

APPENDIX I

ACCOUNTANTS’ REPORT

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



ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF SHENZHEN INTELLIFUSION TECHNOLOGIES CO., LTD. AND HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED, CITIC SECURITIES (HONG KONG) LIMITED AND CMB INTERNATIONAL CAPITAL LIMITED

Introduction

We report on the historical financial information of Shenzhen Intellifusion Technologies Co., Ltd. (the “Company”) and its subsidiaries (together, the “Group”) set out on pages I-4 to I-[•], which comprises the consolidated statements of financial position of the Group as at 31 December 2023, 2024 and 2025, the statements of financial position of the Company as at 31 December 2023, 2024 and 2025, and the consolidated statements of profit or loss, the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended 31 December 2023, 2024 and 2025 (the “Track Record Period”) and material accounting policy information and other explanatory information (together, the “Historical Financial Information”). The Historical Financial Information set out on pages I-4 to I-[•] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [•] (the “Document”) in connection with the initial [REDACTED] of the Company on the [REDACTED] of The Stock Exchange of Hong Kong Limited (the “[REDACTED]”).

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 presentation and preparation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants’ responsibility

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

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

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

Opinion

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

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

Adjustments

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

Dividends

We refer to Note 13 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Track Record Period.

Baker Tilly Hong Kong Limited

Certified Public Accountants

Hong Kong, [•]

Gao Yajun

Practising Certificate Number: P06391

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I. HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

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

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by Baker Tilly Hong Kong Limited in accordance with Hong Kong Standards on Auditing issued by the HKICPA (“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

	Notes	Year ended 31 December		
		2023	2024	2025
		RMB’000	RMB’000	RMB’000
Revenue	5	506,009	917,372	1,339,284
Cost of sales		(387,207)	(725,271)	(971,099)
Gross profit		118,802	192,101	368,185
Other income	6(a)	87,776	112,901	146,619
Other gains and losses, net	6(b)	41,469	32,963	21,261
Provision for impairment losses under expected credit loss model, net	8	(25,013)	(61,254)	(57,544)
Write-down of inventories	8	(3,667)	(12,368)	(12,403)
Impairment loss on non-current assets classified as held for sale	8	—	—	(25,435)
Selling and distribution expenses		(101,555)	(176,331)	(164,192)
Administrative expenses		(207,221)	(260,769)	(219,143)
Research and development expenses	7	(294,837)	(399,869)	(445,463)
Finance costs	11	(484)	(3,888)	(27,861)
Share of results of an associate	19	—	37	1,340
Loss before income tax		(384,730)	(576,477)	(414,636)
Income tax	12	620	4,308	2,865
Loss for the year		(384,110)	(572,169)	(411,771)
Attributable to:				
Owners of the Company		(383,117)	(579,047)	(422,194)
Non-controlling interests		(993)	6,878	10,423
		(384,110)	(572,169)	(411,771)
Basic and diluted loss per share attributable to owners of the Company .	14	(1.15)	(1.63)	(1.18)

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CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Loss for the year	(384,110)	(572,169)	(411,771)
Other comprehensive income/(loss), net of tax			
<i>Items that will not be reclassified to profit or loss:</i>			
— Fair value changes on equity instruments at fair value through other comprehensive income (“FVTOCI”), net of tax	—	(12,652)	38,047
<i>Items that may be reclassified subsequently to profit or loss:</i>			
— Exchange differences on translation of financial statements of foreign operations, net of tax	39	65	(44)
Other comprehensive income/(loss) for the year, net of tax	39	(12,587)	38,003
Total comprehensive loss for the year	(384,071)	(584,756)	(373,768)
Attributable to:			
Owners of the Company	(383,078)	(591,634)	(384,191)
Non-controlling interests	(993)	6,878	10,423
	(384,071)	(584,756)	(373,768)

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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 December		
		2023	2024	2025
		RMB’000	RMB’000	RMB’000
ASSETS AND LIABILITIES				
Non-current assets				
Property, plant and equipment	15	324,585	1,559,681	1,280,404
Right-of-use assets	16	36,343	27,625	31,671
Goodwill	17	—	20,367	20,367
Intangible assets	18	2,408	35,417	26,868
Financial assets at fair value through other comprehensive income (“FVTOCI”)	21	67,000	145,248	197,776
Trade and bills receivables	24	144,431	73,761	45,953
Interest in associates	19	—	16,714	24,554
Prepayments, deposits and other receivables	26	93,333	42,463	17,782
Deferred tax assets	29	6,428	13,031	11,542
		<u>674,528</u>	<u>1,934,307</u>	<u>1,656,917</u>
Current assets				
Inventories	23	135,908	249,410	285,936
Trade and bills receivables	24	489,401	741,320	682,558
Contract assets	25(a)	11,733	9,945	8,337
Financial assets at fair value through profit or loss (“FVTPL”)	20	2,635,574	701,005	882,604
Financial assets at FVTOCI	21	910	12,843	7,657
Prepayments, deposits and other receivables	26	98,898	315,739	316,735
Amounts due from related companies	27	2,085	27,186	12,630
Tax recoverable		2	2	95
Time deposit	28	250,000	—	80,293
Restricted bank deposits	28	30,933	17,802	20,048
Cash and cash equivalents	28	523,611	908,937	1,501,966
		<u>4,179,055</u>	<u>2,984,189</u>	<u>3,798,859</u>
Non-current assets classified as held for sale	22	—	—	24,779
		<u>4,179,055</u>	<u>2,984,189</u>	<u>3,823,638</u>
Current liabilities				
Trade and bills payables	30	246,183	465,309	413,014
Other payables and accruals	31	113,727	170,347	147,704
Contract liabilities	25(b)	44,888	63,748	72,182
Lease liabilities	33	13,817	15,159	15,926
Borrowings	32	—	72,551	503,410
Tax payable		153	298	227
		<u>418,768</u>	<u>787,412</u>	<u>1,152,463</u>
Net current assets		<u>3,760,287</u>	<u>2,196,777</u>	<u>2,671,175</u>
Total assets less current liabilities		<u>4,434,815</u>	<u>4,131,084</u>	<u>4,328,092</u>
Non-current liabilities				
Borrowings	32	—	85,749	320,236
Deferred income	34	27,763	75,943	176,183
Lease liabilities	33	22,856	14,183	17,837
Deferred tax liabilities	29	5,578	9,256	8,386
		<u>56,197</u>	<u>185,131</u>	<u>522,642</u>
Net assets		<u>4,378,618</u>	<u>3,945,953</u>	<u>3,805,450</u>
EQUITY				
Share capital	35	355,134	355,134	358,827
Reserves	38	4,025,191	3,581,536	3,426,972
		<u>4,380,325</u>	<u>3,936,670</u>	<u>3,785,799</u>
Non-controlling interests		<u>(1,707)</u>	<u>9,283</u>	<u>19,651</u>
Total equity		<u>4,378,618</u>	<u>3,945,953</u>	<u>3,805,450</u>

