)	(185,705)
Gross deferred tax assets at 31 December 2025	296,287	394,370	–	6,713	697,370

Deferred tax liabilities

	Fair value of investment properties	Fair value adjustment arising from acquisitions	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Gross deferred tax liabilities at 1 January 2023	563,218	87,144	7,140	657,502
Deferred tax charged/ (credited) to profit or loss during the year	2,532	(10,702)	(642)	(8,812)
Gross deferred tax liabilities at 31 December 2023	565,750	76,442	6,498	648,690
Deferred tax credited to profit or loss during the year	(23,131)	(2,969)	(287)	(26,387)
Gross deferred tax liabilities at 31 December 2024	542,619	73,473	6,211	622,303
Deferred tax (credited)/charged to profit or loss during the year	(12,669)	(7,389)	439	(19,619)
Gross deferred tax liabilities at 31 December 2025	529,950	66,084	6,650	602,684

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

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Net deferred tax assets recognised in the consolidated statements of financial position . . .	950,265	883,075	678,133
Net deferred tax liabilities recognised in the consolidated statements of financial position . . .	648,690	622,303	583,447

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

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Tax losses	2,387,230	3,057,648	4,468,855
Deductible temporary differences	560,524	693,678	687,865
Total	2,947,754	3,751,326	5,156,720

The above tax losses are available for offsetting against future taxable profits of the companies in which the losses arose. In Chinese Mainland, the tax loss can be carried forward for 5 years, where the tax losses of entity recognised as a High and New Technology Enterprises can be carried forward for 10 years. The majority of tax losses in overseas can be carried forward indefinitely.

Deferred tax assets have not been recognised in respect of these losses as it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

The Company

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

Deferred tax assets

	Provision for impairment of assets
	RMB'000
Gross deferred tax assets at 1 January 2023	212,963
Deferred tax charged to profit or loss during the year	(1,082)
Gross deferred tax assets at 31 December 2023	211,881
Deferred tax charged to profit or loss during the year	(42)
Gross deferred tax assets at 31 December 2024	211,839
Deferred tax credited to profit or loss during the year	3
Gross deferred tax assets at 31 December 2025	211,842

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Deferred tax liabilities

	Fair value of investment properties <i>RMB'000</i>
Gross deferred tax liabilities at 1 January 2023	8,902
Deferred tax charged to profit or loss during the year	209
Gross deferred tax liabilities at 31 December 2023	9,111
Deferred tax credited to profit or loss during the year	(1,150)
Gross deferred tax liabilities at 31 December 2024	7,961
Deferred tax credited to profit or loss during the year	(403)
Gross deferred tax liabilities at 31 December 2025	7,558

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

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Tax losses	195,727	2,793,880	2,796,112
Deductible temporary differences	9,391	9,391	310,785
Total	205,118	2,803,271	3,106,897

The Company has tax losses arising in Chinese Mainland of RMB195,727,000, and RMB2,793,880,000 and RMB2,796,112,000 as at 31 December 2023, 2024 and 2025, respectively, that would expire in one to ten years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses which are not considered to be probable that sufficient taxable profits will be available against which the tax losses can be utilised in the future.

23. INVENTORIES

The Group

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Properties held for sale	–	1,250,868	1,097,323
Finished goods	1,308,149	932,772	553,081
Raw materials	318,123	146,445	184,830
Goods in transit	13,635	28,713	27,343
Work in progress	118,927	118,446	15,083
Properties under development for sale	1,318,043	–	–
Costs to fulfil a contract	–	–	54,060
Others	2,404	3,717	3,420
	3,079,281	2,480,961	1,935,140
Less: Provision for impairment losses on inventories	(210,678)	(214,007)	(74,083)
Total	2,868,603	2,266,954	1,861,057

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The movements in provision

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Carrying amount at the beginning of year	231,825	210,678	214,007
Impairment losses recognised (<i>note 6</i>)	70,687	93,735	111,535
Amounts written off	(90,645)	(90,406)	(251,459)
Disposal of subsidiaries	(1,189)	–	–
Carrying amount at the end of year	210,678	214,007	74,083

As at 31 December 2023, 2024 and 2025, the Group’s inventories of Nil, Nil and RMB20,235,000 were pledged due to litigation, respectively (note 43).

24. TRADE AND BILLS RECEIVABLES

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade receivables	1,911,524	2,078,939	2,000,244
Bank acceptance notes, at amortised cost	260,176	180,861	412,639
Bank acceptance notes, at fair value	116,721	24,235	141,564
New energy vehicle subsidies receivables*	515,025	449,539	382,537
Less: Impairment losses	(1,044,150)	(1,046,116)	(1,018,871)
Net carrying amount	1,759,296	1,687,458	1,918,113

* New energy vehicle subsidies receivables are related to sales of qualified new energy passenger vehicles, which will be settled after appropriate review and approval by government.

The Group’s trading terms with its customers are mainly on credit. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk.

The Group does not hold any collateral or other credit enhancements over its trade and bills receivable balances. Trade receivables are non-interest-bearing.

As at 31 December 2023, 2024 and 2025, certain bank acceptance notes measured at amortised cost amounting to Nil, Nil and RMB65,000,000 respectively, were pledged to banks as collateral for issuance of bank acceptance notes (note 43).

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

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within six months	1,259,907	1,315,639	1,705,433
Seven months to one year	58,344	43,632	27,811
Over one year and within two years	258,916	84,679	77,877
Over two years and within three years	75,381	203,180	63,896
Over three years and within four years	49,475	26,048	25,975
Over four years and within five years	19,042	293	3,133
Over five years	38,231	13,987	13,988
Total	1,759,296	1,687,458	1,918,113

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The movements in the impairment losses on trade receivables and new energy vehicle subsidies receivables are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At beginning of year	1,039,136	1,044,150	1,046,116
Impairment losses, net.	10,564	1,966	70,879
Amount written off as uncollectible	(5,469)	–	(97,649)
Disposal of subsidiaries	(81)	–	(475)
At end of year	<u>1,044,150</u>	<u>1,046,116</u>	<u>1,018,871</u>

The bank acceptance notes were issued by reputable banks and with short-term maturity. Accordingly, the identified impairment loss was immaterial as at the end of each of the Relevant Periods.

The Group applies the simplified approach in calculating ECLs for trade receivables and new energy vehicle subsidies receivables. Trade receivables and new energy vehicle subsidies receivables relating to customers not sharing similar credit risk with others are assessed individually for impairment allowance, for instance, customers with known financial difficulties or significant doubt on collection. The remaining trade receivables are grouped and collectively assessed for impairment allowance. Under the collective approach, an impairment analysis is performed at the end of the reporting periods using a provision matrix to measure expected credit losses. The provision rates are based on aging information for groupings of customers that have 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. Generally, trade receivables are written off if past due for more than five years and are not subject to enforcement activity.

The Group

Set out below is the information about the credit risk exposure on the Group’s trade receivables and new energy vehicle subsidies receivables using a provision matrix:

	within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
As at 31 December 2023							
On a collective basis:							
Expected credit loss rate	0.1%	10.0%	30.0%	50.0%	80.0%	100.0%	5.5%
Gross carrying amount (RMB'000) . . .	885,912	51,672	9,965	2,993	1,229	43,320	995,091
Expected credit losses (RMB'000) . . .	569	5,167	2,990	1,496	983	43,320	54,525
On individual basis:							
Expected credit loss rate							69.1%
Gross carrying amount (RMB'000) . . .							1,431,458
Expected credit losses (RMB'000) . . .							989,625
	within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
As at 31 December 2024							
On a collective basis:							
Expected credit loss rate	0.2%	10.0%	30.0%	50.0%	80.0%	100.0%	4.2%
Gross carrying amount (RMB'000) . . .	1,131,644	35,210	5,093	6,212	1,465	39,946	1,219,570
Expected credit losses (RMB'000) . . .	2,079	3,521	1,528	3,106	1,172	39,946	51,352
On individual basis:							
Expected credit loss rate							76.0%
Gross carrying amount (RMB'000) . . .							1,308,908
Expected credit losses (RMB'000) . . .							994,764

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	within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
As at 31 December 2025							
On a collective basis:							
Expected credit loss rate	0.1%	10.0%	30.0%	50.0%	80.0%	100.0%	4.2%
Gross carrying amount (<i>RMB'000</i>) . . .	1,169,067	64,223	20,951	694	2,278	37,626	1,294,839
Expected credit losses (<i>RMB'000</i>) . . .	1,204	6,422	6,285	347	1,822	37,626	53,706
On individual basis:							
Expected credit loss rate							88.7%
Gross carrying amount (<i>RMB'000</i>) . . .							1,087,942
Expected credit losses (<i>RMB'000</i>) . . .							965,165

The amounts due from related parties included in trade and bills receivables are disclosed in note 45 to the Historical Financial Information.

The Company

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Bank acceptance notes	1,250	—	—
Less: Impairment losses	—	—	—
Net carrying amount	1,250	—	—

25. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Current portion:			
Other tax recoverable	320,562	277,874	255,195
Receivables for export tax rebate	23,225	82,951	142,497
Maintenance funds	20,944	28,175	28,053
Prepayments to suppliers	16,638	17,774	17,056
Dividends receivable	59,956	12,728	59,846
Receivables arising from the disposal of associates . . .	10,183	5,366	5,366
Receivables arising from the disposal of subsidiaries . .	6,218	3,336	3,336
Due from related parties	8,452	9,021	8,277
Deposits	3,086	1,673	10,956
[REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]
Others	47,846	54,861	48,459
Impairment allowance	517,110 (39,425)	493,759 (41,816)	607,855 (51,886)
Subtotal	477,685	451,943	555,969
Non-current portion:			
Prepayments for items of property, plant and equipment	3,845	5,648	5,983
Total	481,530	457,591	561,952

These balances were interest-free, unsecured and repayable on demand.

An impairment analysis was performed at the end of each of the Relevant Periods. Impairment allowance for prepayments, other receivables and other assets was mainly due to the uncollectibility of these receivables as at 31 December 2023, 31 December 2024 and 31 December 2025.

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As at 31 December 2023, 2024 and 2025, the Group’s dividends receivable of RMB59,846,000, Nil and Nil were pledged to secure bank and other borrowings, respectively (note 43).

The amounts due from related parties included in prepayments, other receivables and other assets are disclosed in note 45 to the Historical Financial Information.

The Company

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Current portion:			
Dividends receivable	47,228	–	21,819
Receivables arising from the disposal of associates . . .	10,183	–	–
Receivables arising from the disposal of subsidiaries . .	6,218	3,336	3,336
Due from related parties	8,080	717	923
[REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]
Others	854	2,275	1,575
	72,563	6,328	56,467
Impairment allowance	(3,667)	(3,462)	(3,489)
Total	68,896	2,866	52,978

These balances were interest-free, unsecured and repayable on demand.

As at 31 December 2023, 2024 and 2025, the Company’s dividends receivable of RMB47,228,000, Nil and Nil were pledged to secure bank and other borrowings, respectively.

26. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	As at 31 December 2025
	RMB’000
Trust, at fair value	222,408

27. CASH AND CASH EQUIVALENTS, TIME DEPOSITS, RESTRICTED CASH AND PLEDGED DEPOSITS

The Group

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Current portion:			
Cash and cash equivalents	986,333	1,321,676	2,517,714
Pledged time deposits with original maturity of more than three months and due within one year*	544,945	150,679	173,403
Restricted cash	1,893,421	2,207,049	1,991,178
Subtotal	3,424,699	3,679,404	4,682,295
Non-current portion:			
Pledged time deposits with original maturities over one year*	–	–	2,723,390
Total	3,424,699	3,679,404	7,405,685

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	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cash and cash equivalents			
Denominated in RMB	843,814	1,071,384	2,280,752
Denominated in USD	41,016	71,844	180,426
Denominated in HKD	59,174	122,830	10,222
Denominated in other foreign currencies	42,329	55,618	46,314
Total	<u>986,333</u>	<u>1,321,676</u>	<u>2,517,714</u>
Time deposits			
Denominated in RMB	544,945	150,679	2,723,390
Denominated in HKD	–	–	173,403
Total	<u>544,945</u>	<u>150,679</u>	<u>2,896,793</u>
Restricted cash			
Denominated in RMB	1,876,578	2,189,020	1,972,885
Denominated in USD	16,822	18,007	18,064
Denominated in other foreign currencies	21	22	229
Total	<u>1,893,421</u>	<u>2,207,049</u>	<u>1,991,178</u>

* Time deposits with an initial term of over one year, and pledged time deposits with original maturity of more than three months and due within one year are excluded from cash and cash equivalents, as management is of the opinion that these time deposits are not readily convertible to known amounts of cash without significant risk of changes in value.