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STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Notes	As at 31 December		
		2023	2024	2025
		RMB’000	RMB’000	RMB’000
ASSETS AND LIABILITIES				
Non-current assets				
Property, plant and equipment	15	323,382	1,567,808	1,276,551
Right-of-use assets	16	34,229	23,301	21,384
Intangible assets	18	2,408	1,587	1,039
Financial assets at FVTOCI	21	67,000	145,248	197,776
Trade and bills receivables	24	27,284	8,015	—
Investments in subsidiaries	1	104,059	621,189	615,355
Interest in an associate	19	—	16,714	18,053
Prepayments, deposits and other receivables	26	93,333	42,463	17,405
Deferred tax assets	29	5,134	3,495	—
		<u>656,829</u>	<u>2,429,820</u>	<u>2,147,563</u>
Current assets				
Inventories	23	103,929	151,744	135,974
Trade and bills receivables	24	316,629	216,773	163,791
Contract assets	25(a)	9,307	1,578	1,630
Financial assets at FVTPL	20	2,632,648	700,053	882,604
Financial assets at FVTOCI	21	—	2,843	4,731
Prepayments, deposits and other receivables	26	77,299	271,443	262,470
Amounts due from subsidiaries	27	734,506	1,069,191	1,275,079
Amounts due from related companies	27	2,085	530	—
Tax recoverable		2	2	3
Time deposit	28	250,000	—	—
Restricted bank deposits	28	30,933	17,802	18,385
Cash and cash equivalents	28	461,117	825,735	1,446,377
		<u>4,618,455</u>	<u>3,257,694</u>	<u>4,191,044</u>
Non-current assets classified as held for sale	22	—	—	24,779
		<u>4,618,455</u>	<u>3,257,694</u>	<u>4,215,823</u>
Current liabilities				
Trade and bills payables	30	199,351	193,602	134,136
Other payables and accruals	31	77,126	106,129	93,566
Contract liabilities	25(b)	34,612	38,327	20,948
Amount due to subsidiaries	27	27,860	581,001	568,297
Lease liabilities	33	12,058	12,330	10,348
Borrowings	32	—	50,263	470,319
		<u>351,007</u>	<u>981,652</u>	<u>1,297,614</u>
Net current assets		<u>4,267,448</u>	<u>2,276,042</u>	<u>2,918,209</u>
Total assets less current liabilities		<u>4,924,277</u>	<u>4,705,862</u>	<u>5,065,772</u>
Non-current liabilities				
Borrowings	32	—	50,020	320,236
Deferred income	34	27,763	75,943	176,183
Lease liabilities	33	22,662	12,336	13,055
Deferred tax liabilities	29	5,134	3,495	4,497
		<u>55,559</u>	<u>141,794</u>	<u>513,971</u>
Net assets		<u>4,868,718</u>	<u>4,564,068</u>	<u>4,551,801</u>
EQUITY				
Share capital	35	355,134	355,134	358,827
Reserves	38	4,513,584	4,208,934	4,192,974
Total equity		<u>4,868,718</u>	<u>4,564,068</u>	<u>4,551,801</u>

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CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company										
	Share capital	Share premium	Treasury shares	Financial assets at FVTOCI reserve	Other reserve	Share-based payment reserve	Translation reserve	Accumulated losses	Sub-total	Non-controlling interests	Total equity
	RMB'000 (Note 35)	RMB'000	RMB'000 (Note 35)	RMB'000	RMB'000	RMB'000 (Note 36)	RMB'000	RMB'000	RMB'000	RMB'000 (Note 37)	RMB'000
As at 1 January 2023	266,350	1,335,595	—	—	(19,146)	719,447	108	(1,209,147)	1,093,207	(714)	1,092,493
Loss for the year	—	—	—	—	—	—	—	(383,117)	(383,117)	(993)	(384,110)
Other comprehensive income for the year	—	—	—	—	—	—	39	—	39	—	39
Total comprehensive income/(loss) for the year	—	—	—	—	—	—	39	(383,117)	(383,078)	(993)	(384,071)
Shares-based payment expenses	—	—	—	—	—	86,658	—	—	86,658	—	86,658
Issue of shares (Note)	88,784	3,494,754	—	—	—	—	—	—	3,583,538	—	3,583,538
As at 31 December 2023	355,134	4,830,349	—	—	(19,146)	806,105	147	(1,592,264)	4,380,325	(1,707)	4,378,618

Note:

The Company received capital injection following the issuance and listing of its shares on the Shanghai Exchange. Net proceeds of RMB3,583,538,000 comprised RMB88,784,000 allocated to share capital at the par value of RMB1 per share and RMB3,494,754,000 allocated to share premium.