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current portion:			
Cash and cash equivalents	292,110	352,313	97,265
Pledged time deposits with original maturity of more than three months and due within one year . . .	544,945	80,606	–
Restricted cash	16,822	2,200	2,200
Total	<u>853,877</u>	<u>435,119</u>	<u>99,465</u>

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cash and cash equivalents denominated in RMB	<u>292,110</u>	<u>352,313</u>	<u>97,265</u>
Time deposits denominated in RMB	<u>544,945</u>	<u>80,606</u>	<u>–</u>
Restricted cash			
Denominated in RMB	–	2,200	2,200
Denominated in USD	16,822	–	–
Total	<u>16,822</u>	<u>2,200</u>	<u>2,200</u>

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

Cash at banks earns interest at floating rates based on daily bank deposit rates. Time deposits are made depending on the immediate cash requirements of the Group and earn interest at the respective time deposit rates.

As at 31 December 2023, 2024 and 2025, time deposits amounting to RMB544,945,000, RMB150,679,000 and RMB150,000,000, respectively, were pledged to obtain bank borrowings (note 43).

As at 31 December 2023, 2024 and 2025, time deposits amounting to Nil, Nil and RMB2,718,612,000, respectively, were pledged as collateral for the issuance of bank acceptance notes. (note 43)

As at 31 December 2023, 2024 and 2025, restricted cash amounting to RMB20,853,000, RMB49,037,000 and RMB53,342,000, respectively, were frozen by the People’s Court due to lawsuits. (note 43)

As at 31 December 2023, 2024 and 2025, restricted cash amounting to RMB1,872,568,000, RMB2,158,012,000 and RMB1,932,234,000 respectively, were pledged as collateral for the issuance of bank acceptance notes, letter of credit and guarantee letter. (note 43)

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 placed in reputable financial institutions. (note 43)

28. TRADE AND BILLS PAYABLES

The Group

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Trade payables	2,921,583	3,463,745	3,189,582
Bills payable	1,973,539	2,215,191	2,310,669
Total	<u>4,895,122</u>	<u>5,678,936</u>	<u>5,500,251</u>

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

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Within one year.	4,748,784	4,909,696	5,359,421
One to two years	124,257	696,836	52,771
Two to three years	2,876	58,473	66,884
Over three years	19,205	13,931	21,175
Total	<u>4,895,122</u>	<u>5,678,936</u>	<u>5,500,251</u>

The trade payables are interest-free and are normally settled within 30 to 90 days upon receipt of the invoice.

The amounts due to related parties included in trade and bills payables are disclosed in note 45 to the Historical Financial Information.

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29. OTHER PAYABLES AND ACCRUALS

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Due to third parties	351,310	352,923	272,137
Deposit from suppliers and distributors	257,247	244,178	226,417
Accrued expenses	332,598	141,549	270,211
Due to related parties	93,404	151,929	140,699
Underrecognized amounts of endorsed undue bills	217,653	131,711	201,301
Payroll and welfare payable	77,193	76,106	263,891
Advances from non-controlling shareholders of subsidiaries and third parties*	103,858	110,935	114,615
Other tax payables	49,648	93,099	109,334
Advance from customers	25,713	25,388	22,329
Government grants	—	22,503	—
Payables for subscription under equity incentive plan	113,180	136	42,153
Advances from disposal of a subsidiary	—	16,000	—
[REDACTED] expense.	[REDACTED]	[REDACTED]	[REDACTED]
Other payables	19,022	17,267	15,189
Total	1,640,826	1,383,724	1,686,440

* During the Relevant Periods, advances from non-controlling shareholders of subsidiaries and third parties bear interest at fixed interest rates ranging from 6% to 11% per annum

Other than advances from non-controlling shareholders of subsidiaries and third parties, other payables in current portion were interest-free, unsecured and repayable on demand.

The amounts due to related parties included in other payables and accruals are disclosed in note 45 to the Historical Financial Information.

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Due to third parties	25,914	23,024	17,906
Payroll and welfare payable	5,700	5,908	8,273
Deposit from suppliers and distributors	3,343	2,787	2,342
Due to related parties	199	185	185
Payables for subscription under an equity incentive plan	113,180	136	42,153
[REDACTED] Expense	[REDACTED]	[REDACTED]	[REDACTED]
Total	148,336	32,040	79,023

30. CONTRACT LIABILITIES

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Advances received from customers:			
Advance payment on sales of passenger vehicles, motorcycles, other machine and services	240,603	230,161	363,062
Advance payment on sales of properties.	34,225	13,620	6,924
Total	274,828	243,781	369,986

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31. INTEREST-BEARING BANK AND OTHER BORROWINGS

The Group

As at 31 December 2023			
	Effective interest rate		
	(%)	Maturity	RMB’000
Current portion:			
Current portion of other borrowings – secured	3.65	2024	254,979
Short term bank loans – secured	3.45	2024	150,043
Short term bank loans – unsecured	1.65-3.45	2024	74,471
Current portion of long term bank loans – secured . . .	3.65-5.635	2024	389,186
Total – Current			868,679
Non-current portion:			
Non-current portion of other borrowings – secured . .	3.65	2025	337,829
Long term bank loans – secured	3.65-5.635	2025-2027	1,091,783
Total – Non-current			1,429,612
Total			2,298,291

As at 31 December 2024			
	Effective interest rate		
	(%)	Maturity	RMB’000
Current portion:			
Current portion of other borrowings – secured	3.65	2025	52,087
Short term bank loans – secured	2.9-3.3	2025	440,364
Short term bank loans – unsecured	2.9-3.1	2025	177,056
Current portion of long term bank loans – secured . . .	3.25-5.135	2025	526,432
Total – Current			1,195,939
Non-current portion:			
Long term bank loans – secured	3.25-5.135	2026-2027	778,062
Long term bank loans – unsecured	3.45	2026	42,869
Total – Non-current			820,931
Total			2,016,870

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As at 31 December 2025			
	Effective interest rate		
	(%)	Maturity	RMB'000
Current portion:			
Discounted bills	0.47-1.0	2026	2,104,564
Short term bank loans secured	2.7	2026	10,008
Short term bank loans unsecured	2.9	2026	91,203
Current portion of long term bank loan – secured	2.65-5.135	2026	89,159
Current portion of long term bank loan – unsecured	2.7	2026	42,535
Total – Current			2,337,469
Non-current portion:			
Long term bank loans – secured	2.65-5.135	2027	926,993
Total – Non-current			926,993
Total			3,264,462

The Company

As at 31 December 2023			
	Effective interest rate		
	(%)	Maturity	RMB'000
Current portion:			
Current portion of other borrowings – secured	3.65	2024	216,999
Current portion of long term bank loan – secured	3.65	2024	341,796
Total – current			558,795
Non-current portion:			
Non-current portion of other borrowings – secured	3.65	2025	288,581
Long term bank loans – secured	3.65	2025	440,567
Total – non-current			729,148
Total			1,287,943

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As at 31 December 2024			
	Effective interest rate		
	(%)	Maturity	RMB'000
Current portion:			
Current portion of other borrowings – secured	3.65	2025	43,531
Short term bank loans – secured	3.10-3.30	2025	350,284
Current portion of long term bank loans – secured . . .	3.25-3.65	2025	456,209
Total – current			850,024
Non-current portion:			
Long term bank loans – secured	3.25-3.65	2026	132,500
Total – non-current			132,500
Total			982,524

As at 31 December 2025			
	Effective interest rate		
	(%)	Maturity	RMB'000
Current portion:			
Current portion of long term bank loans – secured . . .	2.65-2.7	2026	48,284
Total – current			48,284
Non-current portion:			
Long term bank loans – secured	2.65	2027	374,560
Total – non-current			374,560
Total			422,844

The Group

As at 31 December			
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Analysed into:			
Bank borrowings repayable:			
Within one year.	613,700	1,143,852	232,905
In the second year	499,320	221,299	926,993
In the third to fifth years, inclusive	592,463	599,632	–
Subtotal	1,705,483	1,964,783	1,159,898
Other borrowings repayable:			
Within one year.	254,979	52,087	–
In the second year	337,829	–	–
In the third to fifth years, inclusive	–	–	–
Subtotal	592,808	52,087	–
Discounted bills			
Within one year.	–	–	2,104,564
Total	2,298,291	2,016,870	3,264,462

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The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Analysed into:			
Bank borrowings repayable:			
Within one year	341,796	806,493	48,284
In the second year	440,567	132,500	374,560
In the third to fifth years, inclusive	—	—	—
Subtotal	782,363	938,993	422,844
Other borrowings repayable:			
Within one year	216,999	43,531	—
In the second year	288,581	—	—
In the third to fifth years, inclusive	—	—	—
Subtotal	505,580	43,531	—
Total	1,287,943	982,524	422,844

The Group and The Company’s bank loans and other borrowings are all denominated in RMB.

As at 31 December 2023, 31 December 2024 and 31 December 2025, the carrying amounts of certain assets secured for outstanding balances of bank and other borrowings are included in notes 14, 15, 16, 19, 25 and 27.

As at 31 December 2023, 31 December 2024 and 31 December 2025, the outstanding balances of bank loans guaranteed by Chongqing Lifan Real Estate Co., Ltd. (重慶力帆置業有限公司) (a related company refer to note 45) and Chongqing Xingyuan Real Estate Development Co., Ltd. (重慶星遠房地產開發有限公司) which previously known as Chongqing Red Star Macalline Real Estate Co., Ltd. (重慶紅星美凱龍房地產開發有限公司) were RMB655,662,000, RMB629,062,000 and RMB592,463,000, respectively.

32. DEFERRED INCOME

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Government grants:			
Asset-related grants (a)	1,600	1,297	624,914
Reimbursement of future expenses (b)	—	2,576	21,952
Others	—	7,488	5,042
Total	1,600	11,361	651,908

Notes:

(a) Asset-related grants

The asset-related grants were the subsidies received from the Chinese government in relation to the Group’s property, plant and equipment.

(b) Reimbursement of future expenses

Government grants as reimbursement of future expenses were subsidies received in relation to the Group’s future operating activities.

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33. PROVISION

	<i>Note</i>	As at 31 December		
		2023	2024	2025
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Warranties	(a)	43,375	53,626	49,140
Pending litigation		1,337	1,337	–
Others		7,145	30,402	24,362
Total		<u>51,857</u>	<u>85,365</u>	<u>73,502</u>

Note:

- (a) The Group provides for warranties in relation to the sales of passenger vehicles, motorcycles and other machine or parts. Provisions for warranties granted by the Group are initially recognised based on sales volume and past experience of the level of repairs and returns. The estimation is reviewed on an ongoing basis and is revised when appropriate.

34. SHARE CAPITAL

The Group and the Company

Shares

	As at 31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Issued and fully paid:			
Share capital	<u>4,571,523</u>	<u>4,521,100</u>	<u>4,521,100</u>

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

	Number of shares	Share capital
	<i>’000</i>	<i>RMB’000</i>
At 1 January 2022.	<u>4,500,000</u>	<u>4,500,000</u>
Issue of shares (<i>note (1)</i>)	<u>71,523</u>	<u>71,523</u>
At 31 December 2022 and 2023.	<u>4,571,523</u>	<u>4,571,523</u>
Cancellation of treasury shares (<i>note (2)</i>)	<u>(50,423)</u>	<u>(50,423)</u>
At 31 December 2024 and 2025.	<u>4,521,100</u>	<u>4,521,100</u>

Notes:

- (1) On 17 November 2022, the Company issued 71,523,000 new shares with a nominal value of RMB1.00 each in the Share Award Scheme at an issue price of RMB2.58 per share for total proceeds of RMB184,529,000.
- (2) On 7 June 2024, the Company repurchased and cancelled restricted shares that failed to meet the vesting conditions, resulting in a reduction of share capital by RMB50,423,000.

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35. TREASURY SHARES

The Group and the Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Treasury Shares	259,710	133,881	341,672

A summary of movements in the Company’s treasury shares is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At 1 January	314,848	259,710	133,881
Repurchase of ordinary shares	–	–	210,233
Cancellation of treasury shares	–	(130,091)	–
Debt restructuring	(700)	4,262	(2,442)
At 31 December	259,710	133,881	341,672

36. SHARE-BASED PAYMENTS

(a) 2022 share award scheme

The Group approved and adopted a share award scheme (the “2022 Share Award Scheme”) in 2022 for certain employees of the Group (“Share Incentive Participants”) in order to recognise the contributions of the Share Incentive Participants to the growth and development of the Group and incentivise them to further promote the development of the Group.

The restricted share awards granted to employees under the Share Award Scheme are set out below. The difference between the fair value of the shares granted and the subscription price was recognised in the share-based payment reserve within equity with the corresponding “share-based payment expenses” in profit or loss.