	Attributable to owners of the Company										
	Share capital	Share premium	Treasury shares	Financial assets at FVTOCI reserve	Other reserve	Share-based payment reserve	Translation reserve	Accumulated losses	Sub-total	Non-controlling interests	Total equity
	RMB'000 (Note 35)	RMB'000	RMB'000 (Note 35)	RMB'000	RMB'000	RMB'000 (Note 36)	RMB'000	RMB'000	RMB'000	RMB'000 (Note 37)	RMB'000
As at 1 January 2024	355,134	4,830,349	—	—	(19,146)	806,105	147	(1,592,264)	4,380,325	(1,707)	4,378,618
(Loss)/profit for the year	—	—	—	—	—	—	—	(579,047)	(579,047)	6,878	(572,169)
Other comprehensive (loss)/income for the year	—	—	—	(12,652)	—	—	65	—	(12,587)	—	(12,587)
Total comprehensive (loss)/income for the year	—	—	—	(12,652)	—	—	65	(579,047)	(591,634)	6,878	(584,756)
Share repurchase	—	—	(39,457)	—	—	—	—	—	(39,457)	—	(39,457)
Share-based payment expenses	—	—	—	—	—	189,523	—	—	189,523	—	189,523
Acquisition of subsidiary	—	—	—	—	—	—	—	—	—	2,025	2,025
Partial acquisition of non-controlling interest	—	(2,087)	—	—	—	—	—	—	(2,087)	2,087	—
As at 31 December 2024	355,134	4,828,262	(39,457)	(12,652)	(19,146)	995,628	212	(2,171,311)	3,936,670	9,283	3,945,953

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	Attributable to owners of the Company											
	Share capital	Share premium	Treasury shares	Financial assets at FVTOCI reserve	Other reserve	Share-based payment reserve	Translation reserve	Accumulated losses	Sub-total	Non-controlling interests	Total equity	
	RMB'000 (Note 35)	RMB'000	RMB'000 (Note 35)	RMB'000	RMB'000	RMB'000 (Note 36)	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000 (Note 37)	RMB'000
As at 1 January 2025	355,134	4,828,262	(39,457)	(12,652)	(19,146)	995,628	212	(2,171,311)	3,936,670	9,283	3,945,953	
(Loss)/profit for the year.	—	—	—	—	—	—	—	(422,194)	(422,194)	10,423	(411,771)	
Other comprehensive income for the year	—	—	—	38,047	—	—	(44)	—	38,003	—	38,003	
Total comprehensive income/(loss) for the year.	—	—	—	38,047	—	—	(44)	(422,194)	(384,191)	10,423	(373,768)	
Dividend to a non-controlling shareholder of a subsidiary	—	—	—	—	—	—	—	—	—	(55)	(55)	
Share issued under share option scheme	3,693	203,087	—	—	—	(102,861)	—	—	103,919	—	103,919	
Share-based payment expenses	—	—	—	—	—	128,658	—	—	128,658	—	128,658	
Capital contribution by a non-controlling shareholder of a subsidiary.	—	743	—	—	—	—	—	—	743	—	743	
As at 31 December 2025	358,827	5,032,092	(39,457)	25,395	(19,146)	1,021,425	168	(2,593,505)	3,785,799	19,651	3,805,450	

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CONSOLIDATED STATEMENTS OF CASH FLOWS

	<i>Notes</i>	Year ended 31 December		
		2023	2024	2025
		RMB’000	RMB’000	RMB’000
Cash flows from operating activities				
Loss before tax		(384,730)	(576,477)	(414,636)
Adjustments for:				
— Finance costs	11	484	3,888	27,861
— Depreciation of property, plant and equipment	15	44,574	128,525	348,376
— Depreciation of right-of-use assets	16	15,367	16,619	14,563
— Amortisation of intangible assets	18	1,726	6,770	8,549
— Loss/(gain) on disposal of property, plant and equipment	6	41	54	(51)
— Loss/(gain) on lease modifications	6	7	(98)	4
— Share of results of an associate	19	—	(37)	(1,340)
— Fair value change on financial assets at FVTPL	6	(41,684)	(33,598)	(20,489)
— Interest income	6	(12,678)	(10,858)	(3,972)
— Share-based payment expenses	9	86,658	189,523	128,658
— Exchange (gain)/loss, net		(26)	(44)	46
— Write-down of inventories	8	3,667	12,368	12,403
— Impairment loss on non-current assets classified as held for sale	8	—	—	25,435
— Provision for impairment losses under expected credit loss model, net	8	25,013	61,254	57,544
Operating cash flows before movements in working capital		(261,581)	(202,111)	182,951
Increase in inventories		(72,692)	(100,072)	(49,022)
(Increase)/decrease in trade and other receivables		(275,585)	(412,511)	53,483
(Decrease)/increase in deferred income		(25,961)	48,180	100,240
(Increase)/decrease in amount due from related companies		(467)	(25,101)	14,782
Decrease in contract assets		8,071	1,788	1,631
Increase/(decrease) in trade payables and other payables		78,871	352,646	(47,994)
(Increase)/decrease in restricted bank deposits		(15,444)	13,131	(2,539)
Increase in contract liabilities		11,201	18,854	8,434
Cash (used in)/generated from operating activities		(553,587)	(305,196)	261,966
Income tax paid		(102)	(182)	(112)
Interest income received		12,678	10,858	3,972
Net cash (used in)/generated from operating activities		(541,011)	(294,520)	265,826
Cash flows from investing activities				
Deposit refund for property, plant and equipment		—	92,250	2,000
Capital injection to an associate	19	—	(20,000)	(6,500)
Net cash outflow on acquisition of subsidiary	45	—	(36,564)	—
Purchase of property, plant and equipment		(436,611)	(1,562,390)	(115,917)
Proceeds from disposal of property, plant and equipment		4	63	136
Proceeds from disposal of financial assets at FVTPL		5,458,590	4,629,384	5,896,890
Purchase of intangible assets		(1,970)	(362)	—
Purchase of equity instruments		(67,000)	(90,900)	(10,000)
(Increase)/decrease in time deposits with original maturity over three months		(250,000)	250,000	(80,000)
Purchase of financial assets at FVTPL		(7,565,900)	(2,660,500)	(6,058,000)