Grant date	Number of shares granted	Subscription price	Fair values on the grant date	The basis for determining the fair value as of the grant date
		RMB per share	RMB per share	
2022/10/31 .	71,523,000	2.58	4.69	The closing price of the Company’s shares on the last trading day before the equity award date

The duration of the Share Award Scheme is 60 months, starting from the date of completion of the registration of the first granted restricted shares. The restricted shares granted under the Share Award Scheme have lock up periods of 12 months, 24 months, and 36 months respectively from the date of completion of the registration of the corresponding restricted shares granted; After the expiration of the lock up period, the Company will lift the restrictions for incentive objects that meet the conditions for lifting restrictions. For restricted shares that have not been applied for lifting restrictions within the agreed lock up period or cannot be applied for lifting restrictions due to not meeting the conditions for lifting restrictions, the Company will repurchase the corresponding restricted shares from the incentive objects according to the principles stipulated in the Share Award Scheme, and the related equity cannot be deferred to the next period. The restricted shares granted to Share Incentive Participants under the Share Award Scheme shall not be transferred, used as collateral, or used to repay debts before the restriction is lifted. The Company does not have any plans or arrangements to provide loans, loan guarantees, or any other financial autonomy to incentive recipients.

The restricted shares granted for the first time under the Share Award Scheme will be unlocked in three phases starting from the first trading day 12 months after the completion of the registration of the restricted shares granted for the first time, with a maximum lock-up period of 48 months. The specific unlocking time for the first batch is from the first trading day 12 months after the completion of the registration of the restricted shares granted for the first time to the last trading day within 24 months after the completion of the registration of the restricted shares granted for the first time. The

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number of unlocked shares is 34.00% of the total number of underlying shares held under the Share Award Scheme. The second batch of unlocking time point: from the first trading day 24 months after the completion of the registration of the first granted restricted shares to the last trading day within 36 months from the completion of the registration of the first granted restricted shares, the number of unlocked shares is 33.00% of the total number of underlying shares held by the Share Award Scheme. The third batch of unlocking time: from the first trading day 36 months after the completion of the registration of the first granted restricted shares to the last trading day within 48 months from the completion of the registration of the first granted restricted shares, the number of unlocked shares is 33.00% of the total number of underlying shares held by the Share Award Scheme. The restricted shares granted to Share Incentive Participants, which are acquired through the conversion of capital reserves into share capital, share dividends, or share splits, are also restricted from sale and cannot be sold or transferred in any other way in the secondary market. The period for lifting the restrictions on such shares is the same as that for lifting the restrictions on restricted shares. If the company repurchases restricted shares that have not yet been released from restrictions, such shares shall be repurchased together.

On 12 April 2024 and 10 May 2024, due to performance conditions not being met, Company held the second meeting of the sixth board of directors and the 2023 annual general meeting of shareholders, and approved the “Proposal on Terminating the Implementation of the 2022 Restricted Share Incentive Plan and Repurchasing and Cancelling Some Restricted Shares”.

It was agreed to terminate the implementation of the Company’s “2022 Restricted Share Incentive Plan (Revised Draft)”, and at the same time terminate the Company’s “2022 Restricted Share Incentive Plan Implementation Assessment Management Measures” and other documents that support the Share Award Scheme, and repurchase and cancel 42,844,230 restricted shares that have been granted to incentive objects but have not yet been released from restrictions. The Company applied to China Securities Depository and Clearing Corporation Shanghai Branch for the corresponding repurchase and cancellation procedures, and completed the cancellation on 12 June 2024.

(b) 2025 share award scheme

The Group approved and adopted a share award scheme (the “**2025 Share Award Scheme**”) in 2025 for certain employees of the Group (“**Share Incentive Participants**”) in order to recognise the contributions of the Share Incentive Participants to the growth and development of the Group and incentivise them to further promote the development of the Group.

The duration of the Share Award Scheme is 30 months, starting from the date of approval by Board of Directors and announcement of the completion of purchase of final lot of the underlying shares. The restricted shares granted under the Share Award Scheme have lock up periods of 12 months and 24 months respectively from the starting date and 50% of shares are unlocked at the end of each period. After the expiration of the lock up period, the Company will lift the restrictions for incentive objects that meet the conditions for lifting restrictions. For restricted shares that have not been applied for lifting restrictions within the agreed lock up period or cannot be applied for lifting restrictions due to not meeting the conditions for lifting restrictions, the Company will repurchase the corresponding restricted shares from the incentive objects according to the principles stipulated in the Share Award Scheme, and the related equity cannot be deferred to the next period. The restricted shares granted to Share Incentive Participants under the Share Award Scheme shall not be transferred, used as collateral, or used to repay debts before the restriction is lifted. The Company does not have any plans or arrangements to provide loans, loan guarantees, or any other financial autonomy to incentive recipients.

The restricted shares granted under 2025 share award scheme consists of an initial grant portion and a reserved portion and their respective vesting conditions were as follows:

Initial portion:

First vesting period: on the basis of the Group’s revenue or net profit derived in year 2024, the revenue growth in year 2025 should be no less than 30%, the net profit attributable to owners of the parent for the year ended 31 December 2025 should be no less than RMB60,000,000, which the revenue metric and the net profit metric respectively account for 60% and 40% of the total indicator weight, and personal performance assessment should exceed B+ level;

Second vesting period: on the basis of the Group’s revenue or net profit derived in year 2024, the revenue growth in year 2026 should be no less than 40%, the net profit attributable to owners of the parent for the year ended 31 December 2026 should be no less than RMB100,000,000, which the revenue metric and the net profit metric respectively account for 60% and 40% of the total indicator weight, and personal performance assessment should exceed B+ level.

Reserve portion:

The vesting conditions and performance targets for the reserve portion are the same as that for the initially portion.

The initial portion and the reserve portion of restricted shares granted to eligible participants under the 2025 Share Award Scheme are set out below. The difference between the fair value of the shares granted and the subscription price was recognised in the share-based payment reserve within equity with the corresponding “share-based payment expenses” in profit or loss.

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	<u>Grant date</u>	<u>Number of shares granted</u>	<u>Subscription price</u> <i>RMB per share</i>	<u>Fair values of the underlying shares on the grant date</u> <i>RMB per share</i>
Initially portion	2025/11/4	10,077,700	2.27	11.43
Reserve portion	2025/12/26	8,982,600	2.13	10.71

The fair value of the shares granted was determined on the basis of closing price of the Company’s shares on the grant date.

During the years ended 31 December 2023, 2024 and 2025, share-based payment expenses of RMB23,771,000, Nil and RMB11,363,000 were charged to the profit or loss.

Movements in the number of restricted shares granted were as follows:

	<u>Number of shares</u>		
	<u>Year ended 31 December</u>		
	<u>2023</u>	<u>2024</u>	<u>2025</u>
	<i>’000</i>	<i>’000</i>	<i>’000</i>
At the beginning of the year	71,523	42,844	–
Granted during the year	–	–	19,060
Exercised during the year	(21,100)	–	–
Forfeited during the year	(7,579)	(42,844)	(739)
At the end of the year	<u>42,844</u>	<u>–</u>	<u>18,321</u>

37. RESERVES

The Group

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

(i) *Share premium*

Share premium of the Group mainly represents the premium in issuing shares.

(ii) *Statutory surplus reserve*

In accordance with the Company Law of Chinese Mainland, companies which are domestic enterprises are required to allocate 10% of their profit after tax to their respective statutory surplus reserves until the reserves reach 50% of their respective registered capital. Subject to certain restrictions set out in the Company Law of the Chinese Mainland, part of the statutory surplus reserve may be converted to share capital, provided that the remaining balance after the capitalisation is not less than 25% of the registered capital.

(iii) *Exchange fluctuation reserve*

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

(iv) *Share-based payments reserve*

The share-based payment reserve represents the equity-settled share awards as set out in note 36 to the Historical Financial Information.

(v) *Fair value reserve*

The fair value reserve comprises the cumulative net change in the fair value of FVOCI under IFRS 9 that was held and at the end of the Relevant Periods.

(vi) *Other reserve*

Other reserve comprises share of other reserve under equity method and the premium in acquisition of non-controlling interests.

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	Share premium	Share-based payment reserve	Statutory surplus reserve	Other reserve	Other comprehensive income	Retained (losses)/ profits	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2023	8,607,651	–	426,994	36,120	(16,711)	(1,020,294)	8,033,760
Profit for the year	–	–	–	–	–	45,885	45,885
Total comprehensive income for the year:							
Share of other comprehensive income of associates	–	–	–	–	64,697	–	64,697
Total comprehensive income for the year	–	–	–	–	64,697	45,885	110,582
Exercise of incentive shares	23,771	(23,771)	–	–	–	–	–
Share of other reserves of associates	–	–	–	7	–	–	7
Share-based payments	–	23,771	–	–	–	–	23,771
Debt restructuring	70,419	–	–	–	–	–	70,419
As at 31 December 2023 and 1 January 2024	8,701,841	–	426,994	36,127	47,986	(974,409)	8,238,539
Profit for the year	–	–	–	–	–	144,054	144,054
Total comprehensive income for the year:							
Share of other comprehensive income of associates	–	–	–	–	50,538	–	50,538
Total comprehensive income for the year	–	–	–	–	50,538	144,054	194,592
Cancellation of treasury shares	(79,668)	–	–	–	–	–	(79,668)
Share of other reserves of associates	–	–	–	(36)	–	–	(36)
Debt restructuring	(14,312)	–	–	–	–	–	(14,312)
As at 31 December 2024 and 1 January 2025	8,607,861	–	426,994	36,091	98,524	(830,355)	8,339,115
Loss for the year	–	–	–	–	–	(117,344)	(117,344)
Total comprehensive loss for the year:							
Share of other comprehensive loss of associates	–	–	–	–	(74,287)	–	(74,287)
Total comprehensive loss for the year	–	–	–	–	(74,287)	(117,344)	(191,631)
Share of other reserves of associates	–	–	–	365	–	–	365
Share-based payments	–	11,363	–	–	–	–	11,363
Debt restructuring	8,231	–	–	–	–	–	8,231
As at 31 December 2025	8,616,092	11,363	426,994	36,456	24,237	(947,699)	8,167,443

38. ACQUISITION OF SUBSIDIARIES THAT ARE NOT BUSINESSES

In June 2025, the Company established Afari Intelligent Drive in the Chinese Mainland, as an associate through Chongqing Jianghe Qixing Corporate Management Partnership (Limited Partnership) (“重慶江河啟興企業管理合夥企業(有限合夥)”) (“**Jianghe Qixing**”), with third parties. Jianghe Qixing is a limited partnership established in the Chinese Mainland, the sole general partner of which is Chongqing Zhiqi Xinwang Enterprise Management Co., Ltd., (“重慶智騏鑫旺企業管理有限公司”) (“**Zhiqi Xinwang**”), our wholly-owned subsidiary.

In September 2025, the partners of Jianghe Qixing have unanimously agreed to amend the partnership agreement of Jianghe Qixing resulting in Zhiqi Xinwang’s control of the key corporate matters of Jianghe Qixing, and Jianghe Qixing entered into a Proxy Agreement with its shareholder on September 27, 2025. Pursuant to the Proxy Agreement and the Shareholders’ approval dated October 15, 2025, the Company is able to control 60% of the voting rights in Afari Intelligent Drive on Shareholders Entrusted Matters and Board Entrusted Matters and exercises effective control over its board of directors, through Jianghe Qixing.

Since control over Jianghe Qixing was obtained in order to achieve control over Afari Intelligent Drive, Senior management of the Group has concluded that the acquisition of Jianghe Qixing and the acquisition of Afari Intelligent Drive constitute a single business combination. Accordingly, each of Jianghe Qixing and Afari Intelligent Drive has become a subsidiary of the Company and its financial results have been consolidated into the accounts of the Company since 15 October 2025.

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Based on the concentration test performed, Senior management of the Group has concluded that the aforementioned transaction should be accounted for as an asset acquisition.

An analysis of the cash flows in respect of the acquisition of Jianghe Qixing and Afari Intelligent Drive (“**Jianghe Qixing Group**”) is as follows:

	<i>RMB’000</i>
Cash consideration paid	–
Cash and bank balances acquired	1,098,054
Net inflow of cash and cash equivalents included in cash flows from investing activities	1,098,054

39. DISPOSAL OF A SUBSIDIARY

On January 14, 2025, the Company convened the 13th meeting of the 6th Board of Directors, at which the “Proposal on Signing the Settlement Agreement” was reviewed and approved. The proposal authorized the wholly-owned subsidiary Ruilan Manufacturing to sign the Settlement Agreement with Hiboridd Automotive Technology CO.,LTD. (“海博瑞德(北京)汽車技術有限公司”、“Hiboridd Automotive”) and Mr. Yuan Tao. According to the agreement, Mr. Yuan Tao made a one-time payment of RMB16 million to repurchase the 93.9684% equity in Hbred (Chongqing) Automotive Power Control System Co., Ltd. (“海博瑞德(重慶)汽車動力控制系統有限公司”、“Hbred Chongqing”) held by Ruilan Manufacturing.

In April 2025, the equity transfer procedures for Hbred Chongqing had been completed. Consequently, Hbred Chongqing and its subsidiary Beijing Haibo Ruide Technology Co., Ltd. (“北京海博瑞德科技有限公司”, “Beijing Haibo Ruide”) are no longer subsidiaries of the Group.

The carrying values of the assets and liabilities on the date of disposal were as follows:

	Hbred Chongqing	Beijing Haibo Ruide	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Non-current assets	455	–	455
Current assets	281	6,364	6,645
Current liabilities	15,868	8,709	24,577
Non-controlling interests			(1,355)
Net liabilities disposed of			(16,122)
Gain on disposal of subsidiaries			32,122
Total consideration			16,000
Satisfied by:			
Advance from disposal of a subsidiary (<i>note 29</i>)			16,000

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

	As at date of disposal
	<i>RMB’000</i>
Cash consideration	–
Cash and bank balances disposed of	1.00
Net outflow of cash and cash equivalents in respect of the disposal	(1.00)

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40. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group’s subsidiaries that have material non-controlling interests are set out below:

Percentage of equity interests held by non-controlling interests:

	As at 31 December		
	2023	2024	2025
Chongqing Ruilan Automobile Technology Company Limited (重慶睿藍汽車科技有限公司)	45%	45%	45%
Chongqing Runtian Real Estate Development Company Limited (重慶潤田房地產開發有限公司)	50%	50%	50%
Jianghe Qixing Group	–	–	87%

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

(Loss)/profit for Relevant Periods allocated to non-controlling interests:

	Year ended 31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Chongqing Ruilan Automobile Technology Company Limited (重慶睿藍汽車科技有限公司)	(294,123)	(300,303)	(198,060)
Chongqing Runtian Real Estate Development Company Limited (重慶潤田房地產開發有限公司)	11,740	(65,415)	(46,308)
Jianghe Qixing Group	–	–	(157,653)

Accumulated balances of non-controlling interests at the Relevant Periods:

	As at 31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Chongqing Ruilan Automobile Technology Company Limited (重慶睿藍汽車科技有限公司)	388,976	88,673	(109,387)
Chongqing Runtian Real Estate Development Company Limited (重慶潤田房地產開發有限公司)	1,112,560	1,047,146	1,000,837
Jianghe Qixing Group	–	–	6,232,738

	Year ended 31 December 2023	
	Chongqing Ruilan Automobile Technology Company Limited (重慶睿藍汽車科技有限公司)	Chongqing Runtian Real Estate Development Company Limited (重慶潤田房地產開發有限公司)
	<i>RMB’000</i>	<i>RMB’000</i>
Revenue	3,484,496	521,942
(Loss)/profit for the year	(622,305)	23,481
Total comprehensive (loss)/income	(622,305)	23,481
Net cash flows (used in)/generated from operating activities	(731,564)	49,615
Net cash flows used in investing activities	(503,843)	–
Net cash flows generated from/(used in) financing activities	920,000	(69,845)
Net decrease in cash and cash equivalents	(315,407)	(20,230)

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	As at 31 December 2023	
	Chongqing Ruilan Automobile Technology Company Limited (重慶睿藍汽車科技 有限公司)	Chongqing Runtian Real Estate Development Company Limited (重慶潤田房地產開 發有限公司)
	<i>RMB'000</i>	<i>RMB'000</i>
Current assets	3,959,711	1,435,096
Non-current assets	1,771,214	3,040,646
Current liabilities	4,858,610	1,012,088
Non-current liabilities	12,530	1,238,533
	Year ended 31 December 2024	
	Chongqing Ruilan Automobile Technology Company Limited (重慶睿藍汽車 科技有限公司)	Chongqing Runtian Real Estate Development Company Limited (重慶潤田房地產 開發有限公司)
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	3,037,817	170,979
Loss for the year	(667,340)	(130,830)
Total comprehensive loss	(667,340)	(130,830)
Net cash flows generated from operating activities	383,796	12,453
Net cash flows used in investing activities	(353,133)	—
Net cash flows used in financing activities	(24,285)	(63,226)
Net increase/(decrease) in cash and cash equivalents	6,378	(50,773)
	As at 31 December 2024	
	Chongqing Ruilan Automobile Technology Company Limited (重慶睿藍汽車科技 有限公司)	Chongqing Runtian Real Estate Development Company Limited (重慶潤田房地產開 發有限公司)
	<i>RMB'000</i>	<i>RMB'000</i>
Current assets	3,207,278	1,356,645
Non-current assets	1,955,339	2,952,252
Current liabilities	4,862,280	1,038,309
Non-current liabilities	107,893	1,176,297

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	Year ended 31 December 2025		
	Chongqing Ruilan Automobile Technology Company Limited (重慶睿 藍汽車科技 有限公司)	Chongqing Runtian Real Estate Development Company Limited (重慶潤 田房地產開發 有限公司)	Jianghe Qixing Group
	RMB'000	RMB'000	RMB'000
Revenue	5,335,867	240,100	351,699
Loss for the year	(423,311)	(92,616)	(39,293)
Total comprehensive loss	(423,311)	(92,616)	(39,293)
Net cash flows generated from/(used in) operating activities	1,871,164	111,395	(198,208)
Net cash flows used in investing activities	(1,171,621)	–	(6,638)
Net cash flows used in financing activities	(103,166)	(73,734)	–
Net increase/(decrease) in cash and cash equivalents	596,377	37,661	(204,846)
	As at 31 December 2025		
	Chongqing Ruilan Automobile Technology Company Limited (重慶睿 藍汽車科技 有限公司)	Chongqing Runtian Real Estate Development Company Limited (重慶潤 田房地產開發 有限公司)	Jianghe Qixing Group
	RMB'000	RMB'000	RMB'000
Current assets	4,355,436	1,217,859	1,406,168
Non-current assets	1,119,915	2,913,296	5,258,458
Current liabilities	5,062,976	1,011,690	264,474
Non-current liabilities	642,609	1,117,753	6,064

41. 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 RMB7,880,000, RMB119,000 and RMB13,657,000, respectively, in respect of lease arrangements for buildings.

During the years ended 31 December 2023, 2024 and 2025, the Group had non-cash reductions in interest-bearing bank borrowings of RMB63,374,000, Nil and Nil, respectively.

During the years ended 31 December 2023, 2024 and 2025, the Group had non-cash reductions in due to third parties of Nil, Nil and RMB45,168,000, respectively, resulting from debt restructuring by real estates.

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(b) Changes in liabilities arising from financing activities

	Interest-bearing bank borrowings	Lease liabilities	Other payables – Payables for subscription under equity incentive plan	Other payables – Advances from non-controlling shareholders of subsidiaries and third parties	Other payables – expense	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023 . .	2,811,335	4,941	184,665	95,153	[REDACTED]	[REDACTED]
Changes from financing cash flows	(564,193)	(4,464)	(17,047)	–	[REDACTED]	[REDACTED]
Non-cash payment . .	(63,374)	–	–	–	[REDACTED]	[REDACTED]
New leases	–	7,880	–	–	[REDACTED]	[REDACTED]
Exercised of incentive shares	–	–	(54,438)	–	[REDACTED]	[REDACTED]
Interest expense . . .	114,523	217	–	8,705	[REDACTED]	[REDACTED]
At 31 December 2023 and 1 January 2024 . .	2,298,291	8,574	113,180	103,858	[REDACTED]	[REDACTED]
Changes from financing cash flows	(367,512)	(3,137)	(113,044)	–	[REDACTED]	[REDACTED]
New leases	–	119	–	–	[REDACTED]	[REDACTED]
Termination	–	(4,821)	–	–	[REDACTED]	[REDACTED]
Interest expense . . .	86,091	168	–	7,077	[REDACTED]	[REDACTED]
At 31 December 2024 and 1 January 2025 . .	2,016,870	903	136	110,935	[REDACTED]	[REDACTED]
Changes from financing cash flows	1,181,432	(1,721)	42,017	–	[REDACTED]	[REDACTED]
Increase arising from acquisition of subsidiaries	–	9,414	–	–	[REDACTED]	[REDACTED]
Decrease arising from disposal of subsidiaries	–	–	–	(2,293)	[REDACTED]	[REDACTED]
Accrued expense . . .	–	–	–	–	[REDACTED]	[REDACTED]
New leases	–	13,657	–	–	[REDACTED]	[REDACTED]
Interest expense . . .	66,160	317	–	5,973	[REDACTED]	[REDACTED]
At 31 December 2025 .	3,264,462	22,570	42,153	114,615	[REDACTED]	[REDACTED]

(c) Total cash outflows for leases

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

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within operating activities	6,560	9,686	18,182
Within financing activities	4,464	3,137	1,721
Total	11,024	12,823	19,903

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42. CONTINGENT LIABILITIES

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Auto finance business guarantee (<i>note (1)</i>)	180,421	107,272	45,712
Pending litigation (<i>note (2)</i>)	208,772	–	–
Total	<u>389,193</u>	<u>107,272</u>	<u>45,712</u>

Notes:

- (1) The Company’s subsidiary, Chongqing Ruilan Automobile Technology Co., Ltd. (“**Ruilan Technology**”), has entered into the “Cooperation Agreement on the ‘Quanchengtong’ Automobile Financial Network” with China Everbright Bank Co., Ltd. Hangzhou Branch (hereinafter referred to as “**Everbright Hangzhou Branch**”). The agreement stipulates that: For dealers joining the “Quanchengtong” network, after depositing funds equivalent to no less than 10% of the face value of the bank acceptance notes (as approved by Everbright Hangzhou Branch), Everbright Hangzhou Branch shall issue bank acceptance notes with a term of up to one year to such dealers within the approved credit limit. In the event that a dealer fails to fully honors the maturing bank acceptance notes within the time limit specified in the relevant sub-agreement, Ruilan Technology shall promptly urge the authorised lead unit to fulfill its corresponding repurchase obligations. If the authorised lead unit fails to complete the repurchase within 5 working days, Ruilan Technology or its subsidiary, Ruilan Sales Co., Ltd., shall jointly fulfill the repurchase obligations. The annual repurchase liability shall not exceed RMB150 million. As at 31 December 2023, 2024 and 2025, invoices issued by dealers but not yet repaid amounted to RMB380,035,000, RMB325,840,000 and RMB169,533,000, respectively.

The Company’s subsidiary, Ruilan Technology, has also entered into the “Framework Agreement on Automobile Sales Network Financial Services” with Industrial Bank Co., Ltd. Ningbo Branch (hereinafter referred to as “**Industrial Bank Ningbo Branch**”). The agreement stipulates that: For dealers participating in the “Automobile Sales Network Financial Services,” after paying a margin of no less than 15% of the bank acceptance drafts (or providing pledges of fixed deposits of entities and individuals), Industrial Bank Ningbo Branch shall provide bank acceptance note support with a term of no less than three months to the cooperating dealers. In the event that Industrial Bank Ningbo Branch encounters difficulties in recovering credit funds from the cooperating dealers, Ruilan Technology or its subsidiary, Ruilan Sales Co., Ltd., shall undertake corresponding responsibilities such as adjustment sale and repurchase. The annual repurchase liability shall not exceed RMB100 million. As at 31 December 2023, 2024 and 2025, invoices issued by dealers but not yet repaid amounted to RMB60,903,000, RMB31,434,000 and RMB62,342,000, respectively.

Hence, as at 31 December 2023, 2024 and 2025, the aggregate amounts of joint and several guarantee liabilities assumed by the Company’s subsidiaries in relation to their automobile finance business were RMB180,421,000, RMB107,272,000 and RMB45,712,000, respectively.

During the Relevant Period, the Group has not been required to repurchase, therefore credit risks are considered relatively low.

- (2) During the years 2022 and 2023, certain subsidiaries of the Company were defendants in lawsuits instituted by certain parties, which alleged breaches and repudiation of contracts by such subsidiaries. The directors, based on the advice from the Group’s legal counsel, believe that the subsidiaries have valid defence against the allegation and, accordingly, the Group has not provided for any claim arising from the litigation, other than the related legal and other costs.

As at 31 December 2025, all of the above-mentioned lawsuits have been concluded, and the Group confirms that it has no statutory compensation obligations to assume.

As of the end of each Relevant Period, the Group had no other material contingent liabilities, guarantees, or litigations or claims of material importance (whether pending or threatened) against any member of the Group that remained undisclosed.

43. PLEDGE OF ASSETS

Details of the Group’s assets pledged as collateral for the Group’s bank and other borrowings, as well as for the issuance of bank acceptance bills, are included in notes 14, 15, 16, 19, 23, 24, 25, 27 and 31, respectively, to the Historical Financial Information.