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		Year ended 31 December		
		2023	2024	2025
		RMB’000	RMB’000	RMB’000
Net cash (used in)/generated from investing activities		(2,862,887)	600,981	(371,391)
Cash flows from financing activities				
Payment of lease liabilities	39	(17,039)	(15,802)	(14,192)
Repayment of bank loans	39	—	(9,033)	(457,276)
New bank loans raised	39	—	147,200	1,122,150
Interest paid	39	(434)	(4,152)	(27,445)
Repurchase of ordinary shares		—	(39,457)	—
Transaction costs for issue of shares		(32,266)	—	(14,517)
Proceeds from issue of shares		3,602,016	—	103,919
Capital contribution by a non-controlling shareholder of a subsidiary		—	—	743
Dividend paid		—	—	(14,645)
Net cash generated from financing activities		3,552,277	78,756	698,737
Net increase in cash and cash equivalents		148,379	385,217	593,172
Cash and cash equivalents at the beginning of the year		375,167	523,611	908,937
Effect of foreign exchange rate changes		65	109	(143)
Cash and cash equivalents at the end of the year	28	523,611	908,937	1,501,966

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II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Company was incorporated in the People’s Republic of China (the “PRC”) on 27 August 2014 and changed to a joint stock limited company on 23 July 2020. The Company’s A shares have been listed on Science and Technology Innovation Board of Shanghai Stock Exchange since 4 April 2023. The address of the Company’s registered office is Room 4F05, Building 36, Software Town of Shenzhen Universiade, No. 8288 Longgang Avenue, He’ao Community, Yuanshan Sub-district, Longgang District, Shenzhen, Guangdong, the PRC and its principal place of business at Level 14, 15 and 33, Building 10B, Shenzhen Bay Science and Technology Ecological Park, Nanshan District, Shenzhen, Guangdong, the PRC.

During the Track Record Period, the Company and its subsidiaries were principally engaged in the AI algorithms and chip technology and provides customers with self-developed core products.

During the Track Record Period and as at the date of this report, the Company’s principal subsidiaries are as follows:

Company name	Place and date of incorporation/ establishment	Share capital (in thousand)	Equity attributable to the Company		Principal activity
			Direct	Indirect	
Hangzhou Lifei Software Technologies Co., Ltd.* 杭州勵飛軟件技術有限公司.	PRC 12 March 2015	RMB10,000	100%	N/A	Technology promotion and application services
Shenzhen Turing Microelectronics Co., Ltd.* 深圳圖靈微電子有限公司	PRC 25 April 2013	RMB100,000	100%	N/A	Technology promotion and application services
Shenzhen Lifei Technologies Co., Ltd.* 深圳勵飛科技有限公司	PRC 19 October 2017	RMB1,000	100%	N/A	Technology promotion and application services
Qingdao Intellifusion Technologies Co., Ltd.* 青島雲天勵飛科技有限公司 . . .	PRC 28 December 2017	RMB5,000	100%	N/A	Technology promotion and application services
Chengdu Intellifusion Technologies Co., Ltd.* 成都雲天勵飛技術有限公司 . . .	PRC 17 April 2018	RMB9,000	N/A	100%	Technology promotion and application services
Intellifusion (Hong Kong) Limited 雲天勵飛(香港)有限公司	Hong Kong (“HK”) 1 February 2018	USD800	100%	N/A	Technology promotion and application services
Jiangsu Intellifusion Technologies Co., Ltd.* 江蘇雲天勵飛技術有限公司 . . .	PRC 16 November 2018	RMB20,000	100%	N/A	Software and information technology services
Shenzhen Imprexion Data Technologies Co., Ltd.* 深圳印像數據科技有限公司.	PRC 9 February 2018	RMB3,340	100%	N/A	Software and information technology services

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Company name	Place and date of incorporation/ establishment	Share capital (in thousand)	Equity attributable to the Company		Principal activity
			Direct	Indirect	
Beijing Intellifusion Technologies Co., Ltd.* 北京雲天勵飛科技有限公司 . . .	PRC 24 November 2017	RMB5,000	100%	N/A	Software and information technology services
Shanghai Intellifusion Information Technology Co., Ltd.* 上海雲天勵飛信息技術有限公司	PRC 4 August 2017	RMB5,000	100%	N/A	Software and information technology services
Hunan Intellifusion Information Technology Co., Ltd.* 湖南雲天勵飛信息技術有限公司 (Note (a)).	PRC 27 August 2019	RMB10,000	100%	N/A	Software and information technology services
Zhuhai Turing Intelligent Technologies Co., Ltd.* 珠海圖靈智能技術有限公司.	PRC 29 July 2019	RMB500	100%	N/A	Software and information technology services
Wuhan Hanyunchuhui Digital Technologies Co., Ltd.* 武漢漢雲楚慧數字科技有限公司	PRC 10 December 2020	RMB5,000	100%	N/A	Software and information technology services
Zhengzhou Intellifusion Technologies Co., Ltd.* 鄭州雲天勵飛科技有限公司.	PRC 28 May 2021	RMB10,000	100%	N/A	Software and information technology services
Shenzhen Yuntian Algorithm Technologies Co., Ltd.* 深圳雲天算法技術有限公司 (Note (b)).	PRC 24 September 2021	RMB5,000	100%	N/A	Software and information technology services
Chengdu Tianzhou Jincheng Technologies Co., Ltd.* 成都天舟錦成科技有限公司.	PRC 7 February 2022	RMB20,000	N/A	100%	Software and information technology services
Shenzhen Intellifusion Intelligent Construction Technology Co., Ltd.* 深圳雲天勵飛智建科技有限公司	PRC 21 June 2022	RMB10,000	100%	N/A	Software and information technology services
Chengdu Xinxing Lifei Robotics Technologies Co., Ltd.* 成都芯星勵飛機器人技術有限公司	PRC 9 September 2022	RMB10,000	N/A	100%	Technology promotion and application services
Star Hybrids Limited	BVI 10 May 2018	USD50	N/A	100%	Inactive
Nanjing Sharp Eyes Embedded Artificial Intelligence Institute Co., Ltd.* 南京深目嵌入式人工智能研究院有限公司 . . .	PRC 13 January 2021	RMB5,000	N/A	100%	Internet information services
Wuhan Hanyun Chuhui Intelligent Technologies Co., Ltd.* 武漢漢雲楚慧智能技術有限公司	PRC 31 January 2019	RMB10,000	N/A	100%	Technology promotion and application services
Chengdu Intellifusion Jinfa Technologies Co., Ltd.* 成都雲天錦發科技有限公司 (Note (c)).	PRC 29 April 2022	RMB1,000	N/A	70%	Technology promotion and application services