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44. COMMITMENTS

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

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Contracted, but not provided for:			
Properties, plant and equipment and other intangible assets	125,371	95,738	212,283

45. RELATED PARTY TRANSACTIONS

The related companies with which the Group had transactions were as follows:

Name of related parties	Notes	Relationship with the Group
重慶銀行股份有限公司(Chongqing Bank Co., Ltd.) . . .		Associate
新源汽車產業發展(重慶)有限公司 (New Energy Automobile Industry Development (Chongqing) Co., Ltd.)		Associate
重慶新源汽車融資租賃有限公司 (Chongqing New Energy Automobile Finance Leasing Co., Ltd.)		Associate
張家港保稅區國際汽車城有限公司 (Zhangjiagang Free Trade Zone International Auto Mall Co., Ltd.)		Associate
李書福 (Mr. Li Shu Fu)		Significant equity holder
浙江吉利控股集團有限公司 (Zhejiang Geely Holding Group Co., Ltd.)	(1)	Controlled by Mr. Li Shu Fu
吉利科技集團有限公司 (Geely Technology Group Co., Ltd.)	(1)	Controlled by Mr. Li Shu Fu
山東吉利新能源商用車有限公司 (Shandong Geely New Energy Commercial Vehicle Co., Ltd)	(1)	Controlled by Mr. Li Shu Fu
Geely Group	(1)	Controlled by Mr. Li Shu Fu
CaoCao Inc.	(2)	Controlled by Mr. Li Shu Fu
Caocao Group	(2)	Controlled by Mr. Li Shu Fu
浙江吉曜通行能源科技有限公司 (“Zhejiang Jiyao Pass Energy Technology Co., Ltd.”)	(3)	Controlled by Mr. Li Shu Fu
Jiyao Group.	(3)	Controlled by Mr. Li Shu Fu
Yeoning Technology Group	(4)	Controlled by Mr. Li Shu Fu
浙江耀寧科技集團有限公司 (Zhejiang Yeoning Technology Group Co., Ltd.)	(4)	Controlled by Mr. Li Shu Fu
Dreamsmart Group	(5)	Controlled by Mr. Li Shu Fu
DREAMSMART INFINITY HK	(5)	Controlled by Mr. Li Shu Fu
杭州楓華科技有限公司(Hangzhou Fenghua Souvenir CO.,LTD.)		Controlled by Mr. Li Shu Fu
浙江寰福科技有限公司 (Zhejiang e-CarX Technology Co.,Ltd.)		Controlled by Mr. Li Shu Fu
浙江濟底科技有限公司 (Zhejiang Jidi Technology Co., Ltd.)		Controlled by Mr. Li Shu Fu
浙江鋒銳發動機有限公司 (Zhejiang Fengrui Engine Co., Ltd.)		Controlled by Mr. Li Shu Fu
吉致汽車金融有限公司 (Geely Auto Finance Co., Ltd.)		Controlled by Mr. Li Shu Fu
浙江智慧普華融資租賃有限公司 (Zhejiang Zhihui puhua Financial Leasing Co., Ltd.)		Controlled by Mr. Li Shu Fu
領為視覺智能科技(寧波)有限公司 (Lynway Vision Technology (Nb) Co., Ltd.)		Controlled by other significant equity holder
重慶力帆控股有限公司 (“Chongqing Lifan Holdings Ltd”, “Lifan holding group”)		Controlled by other significant equity holder
重慶力帆紅星商業管理有限公司 (Chongqing Lifan Hongxing Commercial Management Co., Ltd.)		Controlled by other significant equity holder
重慶裕弘昇物業管理有限公司 (Chongqing Yuhongsheng Property Management Co., Ltd.)		Controlled by other significant equity holder
力帆融資租賃(上海)有限公司 (Lifan Financial Leasing (Shanghai) Co., Ltd.)		Controlled by other significant equity holder
重慶力帆置業有限公司		Controlled by other significant equity holder

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Name of related parties	Notes	Relationship with the Group
Lifan Group (Lifan holding group and its other subsidiaries, joint ventures and associates)		Controlled by other significant equity holder
江西安馳新能源科技有限公司(Jiangxi Anchi New Energy Technology Co., Ltd.)		Controlled by other significant equity holder
杭州六創電動汽車技術有限公司 (Hangzhou Liuchuang Electric Vehicle Technology Co., Ltd.)		Controlled by other significant equity holder
杭州楓華文化創意有限公司 (Hangzhou Fenghua Culture Creative Co., Ltd.)		Controlled by other significant equity holder
重慶新潤商業管理有限公司 (Chongqing Xinrun Commercial Management Co., Ltd.)		Controlled by other significant equity holder
武漢路特斯科技有限公司(Wuhan Lutes Technology Co., Ltd.)	(6)	Controlled by other significant equity holder
原力數能(重慶)科技有限公司(Force Data & Energy (Chongqing) Technology Co., Ltd.)	(7)	Controlled by other significant equity holder
北京曠視科技有限公司(Beijing Kuangshi Technology Co., Ltd.)	(7)	Controlled by other significant equity holder
北京邁格威科技有限公司(Megvii (Beijing) Technology Co., Ltd.)	(7)	Controlled by other significant equity holder
杭州曠雲金智科技有限公司 (Hangzhou Kuangyun Jinzhi Technology Co., Ltd.)	(7)	Controlled by other significant equity holder
邁馳智行(重慶)科技有限公司 (Maichi Zhixing (Chongqing) Technology Co., Ltd.)	(7)	Controlled by other significant equity holder
上海階躍紀元智能科技有限公司 (Shanghai Stepfun Epoch Intelligent Technology Co., Ltd.)	(7)	Controlled by other significant equity holder
上海曠鏡博煊科技有限公司 (Shanghai Kuangjing Boxuan Technology Co., Ltd.)	(7)	Controlled by other significant equity holder
武漢曠視金智科技有限公司 (Wuhan Kuangshi Jinzhi Technology Co., Ltd.)	(7)	Controlled by other significant equity holder
原力金智(重慶)科技有限公司 (Yuanli Jinzhi (Chongqing) Technology Co., Ltd.)	(7)	Controlled by other significant equity holder
原力數能(北京)科技有限公司 (Force Numerical Energy (Beijing) Technology Co., Ltd.)	(7)	Controlled by other significant equity holder

Notes:

- (1) For the purposes of disclosure, the “Geely Group” was defined as Zhejiang Geely Holding Group Co., Ltd. (“浙江吉利控股集團有限公司”), Geely Technology Group Co., Ltd., (“吉利科技集團有限公司”), Shandong Geely New Energy Commercial Vehicle Co., Ltd. (山東吉利新能源商用車有限公司) and their respective subsidiaries, joint ventures, and associates.
- (2) For the purposes of disclosure, the “CaoCao Group” was defined as CaoCao Inc. and their respective subsidiaries, joint ventures, and associates.
- (3) For the purposes of disclosure, the “Jiyao Group” was defined as Zhejiang Jiyao Pass Energy Technology Co., Ltd. (“浙江吉曜通行能源科技有限公司”) and its respective subsidiaries, joint ventures, and associates.
- (4) For the purposes of disclosure, the “Yeoning Technology Group” was defined as Zhejiang YoeNing Technology Group Co., Ltd. (“浙江耀寧科技集團有限公司”) and its respective subsidiaries, joint ventures, and associates.
- (5) For the purposes of disclosure, the “Dreamsmart Group” was defined as Dreamsmart Infinity Hong Kong Limited and its respective subsidiaries, joint ventures, and associates.
- (6) Mr.Li Shu Fu are equity holders of the entity.
- (7) Mr.Yin qi is an equity holder of the entity.

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(a) **Transactions with related parties:**

In addition to the transactions detailed elsewhere in the accountants’ report, the Group had the following transactions with related parties during the Relevant Periods:

Transactions with related parties	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
(a-1) Sales of property, plant and equipment			
Geely Group	38	–	14,600
(a-2) Sales of goods			
Geely Group:			
Zhejiang Geely Automobile International Trading Co., Ltd.	623,789	1,093,021	943,813
Chongqing Xingfu Qianwanjia Technology Co., Ltd.	1,731	39,397	131,873
Hangzhou Yineng Battery Management Technology Co., Ltd.	32,248	337	16,611
Qizheng New Energy Vehicle (Jinan) Co., Ltd.	30	1,257	5,220
Zhejiang Victor Motorcycle Co., Ltd.	1,556	86	1,415
Guizhou Geely Automobile Manufacturing Co., Ltd.	–	–	62,368
Geely Automobile Research Institute (Ningbo) Co., Ltd.	656	3	3,268
Zhejiang Jisu Logistics Co., Ltd.	–	–	11
Hangzhou Geely Automobile Co., Ltd.	18,392	14,802	–
Zhejiang Geely Automobile Co., Ltd.	452	–	–
Zhejiang Jizhi New Energy Vehicle Technology Co., Ltd.	89	–	–
Ningbo Jirun Auto Parts Co., Ltd.	10,075	37	–
Shandong Geely Chengda Circular Automobile Sales Service Co., Ltd.	2,120	12	–
Zhejiang Geely Holding Group Automobile Sales Co., Ltd.	–	8	–
Sichuan Lingke Automobile Manufacturing Co., Ltd.	9,957	–	–
Chengdu Geely Automobile Manufacturing Co., Ltd.	565	–	–
Zhejiang Haoqing Automobile Manufacturing Co., Ltd.	357	–	–
Fengsheng Automobile (Jiangsu) Co., Ltd.	63	–	6
Qizheng New Energy Vehicle Sales (Jinan) Co., Ltd.	27	–	–
Zhejiang Jirun Automobile Co., Ltd.	1	–	–
Others	2,038	1,548	3,523
Caocao Group:			
Hangzhou Youxing Technology Co., Ltd.	87,093	–	–
Suzhou Caozhi Automobile Co., Ltd.	1,709,606	1,150,664	1,529,035
Hangzhou Zhongyue Travel Technology Co., Ltd.	122	2,723	5,385
Others	328	–	–
Dreamsmart Group	–	9,325	23,292
Ningbo Vision Auto Parts Co., Ltd.	7	8,032	12,554
Zhejiang Ruhoo Automobile Co., Ltd.	6,491	–	–
Wuhan Lutes Technology Co., Ltd.	–	250	–
Shandong Geely New Energy Commercial Vehicle Co., Ltd.	–	–	12,466
Ningbo Jixing Import and Export Co., Ltd.	–	–	7,315
Total	2,507,793	2,321,502	2,758,155

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ACCOUNTANTS’ REPORT

Transactions with related parties	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
(a-3) Receipt of service			
Geely Group:			
Zhejiang Jisu Logistics Co., Ltd.	49,736	51,345	78,994
Geely Automobile Research Institute (Ningbo) Co., Ltd.	3,581	29	79,893
Zhejiang Geely Holding Group Automobile Sales Co., Ltd.	299	10,305	20,925
Zhejiang Jirun Automobile Co., Ltd.	17,594	7,828	8,423
Zhejiang Geely Business Services Co., Ltd. . .	20,161	12,094	11,613
Guizhou Geely Automobile Manufacturing Co., Ltd.	10	–	5,140
Zhejiang Vision AUTO-PARTS Fittings Company Limited	11,355	12,897	7,739
ZheJiang XuanFu Automatic Transmission Co., Ltd.	–	–	8,911
Zhejiang Geely Automobile Co., Ltd.	2	–	–
Zhejiang Geely Automobile International Trading Co., Ltd.	78	904	255
Geely Automobile Holding (Shanghai) Co., Ltd.	15,712	–	285
Shandong Geely Chengda Circular Automobile Sales Service Co., Ltd.	217	–	–
Sichuan Lingke Automobile Manufacturing Co., Ltd.	170	1	–
Qizheng New Energy Vehicle (Jinan) Co., Ltd.	438	1,135	366
Geely Automobile Group Co., Ltd.	5,428	150	–
Zhejiang Jisu Supply Chain Management Co., Ltd.	55	30,477	506
Hangzhou Geely Automobile Co., Ltd.	116	540	939
Hangzhou Yineng Battery Management Technology Co., Ltd.	942	–	191
Fengsheng Automobile (Jiangsu) Co., Ltd. . .	493	–	336
Zhejiang Ruhoo Automobile Co., Ltd.	442	–	410
Zhejiang Jizhi New Energy Vehicle Technology Co., Ltd.	–	–	10,850
Others	14,336	7,046	25,085
Caocao Group:			
Hangzhou Youxing Technology Co., Ltd. . . .	9	–	–
Others	33	10	–
Zhejiang Fengrui Engine Co., Ltd.	181	–	–
Zhejiang Jidi Technology Co., Ltd.	173	–	–
Chongqing Xinrun Commercial Management Co., Ltd.	–	408	1,726
Chongqing Yuhongsheng Property Management Co., Ltd.	4,185	3,424	14,069
Chongqing Lifan Hongxing Commercial Management Co., Ltd.	706	20,473	11,309
Hangzhou Fenghua Souvenir Co., Ltd.	5,297	5,030	6,748
Beijing Kuangshi Technology Co., Ltd.	–	–	2,749
Shanghai Stepfun Epoch Intelligent Technology Co., Ltd.	–	–	66,642
Shanghai Jieyue Xingchen Intelligent Technology Co., Ltd.	–	–	6,785
Others.	–	–	2,518
Total	151,749	164,096	373,407