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Company name	Place and date of incorporation/ establishment	Share capital (in thousand)	Equity attributable to the Company		Principal activity
			Direct	Indirect	
Chengdu Tianfu Lifei Technologies Co., Ltd.* 成都天府勵飛科技有限公司 . . .	PRC 27 March 2023	RMB10,000	100%	N/A	Internet information technology services
Yibin Lifei Technologies Co., Ltd.* 宜賓勵飛科技有限公司	PRC 7 August 2023	RMB10,000	100%	N/A	Internet information services
Shenzhen Lifei New Energy Technologies Co., Ltd.* 深圳勵飛新能源技術有限公司	PRC 24 October 2023	RMB2,000	100%	N/A	Energy-saving technology promotion services
Shenzhen Lifei Intelligent Technologies Co., Ltd.* 深圳勵飛智能科技有限公司.	PRC 28 February 2024	RMB1,000	100%	N/A	Information system integration services
Shenzhen Dr. LookAi Technologies Co., Ltd.* 深圳市嚙啡博士科技有限公司 . .	PRC 29 July 2024	RMB10,000	100%	N/A	Wholesale of electronic products
Shenzhen Lifei Zhiwen Technologies Co., Ltd.* 深圳市勵飛智文科技有限公司 . .	PRC 21 September 2024	RMB5,000	100%	N/A	Operation and maintenance services
Shenzhen D-infuture Technologies Co., Ltd.* 深圳市研丞技術有限公司	PRC 29 August 2018	RMB10,000	N/A	51%	Wholesale of electronic products
Shenzhen Xingxin Investment Co., Ltd. 深圳星芯投資有限公司(Note (d))	PRC 7 November 2025	RMB10,000	100%	N/A	Business services
Shanghai Puyun Tianxin Technology Co., Ltd.* 上海浦雲天芯技術有限公司(Note (e))	PRC 21 November 2025	RMB30,000	100%	N/A	Software and information technology services

* In the Historical Financial Information, English names of the companies referred herein represent management’s best effort to translate the Chinese names of the companies as no English names have been officially registered.

Notes:

- (a) The company was deregistered on 25 November 2024.
- (b) The company was deregistered on 20 March 2025.
- (c) The company was deregistered on 28 October 2025.
- (d) The company was incorporated on 6 November 2025.
- (e) The company was incorporated on 21 November 2025.

2. BASIS OF PRESENTATION AND PREPARATION

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IASB”). For the purpose of preparing and presenting the Historical Financial Information for the Track Record Period, the Group has consistently applied the accounting policies which conform with IFRS Accounting Standards, amendments to IFRS Accounting Standards and the related interpretations issued by the IASB, which are effective for the accounting periods beginning on or after 1 January 2025, throughout the Track

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Record Period. The early adoption of the IFRSs do not have any significant impact on the financial positions or results of the Group during the Track Record Period. The Historical Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The material accounting policies that have been used in the preparation of this Historical Financial Information are summarised below. These policies have been consistently applied to all the periods presented in the Historical Financial Information, unless otherwise stated.

The Historical Financial Information has been prepared on the historical cost basis except for certain financial assets which are stated at fair value.

Accounting estimates and assumptions are used in preparation of the Historical Financial Information. Although these estimates are based on management’s best knowledge and judgment of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in Note 4.

3.1 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

The Group has not early adopted the following new and amended IFRS Accounting Standards which have been issued but are not yet effective:

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

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

² Effective for annual beginning on or after 1 January 2027.

³ No mandatory effective date yet determined but available for adaption.

The Group has commenced an assessment of the impact of these new and amended standards and has concluded on a preliminary basis that adoption of these new and amended standards is not expected to have significant impacts on the financial performance and positions of the Group when they become effective, except as described below.

Amendments to IFRS 9 and IFRS 7

The amendments to IFRS 9 clarify the recognition and derecognition for financial asset and financial liability and add an exception which permits an entity to deem a financial liability to be discharged before the settlement date if it is settled in cash using an electronic payment system if, and only if certain conditions are met.

The amendments also provide guidance on the assessment of whether the contractual cash flows of a financial asset are consistent with a basic lending arrangement. The amendments specify that an entity should focus on what an entity is being compensated for rather than the compensation amount. Contractual cash flows are inconsistent with a basic lending arrangement if they are indexed to a variable that is not a basic lending risk or cost. The amendments state that, in some cases, a contingent

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feature may give rise to contractual cash flows that are consistent with a basic lending arrangement both before and after the change in contractual cash flows, but the nature of the contingent event itself does not relate directly to changes in basic lending risks and costs. Furthermore, the description of the term “non-recourse” is enhanced and the characteristics of “contractually linked instruments” are clarified in the amendments.

The disclosure requirements in IFRS 7 in respect of investments in equity instruments designated at fair value through other comprehensive income are amended. In particular, entities are required to disclose the fair value gain or loss presented in other comprehensive income during the reporting period, showing separately those related to investments derecognised during the reporting period and those related to investments held at the end of the reporting period. An entity is also required to disclose any transfers of the cumulative gain or loss within equity related to the investments derecognised during the reporting period. In addition, the amendments introduce the requirements of qualitative and quantitative disclosure of contractual terms that could affect the contractual cash flow based on a contingent even not directly relating to basic lending risks and cost.

The amendments are effective for annual reporting periods beginning on or after 1 January 2026, with early application permitted. The Group has various subsidiaries operating in jurisdictions where the electronic payment systems are not instantaneous. Upon the application of the amendments, the Group will apply the exception to derecognise financial liabilities settled via such electronic payment systems when the payment instruction is initiated. On the other hand, for the settlement by the subsidiaries’ customers vis electronic settlement systems, the Group can only derecognize the financial assets when cash is deposited in the bank accounts of the subsidiaries, which is different from the current accounting policies where the Group derecognise the financial assets at the date the payment instructions were initiated by the customers. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group.

IFRS 18

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, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss 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 IFRSs. IFRS 18 and the consequential amendments to other IFRSs are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. IFRS 18 is not expected to have any significant impact on the Group’s financial position and performance and the Group will continue to analyse the new requirements and assess the impact of IFRS 18 on the presentation and disclosure of the Group’s financial information.

3.2 SUMMARY OF MATERIAL ACCOUNTING POLICIES

Basis of consolidation

The Historical Financial Information incorporates the financial statements of the Company and its subsidiaries for the Track Record Period. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies.

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Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power over the entity, only substantive rights relating to the entity (held by the Group and others) are considered.

The Group includes the income and expenses of a subsidiary in the Historical Financial Information from the date it gains control until the date when the Group ceases to control the subsidiary.

Intra-group transactions, balances and unrealised gains and losses on transactions between group companies are eliminated in preparing the Historical Financial Information. Where unrealised losses on sales of intra-group asset are reversed on consolidation, the underlying asset is also tested for impairment from the Group’s perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Non-controlling interests represent the equity on a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at their proportionate share of the subsidiary’s net identifiable assets.

Non-controlling interests are presented in the consolidated statements of financial position within the equity, separately from the equity attributable to the owners of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statements of profit or loss and the consolidated statements of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the owners of the Company.

Changes in the Group’s interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of the Group’s relevant components of equity and the non-controlling interest to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. Where certain assets of the subsidiary are measured at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the related assets (i.e., reclassified to profit or loss or transferred directly to accumulated losses). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 “Financial Instruments” or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

In the Company’s statements of financial position, subsidiaries are carried at cost less any impairment loss unless the subsidiary is held for sale or included in a disposal group. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

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The results of subsidiaries are accounted for by the Company on the basis of dividends received and receivable at the end of the reporting period. All dividends whether received out of the investee's pre or post-acquisition profits are recognised in the Company's profit or loss.

Acquisition of subsidiaries

(a) *Business combinations*

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred 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. Acquisition-related costs are recognised in profit or loss as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets include an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired process is considered substantive if it is critical to the ability to continue producing outputs, and the inputs acquired include an organised workforce with necessary skills, knowledge, or experience to perform that process or it significantly contributes to the ability to continue producing outputs and is considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

Consideration transferred as part of a business combination does not include amounts related to the settlement of pre-existing relationships. The gain or loss on the settlement of any pre-existing relationship is recognised in profit or loss.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed. If, after assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value on the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as bargain purchase gain.

Where the consideration the Group transferred in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and considered as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments being made against goodwill or gain on bargain purchase. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period about facts and circumstances that existed as of the acquisition date. Measurement period does not exceed one year from the acquisition date. The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration classified as equity is not subsequently remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as a financial liability is subsequently remeasured at each reporting dates at fair value with changes in fair value recognised in profit or loss.

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Changes in the value of the previously held equity interest recognised in other comprehensive income and accumulated in equity before the acquisition date are reclassified to profit or loss when the Group obtains control over the acquiree.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

(b) Asset acquisitions

Groups of assets acquired and liabilities assumed are assessed to determine if they are business or asset acquisitions. On an acquisition-by-acquisition basis, the Group chooses to apply a simplified assessment of whether an acquired set of activities and assets is an asset rather than business acquisition, when substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or a group of similar identifiable assets.

When a group of assets acquired and liabilities assumed do not constitute a business, the overall acquisition cost is allocated to the individual identifiable assets and liabilities based on their relative fair values at the date of acquisition. An exception is when the sum of the individual fair values of the identifiable assets and liabilities differs from the overall acquisition cost. In such case, any identifiable assets and liabilities that are initially measured at an amount other than cost in accordance with the Group’s policies are measured accordingly, and the residual acquisition cost is allocated to the remaining identifiable assets and liabilities based on their relative fair values at the date of acquisition.

Interests in associates

An associate is an entity over which the investor has significant influence and that is neither a subsidiary nor a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in the Historical Financial Information using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, investments in associates are initially recognised in the consolidated statement of financial position at cost and adjusted thereafter for the post-acquisition changes in the Group’s share of the profit or loss and other comprehensive income of the associate. When the Group’s share of losses of an associate exceeds the Group’s interest in that associate (which includes any long-term interests that, in substance, form part of the Group’s net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are provided only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of that associate.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Historical Financial Information only to the extent of interests in the associate that are not related to the Group.