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ACCOUNTANTS’ REPORT

Transactions with related parties	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
(a-4) Rendering of services			
Geely Group:			
Geely Automobile Research Institute (Ningbo) Co., Ltd.	2	2,952	468,985
Guizhou Geely Automobile Manufacturing Co., Ltd.	–	3,643	6,157
Zhejiang Haoqing Automobile Manufacturing Co., Ltd.	757	8,149	7,077
Zhejiang Geely Automobile Co., Ltd.	11,739	12,419	5,279
Sichuan Lingke Automobile Manufacturing Co., Ltd.	1	151	145
Zhejiang Mingdao Auto Parts Sales Co., Ltd.	124	138	–
Ningbo Geely Automotive Research and Development Co., Ltd.	–	13,754	–
Chengdu Geely Automobile Manufacturing Co., Ltd.	14,447	230	–
Zhejiang Jirun Automobile Co., Ltd.	–	63	–
Fengsheng Automobile (Jiangsu) Co., Ltd.	8	2,402	472
Zhejiang Jizhi New Energy Vehicle Technology Co., Ltd.	–	277	–
Hangzhou Yineng Battery Management Technology Co., Ltd.	–	50	123
Zhejiang Geely Holding Group Automobile Sales Co., Ltd.	4	47	–
Qizheng New Energy Vehicle (Jinan) Co., Ltd.	51	–	–
Hangzhou Geely Automobile Co., Ltd.	1	–	–
Zhejiang Jisu Logistics Co., Ltd.	–	–	3
Zhejiang Fengrui Engine Co., Ltd.	19	42	45
Others	601	1,290	3,954
Caocao Group:			
Suzhou Caozhi Automobile Co., Ltd.	4,099	49,690	1,276
Hangzhou Youxing Technology Co., Ltd.	3,414	–	–
Chongqing Lifan Holdings Ltd	5	–	–
Lynway Vision Technology (Nb) Co., Ltd.	–	18	–
Zhejiang Ruhoo Automobile Co., Ltd.	–	7	–
Chongqing Xinrun Commercial Management Co., Ltd.	–	67	195
Wuhan Lutes Technology Co., Ltd.	–	–	250
Force Data & Energy (Chongqing) Technology Co., Ltd.	–	–	242
Total	35,272	95,389	494,203

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ACCOUNTANTS’ REPORT

Transactions with related parties	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
(a-5) Purchases of products or services			
Geely Group:			
Zhejiang Haoqing Automobile Manufacturing Co., Ltd.	2,358,373	1,046,183	730,480
Zhejiang Geely Automobile Co., Ltd.	1,043,376	146,686	374,115
Fengsheng Automobile (Jiangsu) Co., Ltd. . .	170,370	252,315	114,722
Guizhou Geely Automobile Manufacturing Co., Ltd.	11	57,080	135,342
Zhejiang Geely Automobile Spare Parts Co., Ltd.	–	65,060	33,261
Hangzhou Geely Automobile Co., Ltd.	1,514	128,591	39,359
Zhejiang Mingdao Auto Parts Sales Co., Ltd.	12,548	19,723	57,065
Qizheng New Energy Vehicle (Jinan) Co., Ltd.	16,251	39,970	574,157
ZheJiang XuanFu Automatic Transmission Co., Ltd.	2,383	1,558	3,974
Sichuan Lingke Automobile Manufacturing Co., Ltd.	2,778	99,063	1,011
Zhejiang Jikrypton Intelligent Technology Co., Ltd.	507	–	–
Zhejiang Vision AUTO-PARTS Fittings Company Limited	11,447	4,014	–
Qizheng New Energy Vehicle Sales (Jinan) Co., Ltd.	3	–	–
Zhejiang Jirun Automobile Co., Ltd.	4	906	–
Fengsheng Automotive Technology Group Co., Ltd.	–	–	17
Zhejiang Jizhi New Energy Vehicle Technology Co., Ltd.	14,010	–	–
Ningbo Jirun Auto Parts Co.,Ltd.	45,657	34	–
Geely Automobile Group Co., Ltd.	–	2,897	–
Hangzhou Yineng Battery Management Technology Co., Ltd.	8,172	1,446	–
Jiguangwan Technology Co., Ltd.	–	–	349,136
Aurobay (Guiyang) Engines Co., Ltd.	–	–	4,879
Fujian Energy Technology Co., Ltd.	–	–	3,353
Jika Intelligent Robot Co., Ltd.	–	–	7,526
Jiangsu Yaoning New Energy Co., Ltd.	–	–	4,526
Others	6,659	2,378	6,394
CaoCao Group	3	–	–
Livan holding group	50	–	–
Hangzhou Fenghua Souvenir Co.,Ltd.	–	540	–
Yeoning Technology Group	–	52	116
Lynway Vision Technology (Nb) Co., Ltd.	–	10,413	–
Zhejiang e-CarX Technology Co.,Ltd.	2,217	313	6
Zhejiang Ruhoo Automobile Co.,Ltd.	2,869	6,349	149
Zhejiang Victor Motorcycle Co.,Ltd.	3,860	32,381	33,980
Jiangxi Anchi New Energy Technology Co., Ltd.	–	21,102	135,701
Hangzhou Qingwei Technology Co., Ltd.	–	–	42,407
Zhejiang Fengrui Engine Co., Ltd.	124,159	190,336	251,834
Total	3,827,221	2,129,390	2,903,510
(a-6) Purchases of property, plant and equipment			
Hangzhou Fenghua Souvenir Co.,Ltd.	202	–	–
Geely Group:			
Ningbo Jirun Auto Parts Co.,Ltd.	1	–	530
Beijing Kuangshi Technology Co., Ltd.	–	–	53
Lynk & Co Sales Co., Ltd.	–	–	1,188
Qizheng New Energy Vehicle (Jinan) Co., Ltd.	–	–	4,656

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Transactions with related parties	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Zhejiang Jirun Automobile Co., Ltd.	—	—	2,209
Zhejiang Jirun Automobile Co., Ltd. Ningbo Hangzhou Bay Branch	—	—	10,316
Others	914	—	—
Maichi Zhixing (Chongqing) Technology Co., Ltd.	—	—	24
Force Numerical Energy (Beijing) Technology Co., Ltd.	—	—	5,402
Force Numerical Energy (Beijing) Technology Co., Ltd.	—	—	165
Total	1,117	—	24,543
(a-7) Purchases of other intangible assets			
Lynway Vision Technology (Nb) Co., Ltd. . . .	—	9,506	—
Zhejiang e-CarX Technology Co.,Ltd.	—	4,685	—
Hangzhou Fenghua Souvenir Co.,Ltd.	—	197	—
Yeoning Technology Group	—	53	—
Zhejiang Ruhoo Automobile Co.,Ltd.	—	53	—
Geely Group:			
Guizhou Geely Automobile Manufacturing Co., Ltd.	—	4,048	—
Hangzhou Geely Automobile Co., Ltd.	—	24	—
Qizheng New Energy Vehicle (Jinan) Co., Ltd	—	5,712	—
Geely Automobile Holding (Shanghai) Co., Ltd.	—	412	—
ZheJiang XuanFu Automatic Transmission Co., Ltd.	—	7,546	—
Zhejiang Jirun Automobile Co., Ltd.	—	6,194	—
Geely Automobile Research Institute (Ningbo) Co., Ltd.	—	5,830	—
Sichuan Lingke Automobile Manufacturing Co., Ltd.	—	677	—
Zhejiang Geely Automobile Co., Ltd.	—	410	—
Zhejiang Jizhi New Energy Vehicle Technology Co., Ltd.	539,291	—	—
Ningbo Geely Automotive Research and Development Co., Ltd.	36,625	—	1,321
Geega Digital Technology Co., Ltd.	—	—	208
Others	10,166	15,210	—
Total	586,082	60,557	1,529
(a-8) Interest expense			
Chongqing New Energy Automobile Finance Leasing Co., Ltd.	134	90	—
(a-9) Lease expenses			
Zhejiang Jidi Technology Co., Ltd.	561	—	—
Beijing Kuangshi Technology Co., Ltd.	—	—	188
Hangzhou Kuangyun Jinzhi Technology Co., Ltd.	—	—	18
Geely Group	3,020	—	623
Total	3,581	—	829

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Transactions with related parties	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
(a-10) Rental income			
Suzhou Geely Youxing Electronic Technology Co., Ltd.	–	13,203	9,911
Force Data & Energy (Chongqing) Technology Co., Ltd.	–	–	645
Geely Group	2	–	284
Zhejiang Victor Motorcycle Co., Ltd.	–	–	262
Yuanli Jinzhi (Chongqing) Technology Co., Ltd.	–	–	4
Zhejiang Mingdao Automobile Parts Sales Co., Ltd.	–	–	307
Zhejiang Mingdao Industrial Co., Ltd.	–	–	57
Total	2	13,203	11,470
(a-11) Sale of other intangible assets			
Ningbo Geely Automotive Research and Development Co., Ltd.	–	–	345,220
Geely Automobile Research Institute (Ningbo) Co., Ltd.	–	–	2,459
Total	–	–	347,679

The sales to the related parties and the purchases from the related parties were made according to the published prices and conditions negotiated between the parties. The amounts for the related party transactions disclosed herein are stated inclusive of Value-Added Tax (“VAT”).

(a-12) Related Party Guarantees

Guarantee issued to related parties

In 2022, Chongqing Lifan Holding Co., Ltd. and Mr. Yin Mingshan (尹明善, the Company’s former shareholder) provided the Company with a total credit line of RMB1,744,846,000 in guarantees for its bank borrowings. Concurrently, the lending bank required the Company to provide counter-guarantees of equivalent amount to Chongqing Lifan Holding Co., Ltd. and Mr. Yin Mingshan. In 2023, the guarantees provided by the Company to Chongqing Lifan Holding Co., Ltd. and Yin Mingshan were canceled.

Guarantee provided by related parties

During the Relevant Periods, certain borrowings were guaranteed by related parties. The guarantees were effective from 17 June 2017 to 18 June 2027. As of 31 December 2023, 2024 and 2025, the outstanding guarantee balances were RMB655,662,000, RMB629,062,000 and RMB592,463,000, respectively.(note 31)

(a-13) Related Party financial services

Receiving financial services from Bank of Chongqing Co., Ltd.

During the Relevant Periods, Bank of Chongqing Co., Ltd. provides the Company with financial services including deposits, loans, and settlement services. These related-party transactions are part of the Company’s ordinary course of business, conducted based on mutual agreements between the parties, and are executed on terms no more favorable than those offered by the bank to non-related parties for similar transactions. The interest rates on deposits are determined in accordance with the benchmark rates and floating ranges issued by the People’s Bank of China.

The Company’s subsidiary, Chongqing Ruilan Automobile Sales Co., Ltd. (“**Ruilan Sales**”), entered into Financial Cooperation Agreements with Geely Auto Finance Co., Ltd. (“**Geely Finance**”) and Zhejiang Zhihuipuhua Financial Leasing Co., Ltd. (“**Zhihuipuhua**”), respectively. Under these agreements, Geely Finance and Zhihuipuhua will provide auto loan services and financial leasing services, respectively, to assist end customers in purchasing automotive products from Ruilan Sales’ authorized dealers. Ruilan Sales will provide interest subsidy support not exceeding RMB200 million in aggregate, and the agreements are valid for a term of three years.

As of 31 December 2023, the cumulative interest subsidy support provided amounted to RMB9,102,000, of which RMB8,506,000 was allocated to Geely Finance and RMB596,000 to Zhihuipuhua.

As of 31 December 2024, the cumulative interest subsidy support provided amounted to RMB21,071,000, of which RMB19,249,000 was allocated to Geely Finance and RMB1,822,000 to Zhihuipuhua.

As of 31 December 2025, the cumulative interest subsidy support provided amounted to RMB24,025,000, of which RMB22,196,000 was allocated to Geely Finance and RMB1,829,000 to Zhihuipuhua.