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Foreign currency translation

(i) *Functional and presentation currency*

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”). Majority of the subsidiaries of the Group operate in the PRC and their functional currency is RMB. The Historical Financial Information is presented in RMB, which is the Company’s functional currency.

(ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statements of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the consolidated statements of profit or loss on a net basis within “other (losses)/gains”.

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

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment. Cost includes expenditure that is directly attributable to the acquisition of the items.

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

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

Electronic devices	3 years
Motor vehicles	4 years
Office equipment and others	3 years
Machinery and equipment	5–10 years
Leasehold improvements	shorter of the unexpired term of the lease or 3 years

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

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

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Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within “Other gains/(losses)—net” in the consolidated statements of profit or loss.

Non-current assets classified as held for sale

Non-current assets, or disposal Group comprising assets and liabilities, are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro-rata basis, except that no loss is allocated to deferred tax assets, employee benefits assets, financial assets (other than investments in subsidiaries, associates and joint ventures) and investment properties, which continue to be measured in accordance with the Group’s other accounting policies. Impairment losses on initial classification as held for sale or held for distribution and subsequent gains and losses on remeasurement are recognised in profit or loss.

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group’s cash-generating units (or group of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit (or group of cash-generating units).

On disposal of the relevant cash-generating unit or any of the cash-generating unit within the group of cash-generating units, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal. When the Group disposes of an operation within the cash-generating unit (or a cash-generating unit within a group of cash-generating units), the amount of goodwill disposed of is measured on the basis of the relative values of the operation (or the cash-generating unit) disposed of and the portion of the cash-generating unit (or the group of cash-generating units) retained.

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Intangible assets (other than goodwill)

Acquired intangible assets are recognised initially at cost. After initial recognition, intangible assets with finite useful lives are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on straight-line basis over their estimated useful lives. Amortisation commences when the intangible assets are available for use. The useful lives are as follows:

Copyright, patent and trademarks	5 years
Software	3–5 years

The assets’ amortisation methods and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Intangible assets are tested for impairment as described in “Impairment of non-financial assets” below.

Research and development expenditures

Research expenditures is recognised as an expense as incurred. Development cost is capitalised only if all of the following conditions are satisfied:

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

Other development expenditures that do not meet these criteria are recognised as an expense as incurred.

Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all of its risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

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Financial assets

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15 “Revenue from Contracts with Customers”, all financial assets are initially measured at fair value, in case of a financial asset not at FVTPL, plus transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets, other than those designated and effective as hedging instruments, are measured at:

- amortised cost;
- FVTPL; or
- FVTOCI.

The measurement is determined by both:

- the Group’s business model for managing the financial asset; and
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, interest income or other financial items, except for expected credit losses (“ECL”) on financial assets which is presented as a separate item in consolidated statements of profit or loss.

Subsequent measurement of financial assets

Debt instruments

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Interest income from these financial assets is included “other income” in profit or loss. Discounting is omitted where the effect of discounting is immaterial. The Group’s bank balances, deposits and cash, trade and bills receivables, deposits and other assets fall into this category of financial instruments.

Financial assets at FVTOCI

If the contractual cash flows of the instrument comprise solely payments of principal and interest and the financial asset is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale, subsequent changes in fair value are recognised in other

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comprehensive income, except for the recognition in profit or loss of ECL, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is reclassified from equity to profit or loss.

Financial assets at FVTPL

Financial assets that are held within a business model other than “hold to collect” or “hold to collect and sell” are measured at FVTPL. Further, irrespective of business model, financial assets whose contractual cash flows are not solely payments of principal and interest are measured at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements under IFRS 9 apply.

Equity instruments

An investment in equity securities is classified as FVTPL unless the equity instruments is not held for trading purposes and on initial recognition of the investment, the Group elects to designate the investment at FVTOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income and accumulated in “financial assets at FVTOCI reserve” in equity. Such elections are made on an instrument-by-instrument basis, but only be made if the investment meets the definition of equity from the issuer’s perspective.

The equity instruments at FVTOCI are not subject to impairment assessment. The cumulative gain or loss in “financial assets at FVTOCI reserve” will not be reclassified to profit or loss upon disposal of the equity instruments, and will be transferred to accumulated losses.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group’s right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in “other income” in profit or loss.

Financial liabilities

Classification and measurement of financial liabilities

The Group’s financial liabilities include trade and bills payables, other payables and accruals, borrowings and lease liabilities.

Financial liabilities (other than lease liabilities) are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at FVTPL.

Subsequently, financial liabilities (other than lease liabilities) are measured at amortised cost using the effective interest method except for derivatives which are not designated as hedging instruments in hedge relationships and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, changes in an instrument’s fair value that are reported in profit or loss are included in finance costs or other income.

Accounting policies of lease liabilities are set out in “Leases” below.

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Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Trade and bills payables, other payables and accruals

They are recognised initially at their fair value and subsequently measured at amortised cost, using the effective interest method.

Credit losses and impairment of assets

Credit losses from financial instruments and contract assets

The group recognises a loss allowance for expected credit losses (“ECL”s) on:

- financial assets measured at amortised cost (including trade and bill receivables, deposits and other receivables, amount due from related companies, time deposit, restricted bank deposits and cash and cash equivalents);
- contract assets; and
- non-equity securities measured at FVOCI;

Measurement of ECLs

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

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

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

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

ECLs are measured on either of the following bases:

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

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The group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-months ECLs:

- financial instruments that are determined to have low credit risk at the reporting date; and
- other financial instruments for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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

Significant increases in credit risk

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

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

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

ECLs are remeasured at each reporting date to reflect changes in the financial instrument’s credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in non-equity securities that are measured at FVOCI, for which the loss allowance is recognised in OCI and accumulated in the fair value reserve does not reduce the carrying amount of the financial asset in the statement of financial position.