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(b) **Outstanding balances with related parties:**

Due to related parties

	As at 31 December		
	2023	2024	2025
	Balance	Balance	Balance
	RMB'000	RMB'000	RMB'000
Cash and bank balances			
Chongqing Bank Co., Ltd.	19,308	37,673	9,001
Trade related:			
Contract liabilities			
Wuhan Lutes Technology Co., Ltd.	–	708	472
Dreamsmart Infinity HK	–	–	563
Geely Group	125	98	13,100
Zhejiang Victor Motorcycle Co., Ltd.	544	544	34
Linyi Lingji Ruilan Automobile Sales Service Co., Ltd.	230	–	–
Caocao Group.	–	–	26,563
Other tax payables			
Wuhan Lutes Technology Co., Ltd.	–	92	61
Geely Group	16	13	1,703
Zhejiang Victor Motorcycle Co., Ltd.	71	71	4
Linyi Lingji Ruilan Automobile Sales Service Co., Ltd.	30	–	–
Caocao Group.	–	–	3,453
Trade payables			
Zhejiang Fengrui Engine Co., Ltd.	18,455	54,036	–
Chongqing Xinrun Commercial Management Co., Ltd.	–	126	119
Zhejiang Ruhoo Automobile Co., Ltd.	85	2,277	–
Hangzhou Fenghua Souvenir Co., Ltd.	–	102	88
Zhejiang Victor Motorcycle Co., Ltd.	44	–	1,449
Lynway Vision Technology (Nb) Co., Ltd.	1,553	–	1
Hangzhou Fenghua Culture Creative Co., Ltd.	93	–	–
Hangzhou Qingwei Technology Co., Ltd.	–	–	25,730
Livan Holding Group:			
Chongqing Lifan Hongxing Commercial Management Co., Ltd.	2,345	2,594	577
Chongqing Yuhongsheng Property Management Co., Ltd.	2,968	2,628	4,895
Geely Group:			
Zhejiang Jizhi New Energy Vehicle Technology Co., Ltd.	467,636	426,183	144,691
Zhejiang Haoqing Automobile Manufacturing Co., Ltd.	603,729	360,972	51,195
Zhejiang Geely Automobile Co., Ltd.	565,754	248,905	94,939
Sichuan Lingke Automobile Manufacturing Co., Ltd.	257	88,950	933
Guizhou Geely Automobile Manufacturing Co., Ltd.	–	28,537	7,515
Ningbo Geely Automotive Research and Development Co., Ltd.	107,105	86,824	34,172
Hangzhou Geely Automobile Co., Ltd.	1,047	27,751	968
Zhejiang Jirun Automobile Co., Ltd.	4,119	2,441	11,733
Ningbo Vision Auto Parts Co., Ltd.	–	21,269	3,742
Zhejiang Mingdao Auto Parts Sales Co., Ltd.	5,003	3,362	29,877
Zhejiang Vision AUTO-PARTS Fittings Company Limited	49,051	5,144	1,237
ZheJiang XuanFu Automatic Transmission Co., Ltd.	–	8,539	7,031
Zhejiang Jisu Logistics Co., Ltd.	5,361	13,447	28,048
Ningbo Jirun Auto Parts Co.,Ltd..	5,514	–	–

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ACCOUNTANTS’ REPORT

	As at 31 December		
	2023	2024	2025
	Balance	Balance	Balance
	RMB'000	RMB'000	RMB'000
Geely Automobile Holding (Shanghai) Co., Ltd.	8,886	6,856	53
Geely Automobile Group Co., Ltd.	7,342	10,239	4,372
Geely Automobile Research Institute (Ningbo) Co., Ltd.	2,396	1,253	44,195
Qizheng New Energy Vehicle (Jinan) Co., Ltd.	9,357	7,775	151,547
Fengsheng Automobile (Jiangsu) Co., Ltd. . .	174,501	358,761	9,140
Fengsheng Automotive Technology Group Co., Ltd.	10	14,564	—
Zhejiang Jisu Supply Chain Management Co., Ltd.	—	4,227	—
Zhejiang Geely Business Services Co., Ltd. . .	—	930	295
Jiguangwan Technology Co., Ltd.	—	—	161,336
Others	5,264	19,408	10,622
Non-trade related:			
Other borrowings			
Chongqing Bank Co., Ltd.	—	82,568	—
Livan holding group	3,801	—	—
Other payables			
Chongqing Xinrun Commercial Management Co., Ltd.	—	5,500	12,908
Zhejiang Jidi Technology Co., Ltd.	173	173	173
Zhejiang e-CarX Technology Co., Ltd.	1,407	1,720	150
Hangzhou Fenghua Souvenir Co., Ltd.	—	99	—
Zhejiang Victor Motorcycle Co., Ltd.	—	—	111
Hangzhou Fenghua Culture Creative Co., Ltd. .	107	—	—
Force Data & Energy (Chongqing) Technology Co., Ltd.	—	—	56
Beijing Kuangshi Technology Co., Ltd.	—	—	2,349
Megvii (Beijing) Technology Co., Ltd.	—	—	50
Hangzhou Kuangyun Jinzhi Technology Co., Ltd.	—	—	7
Wuhan Kuangshi Jinzhi Technology Co., Ltd. .	—	—	11
Shanghai Kuangjing Boxuan Technology Co., Ltd.	—	—	104
Maichi Zhixing (Chongqing) Technology Co., Ltd.	—	—	5,650
Livan Holding Group:			
Chongqing Lifan Hongxing Commercial Management Co., Ltd.	40,291	81,490	56,082
Lifan Financial Leasing (Shanghai) Co., Ltd. .	42,630	42,630	42,630
Chongqing Yuhongsheng Property Management Co., Ltd.	3,325	3,330	—
Others.	1,225	1,225	1,224
Geely Group:			
Zhejiang Jisu Logistics Co., Ltd.	1,783	5,753	363
Geely Automobile Group Co., Ltd.	231	341	189
Zhejiang Geely Holding Group Automobile Sales Co., Ltd.	299	8,610	1,159
Zhejiang Geely Business Services Co., Ltd. . .	544	304	791
Zhejiang Jirun Automobile Co., Ltd.	10	43	43
Linyi Lingji Ruilan Automobile Sales Service Co., Ltd.	—	30	30
Sichuan Lingke Automobile Manufacturing Co., Ltd.	—	256	—
Zhejiang Jisu Supply Chain Management Co., Ltd.	41	—	—
Fengsheng Automotive Technology Group Co., Ltd.	15	—	—
Shanghai Stepfun Epoch Intelligent Technology Co., Ltd.	—	—	1,352

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As at 31 December

	2023	2024	2025
	Balance	Balance	Balance
	RMB'000	RMB'000	RMB'000
Shanghai Jieyue Xingchen Intelligent Technology Co., Ltd.	—	—	6,770
Others.	1,206	251	5,000

Due from related parties

As at 31 December

	2023	2023	2024	2024	2025	2025
	Balance	Allowance	Balance	Allowance	Balance	Allowance
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<i>Trade related:</i>						
Trade receivables						
Livan holding group	856	856	856	856	856	856
Zhejiang Victor Motorcycle Co.,Ltd.	—	—	—	—	73	—
Dreamsmart Infinity HK.	—	—	6,868	—	—	—
Chongqing Xinrun Commercial Management Co., Ltd.	—	—	115	—	106	—
Zhejiang Ruhoo Automobile Co.,Ltd.	1,525	—	—	—	—	—
Force Data & Energy (Chongqing) Technology Co., Ltd.	—	—	—	—	65	—
Yuanli Jinzhi (Chongqing) Technology Co., Ltd.	—	—	—	—	7	—
CaoCao Group:						
Suzhou Caozhi Automobile Co., Ltd.	117,423	—	118,240	1,633	34,355	3,371
Hangzhou Youxing Technology Co., Ltd.	24,667	—	19,557	1,948	19,557	5,835
Suzhou Geely Youxing Electronic Technology Co., Ltd.	—	—	826	—	826	—
Hangzhou Zhongyue Travel Technology Co., Ltd.	215,983	—	18,970	—	300	—
Geely Group:						
Zhejiang Geely Automobile International Trading Co., Ltd.	175,626	—	282,636	—	358,985	—
Guizhou Geely Automobile Manufacturing Co., Ltd.	—	—	—	—	50,127	—
Chongqing Xingfu Qianwanjia Automobile Sales Co., Ltd.	127,582	—	73,994	—	—	—
Hangzhou Yineng Battery Management Technology Co., Ltd.	10,288	329	4,894	—	21,405	809
Ningbo Vision Auto Parts Co., Ltd.	—	—	752	—	1,090	—
Fengsheng Automobile (Jiangsu) Co., Ltd.	63	—	1,417	—	200	10
Qizheng New Energy Vehicle Sales (Jinan) Co., Ltd.	8,170	—	8,170	817	—	—
Chengdu Geely Automobile Manufacturing Co., Ltd.	14,076	—	—	—	—	—
Sichuan Lingke Automobile Manufacturing Co., Ltd.	9,921	—	—	—	—	—
Hangzhou Geely Automobile Co., Ltd.	4,160	—	—	—	—	—
Ningbo Jirun Auto Parts Co.,Ltd.	247	—	—	—	—	—
Zhejiang Jirun Automobile Co., Ltd.	1	—	—	—	387,380	—
Geely Automotive Research Institute (Ningbo) Co., Ltd.	—	—	—	—	5,066	—
Shandong Geely New Energy Commercial Vehicle Co., Ltd.	—	—	—	—	3,591	—
Zhejiang Geely Automobile Engineering Technology Development Co., Ltd.	—	—	—	—	2,937	—
Others.	16	—	140	—	1,215	—

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ACCOUNTANTS’ REPORT

	As at 31 December					
	2023	2023	2024	2024	2025	2025
	Balance	Allowance	Balance	Allowance	Balance	Allowance
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Prepayments						
Geely Group	1	–	1,584	–	135	–
Chongqing Xinrun Commercial Management Co., Ltd.	–	–	6	–	–	–
Jiyao Group.	–	–	–	–	6,091	–
Force Numerical Energy (Beijing) Technology Co., Ltd.	–	–	–	–	280	–
Non-trade related:						
Other receivables						
Chongqing New Energy Automobile Finance Leasing Co., Ltd.	8,080	–	293	29	252	76
Chongqing Xinrun Commercial Management Co., Ltd.	–	–	53	–	30	9
Zhangjiagang Free Trade Zone International Auto Mall Co., Ltd.	–	–	5,365	268	–	–
Force Data & Energy (Chongqing) Technology Co., Ltd.	–	–	–	–	72	–
Ningbo Lotus Robotics Co., Ltd.	–	–	–	–	50	–
Geely Group:						
Zhejiang Geely Business Services Co., Ltd.	–	–	400	20	600	40
Chongqing Xingfu Qianwanjia Automobile Sales Co., Ltd.	–	–	1,071	–	–	–
Chengdu Geely Automobile Manufacturing Co., Ltd.	370	–	–	–	–	–
Others.	–	–	248	–	818	–
Dividends receivable						
New Energy Automobile Industry Development (Chongqing) Co., Ltd.	1,000	–	1,000	–	1,000	1,000
Chongqing New Energy Automobile Finance Leasing Co., Ltd.	11,728	11,728	11,728	11,728	11,728	11,728
Bank Of Chongqing Co., Ltd.	–	–	–	–	47,118	–

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Subsidiaries:			
Non-traded related:			
Due from subsidiaries	5,760,620	5,776,713	5,269,205
Due to subsidiaries	93,571	12,544	15,678

These balances were interest-free, unsecured and repayable on demand.

Further details of trade related outstanding balances with related parties are included in note 24.

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

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Salaries and allowances	10,917	8,711	10,251
Performance related bonuses	–	–	6,782
Share-based payment expense	–	–	4,900
Total	10,917	8,711	21,933

Further details of directors’ and supervisors; emoluments are included in note 9 to the Historical Financial Information.

46. FINANCIAL INSTRUMENTS BY CATEGORY

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

The Group

As at 31 December 2023

Financial assets

	Financial assets at fair value through other comprehensive income		Financial assets at amortised cost	Total
	Debt investments	Equity investments		
	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills receivables	116,721	–	1,642,575	1,759,296
Financial assets included in prepayments, other receivables and other assets	–	–	140,484	140,484
Equity investments designated at fair value through other comprehensive income	–	6,629	–	6,629
Restricted cash	–	–	1,893,421	1,893,421
Time deposits	–	–	544,945	544,945
Cash and cash equivalents	–	–	986,333	986,333
Total	116,721	6,629	5,207,758	5,331,108

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Trade and bills payables	4,895,122
Financial liabilities included in other payables and accruals	1,488,155
Interest-bearing bank borrowings	2,298,291
Total	8,681,568

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As at 31 December 2024

Financial assets

	Financial assets at fair value through other comprehensive income		Financial assets at amortised cost	Total
	Debt investments	Equity investments		
	RMB’000	RMB’000	RMB’000	RMB’000
Trade and bills receivables	24,235	–	1,663,223	1,687,458
Financial assets included in prepayments, other receivables and other assets	–	–	154,705	154,705
Equity investments designated at fair value through other comprehensive income	–	6,728	–	6,728
Restricted cash	–	–	2,207,049	2,207,049
Time deposits	–	–	150,679	150,679
Cash and cash equivalents	–	–	1,321,676	1,321,676
Total	24,235	6,728	5,497,332	5,528,295

Financial liabilities

	Financial liabilities at amortised cost
	RMB’000
Trade and bills payables	5,678,936
Financial liabilities included in other payables and accruals	1,188,956
Interest-bearing bank borrowings	2,016,870
Total	8,884,762

As at 31 December 2025

Financial assets

	Financial assets at fair value through profit or loss		Financial assets at fair value through other comprehensive income	Total
	Mandatorily designated as such	Debt investments	Financial assets at amortised cost	
	RMB’000	RMB’000	RMB’000	RMB’000
Trade and bills receivables	–	141,564	1,776,549	1,918,113
Financial assets included in prepayments, other receivables and other assets	–	–	277,492	277,492
Financial assets at fair value through profit or loss	222,408	–	–	222,408
Restricted cash	–	–	1,991,178	1,991,178
Time deposits	–	–	2,896,793	2,896,793
Cash and cash equivalents	–	–	2,517,714	2,517,714
Total	222,408	141,564	9,459,726	9,823,698

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Financial liabilities

	Financial liabilities at amortised cost
	<i>RMB’000</i>
Trade and bills payables	5,500,251
Financial liabilities included in other payables and accruals	1,287,368
Interest-bearing bank borrowings	3,264,462
Total	<u>10,052,081</u>

47. TRANSFERS OF FINANCIAL ASSETS

Transferred financial assets that were derecognised entirety

During the Relevant Periods, the Group endorsed certain bank acceptance notes to certain suppliers in order to settle the trade payables due to such suppliers and discounted certain bank acceptance bills with commercial banks (collectively, the “**Derecognised Bills**”) with carrying amounts in aggregate of RMB2,587,364,000, RMB2,489,082,000 and RMB3,604,604,000 as at 31 December 2023, 2024 and 2025, respectively. The Derecognised Bills had a maturity ranging from 1 to 12 months at the end of each Relevant Periods. In accordance with the Law of Negotiable Instruments of Chinese Mainland, the holders of the Derecognised Bills may exercise the right of recourse against any, several or all of the persons/entities who are liable for the Derecognised Bills, including the Group, regardless of the order of precedence (the “**Continuing Involvement**”). In the opinion of the Company’s directors, the Group has transferred substantially all the risks and rewards relating to the Derecognised Bills. Accordingly, the Group has derecognised the full carrying amounts of the Derecognised Bills and the associated trade payables. The maximum exposure to loss from the Group’s Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is their carrying amounts. In the opinion of the Company’s directors, the fair values of the Group’s Continuing Involvement in the Derecognised Bills are not significant.

Transferred financial assets that are not derecognised in their entirety

During the Relevant Periods, the Group endorsed certain bills receivable accepted by banks in Chinese Mainland (the “**Endorsed Bills**”). In the opinion of the Company’s directors, the Group has retained substantially the risks and rewards, which include the default risks relating to those Endorsed Bills, and accordingly, the Group continued to recognise the full carrying amounts of the Endorsed Bills and the associated trade payables settled. Subsequent to the endorsement, the Group has not retained 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 amounts of the trade payables settled by the Endorsed Bills as at the year ended 31 December 2023, 2024 and 2025 to which the suppliers have recourse were RMB217,652,000, RMB148,585,000 and RMB201,133,000, respectively.

48. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, restricted cash, time deposits, trade and bills receivables, financial assets included in prepayments, other receivables and other assets, financial assets measured at fair value through other comprehensive income, trade and bills payables, financial liabilities included in other payables and accruals, short-term interest-bearing bank borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments. The non-current portion of interest-bearing bank and other borrowings approximates to their carrying amounts mainly due to the floating interest rate.

The Group’s finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

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 non-current portion of interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows. The fair values have been assessed to be approximate to their carrying amounts.

The fair value of investment properties is measured at the market value obtained at the end of the reporting period. The main valuation techniques adopted by the Company are income capitalisation method and market approach. Some of the Group’s investment properties have been leased out and entered into lease contracts. The rental market for similar properties in the surrounding areas is relatively developed, and a certain amount of market rental information similar to the investment properties being appraised can be collected in the nearby areas. Therefore, the Income capitalisation method is adopted for the appraisal of the above properties. Recent transaction information similar to the corresponding buildings can be collected in

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the vicinity of other investment properties of the Group, which are eligible for market approach assessment. Therefore, the above properties are valued using the market comparison approach. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in profit or loss, are reasonable, and that they were the most appropriate values at the end of the reporting period.

The fair values of trust measured at fair value through profit and loss have been estimated based on net asset value approach.

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

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December 2023, 2024 and 2025:

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Investments measured at fair value through profit or loss				
Investment properties	Income capitalisation method	Pre-tax discount rate	31 December 2023: 6.0%	1% increase or decrease in pre-tax discount rate would result in decrease or increase in fair value by RMB362,890,000.
			31 December 2024: 6.0%	1% increase or decrease in pre-tax discount rate would result in decrease or increase in fair value by RMB346,510,000.
			31 December 2025: 5.5%-6.0%	1% increase or decrease in pre-tax discount rate would result in decrease or increase in fair value by RMB330,666,000.
Investments measured at fair value through other comprehensive income				
Unlisted equity investments	Market approach	Discounts for lack of marketability (“DLOM”)	31 December 2023: 35.4%	1% increase or decrease in DLOM would result in decrease or increase in fair value by RMB68,000.
		DLOM	31 December 2024: 37.2%	1% increase or decrease in DLOM would result in decrease or increase in fair value by RMB59,500.
Financial assets measured at fair value through profit and loss				
Trust, at fair value	Net asset value approach	Net asset value	NA	NA

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Fair value hierarchy

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

Assets measured at fair value:

As at 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	
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Investment properties	–	–	3,256,257	3,256,257
Bills receivable, at fair value . .	–	116,721	–	116,721
Unlisted equity investments, at fair value	–	–	6,629	6,629
Total	–	116,721	3,262,886	3,379,607

As at 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	
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Investment properties	–	–	3,160,670	3,160,670
Bills receivable, at fair value . .	–	24,235	–	24,235
Unlisted equity investments, at fair value	–	–	6,728	6,728
Total	–	24,235	3,167,398	3,191,633

As at 31 December 2025

	Fair value measurement using			Total
	Quoted prices in active markets Level 1	Significant observable inputs Level 2	Significant unobservable inputs Level 3	
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Investment properties	–	–	3,108,917	3,108,917
Bills receivable, at fair value . .	–	141,564	–	141,564
Trust, at fair value	–	–	222,408	222,408
Total	–	141,564	3,331,325	3,472,889

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The movements in fair value measurements within Level 3 during the year/period are as follows:

	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Equity investments designated at fair value through other comprehensive income			
At the beginning of the year	6,518	6,629	6,728
Total gains/(losses) recognised in the statements of profit or loss and comprehensive income	111	99	(1,341)
Disposal	—	—	(5,387)
At the end of the year	6,629	6,728	—
Financial assets at fair value through profit or loss			
At the beginning of the year	—	—	—
Transfer from investment in an associate.	—	—	175,945
Total gains recognised in the statements of profit or loss and comprehensive income	—	—	46,463
At the end of the year	—	—	222,408
Investment properties measured at fair value through profit or loss			
At the beginning of the year	3,245,573	3,256,257	3,160,670
Total gains/(losses) recognised in the statements of profit or loss	10,684	(95,587)	(51,753)
At the end of the year	3,256,257	3,160,670	3,108,917

49. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group’s principal financial instruments, comprise bank loans, other interest-bearing borrowings, and cash and pledged deposits. 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 main risks arising from the Group’s financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group’s exposure to the risk of changes in market interest rates relates primarily to the Group’s long term debt obligations with a floating interest rate. The Group’s policy is to manage its interest cost using a mix of fixed and variable rate debts.

If the interest rate of bank and other borrowings had increased/decreased by 50 basis points and all other variables were held constant, the profit before tax of the Group, through the impact on floating rate borrowings, would have increased/decreased by approximately RMB10,355,000, RMB6,989,000 and RMB5,287,000 for the years ended 31 December 2023, 2024 and 2025 respectively. This is mainly attributable to the Group’s exposure to variable interest rates on its bank loans.

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Foreign currency risk

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

The following table demonstrates the sensitivity at the end of each of the Relevant Periods to a reasonably possible change in USD exchange rate, with all other variables held constant, of the Group’s profit/loss before tax (due to changes in the fair value of monetary assets and liabilities).

	Increase/(decrease) in rate of foreign exchange	Increase/(decrease) in profit/loss before tax
	%	RMB’000
Year ended 31 December 2023		
If the RMB weakens against the USD	(5)	44,290
If the RMB strengthens against the USD	5	(44,290)
Year ended 31 December 2024		
If the RMB weakens against the USD	(5)	54,013
If the RMB strengthens against the USD	5	(54,013)
Year ended 31 December 2025		
If the RMB weakens against the USD	(5)	48,136
If the RMB strengthens against the USD	5	(48,136)

Credit risk

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

Maximum exposure and year-end staging

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

As at 31 December 2023

	12-month ECLs	Lifetime ECLs		
	Stage 1	Stage 3	Simplified approach	Total
	RMB’000	RMB’000	RMB’000	RMB’000
Trade and bills receivables*	–	–	2,803,446	2,803,446
Financial assets included in prepayments, other receivables and other assets.				
– Normal**	164,477	–	–	164,477
– Doubtful**	–	15,432	–	15,432
Restricted cash				
– Not yet past due	1,893,421	–	–	1,893,421
Time deposits				
– Not yet past due	544,945	–	–	544,945
Cash and cash equivalents				
– Not yet past due	986,333	–	–	986,333
Total	3,589,176	15,432	2,803,446	6,408,054

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As at 31 December 2024

	12-month ECLs	Lifetime ECLs		
	Stage 1	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills receivables*	–	–	2,733,574	2,733,574
Financial assets included in prepayments, other receivables and other assets				
– Normal**	181,102	–	–	181,102
– Doubtful**	–	15,419	–	15,419
Restricted cash				
– Not yet past due	2,207,049	–	–	2,207,049
Time deposits				
– Not yet past due	150,679	–	–	150,679
Cash and cash equivalents				
– Not yet past due	1,321,676	–	–	1,321,676
Total	3,860,506	15,419	2,733,574	6,609,499

As at 31 December 2025

	12-month ECLs	Lifetime ECLs		
	Stage 1	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills receivables*	–	–	2,936,984	2,936,984
Financial assets included in prepayments, other receivables and other assets				
– Normal**	310,877	–	–	310,877
– Doubtful**	–	18,501	–	18,501
Restricted cash				
– Not yet past due	1,991,178	–	–	1,991,178
Time deposits				
– Not yet past due	2,896,793	–	–	2,896,793
Cash and cash equivalents				
– Not yet past due	2,517,714	–	–	2,517,714
Total	7,716,562	18,501	2,936,984	10,672,047

* 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 24.

** 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”.

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Liquidity risk

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

The Group’s objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank and other borrowings and other available sources of financing.

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

	Less than 1 year	Between 1 and 2 years	Between 3 and 5 years	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
31 December 2023				
Interest-bearing bank and other borrowings	868,679	868,961	614,977	2,352,617
Trade and bills payables	4,895,122	–	–	4,895,122
Financial liabilities included in other payables	1,488,155	–	–	1,488,155
Total	<u>7,251,956</u>	<u>868,961</u>	<u>614,977</u>	<u>8,735,894</u>
Financial guarantee granted	<u>180,421</u>	<u>–</u>	<u>–</u>	<u>180,421</u>
	Less than 1 year	Between 1 and 2 years	Between 3 and 5 years	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
31 December 2024				
Interest-bearing bank and other borrowings	1,195,939	229,708	622,418	2,048,065
Trade and bills payables	5,678,936	–	–	5,678,936
Financial liabilities included in other payables	1,188,956	–	–	1,188,956
Total	<u>8,063,831</u>	<u>229,708</u>	<u>622,418</u>	<u>8,915,957</u>
Financial guarantee granted	<u>107,272</u>	<u>–</u>	<u>–</u>	<u>107,272</u>
	Less than 1 year	Between 1 and 2 years		Total
	<i>RMB’000</i>	<i>RMB’000</i>		<i>RMB’000</i>
31 December 2025				
Interest-bearing bank and other borrowings	2,337,469	962,219		3,299,688
Trade and bills payables	5,500,251	–		5,500,251
Financial liabilities included in other payables	1,287,368	–		1,287,368
Total	<u>9,125,088</u>	<u>962,219</u>		<u>10,087,307</u>
Financial guarantee granted	<u>45,712</u>	<u>–</u>		<u>45,712</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.

The Group monitors capital using a gearing ratio, which is total debt divided by total equity as of the end of the year or period. Total debt is defined to include interest-bearing bank and other borrowings and lease liabilities which are all interest-bearing borrowings. The gearing ratios as at the end of each of the Relevant Periods were as follows:

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Interest-bearing bank and other borrowings	2,298,291	2,016,870	3,264,462
Lease liabilities	8,574	903	22,570
Total debt	2,306,865	2,017,773	3,287,032
Total equity	11,961,170	11,665,242	17,413,947
Gearing ratio	19%	17%	19%

50. EVENTS AFTER THE RELEVANT PERIODS

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

51. SUBSEQUENT FINANCIAL STATEMENTS

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