Trade receivables and contract assets

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECL and recognises a loss allowance based on lifetime ECL at the end of each reporting period. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. In calculating the ECL, the Group has established a provision matrix that is based on its historical credit loss experience and external indicators, adjusted for forward-looking factors specific to the debtors and the economic environment.

To measure the ECL, except for trade receivables with significant outstanding balances which are assessed individually, the remaining trade receivables and contract assets have been grouped based on shared credit risk characteristics. The contract assets have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the ECL rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

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Other financial assets measured at amortised cost and bills receivables measured at FVTOCI

The Group measures the loss allowance for other receivables equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood of risk of default occurring since initial recognition.

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial assets at the end of each reporting period with the risk of default occurring on the financial assets at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

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

- an actual or expected significant deterioration in the financial instrument’s external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g., a significant increase in the credit spread and the credit default swap prices for the debtor;
- existing or forecast adverse changes in regulatory, business, financial, economic conditions, or technological environment that are expected to cause a significant decrease in the debtor’s ability to meet its debt obligations; and
- an actual or expected significant deterioration in the operating results of the debtor.

Despite the foregoing, the Group assumes that the credit risk on bills receivables measured at FVTOCI has not increased significantly since initial recognition if the bills receivables measured at FVTOCI is determined to have low credit risk at the end of each reporting period. Bills receivables measured at FVTOCI is determined to have low credit risk if it has a low risk of default, the borrower has strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations.

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Detailed analysis of the ECL assessment of trade and bills receivables, contract assets, other financial assets measured at amortised cost and bills receivables measured at FVTOCI are set out in Note 43.

Inventories and other contract costs

Inventories

Inventories are carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and costs necessary to make the sale. Cost is determined using the weighted average basis, and in the case of work in progress and finished goods, comprise direct materials, direct labour and an appropriate proportion of overheads.

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Contract costs

Contract costs are either the costs to fulfil a contract or the incremental costs of obtaining a contract which are not capitalised as inventories, property, plant and equipment and intangible assets.

Costs to fulfil a contract

The Group capitalises the costs incurred to fulfil a contract with a customer as an asset (included in "inventories" in the consolidated statements of financial position) if all of the following criteria are met:

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

An asset is amortised and charged to the 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. The asset is subject to impairment review. Other costs of fulfilling a contract, which are not capitalised, are expensed as incurred.

Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, demand deposits with banks and short-term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Bank balances for which use by the Group is subject to third party contractual restrictions are included as part of cash unless the restrictions result in a bank balance no longer meeting the definition of cash. Contractual restrictions affecting use of bank balances are disclosed in Note 28.

Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for ECL in accordance with the policy set out in "Impairment of financial assets and contract assets" above and are reclassified to receivables when the right to the consideration has become unconditional.

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue. A contract liability would also be recognised if the Group has an unconditional right to receive consideration in advance of performance. In such cases, a corresponding receivable would also be recognised.

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

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Financial guarantees issued

A financial guarantee contract is a contract that requires the issuer (or guarantor) to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee is initially recognised as deferred income within “other payables and accruals”. The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instruments and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assessing the obligations. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group’s policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

Subsequently, financial guarantees are measured at the higher of the amount determined in accordance with ECL under IFRS 9 as set out in “Impairment of financial assets and contract assets” above and the amount initially recognised less, where appropriate, the cumulative amount of income recognised over the guarantee period.

Leases

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

As a lessee

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

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

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

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

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Refundable rental deposits are accounted for separately from the right-of-use assets in accordance with the accounting policy applicable to investments in non-equity securities carried at amortised cost. Any excess of the nominal value over the initial fair value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

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

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

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

Provisions and contingent liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

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

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

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

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

Share capital

Share capital are classified as equity. Share capital is recognised at the amount of consideration of shares issued, after deducting any transaction costs associated with the issue of shares (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction.

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Revenue recognition

Revenue from contracts with customers

Revenue mainly arises from the following major sources:

- (i) Sales of goods;
- (ii) Provision of services; and
- (iii) Provision of integrated project contracts.

To determine whether to recognise revenue, the Group follows a 5-step process:

- 1 Identifying the contract with a customer
- 2 Identifying the performance obligations
- 3 Determining the transaction price
- 4 Allocating the transaction price to the performance obligations
- 5 Recognising revenue when or as performance obligations are satisfied

In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognised either at a point in time or over time, when the Group satisfies performance obligations by transferring the control of the promised goods or services to its customers.

For the revenue recognised over time, the group using an output method to measure progress towards complete satisfaction of a performance obligation, when the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs. Otherwise, recognise revenue from such performance obligation at a point in time upon acceptance of customised services by customers.

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

Revenue from sale of goods

Revenue from sale of goods between the Group and its customers generally only includes a performance obligation for the transfer of goods, which is recognised when the performance obligation has been satisfied at a point in time.

Revenue for sale of goods in the PRC is recognised when the Group has delivered the products to the customers in accordance with the contract terms, and has received acceptance and other proof of receipt from the customers.

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Revenue from provision of services

Revenue from provision of services between the Group and its customers generally includes technical services. If the customers obtain and consume the economic benefits brought by the Group’s performance when the Group has performed its obligations, the performance obligation is considered to be satisfied within a certain period of time and recognise the respective revenue over time, except for those revenue where the progress of performance cannot be reasonably determined.

Revenue from provision of services is recognised when the Group has satisfied the corresponding performance obligation in accordance with the contract terms, and has received confirmation from the customer and other supporting documentation.

Revenue from integrated project contracts

Revenue from integrated project contracts comprises the sale of hardware products and software products, together with the provision of accompanying services including solution design, installation and commissioning, technical supervision, trial operation, and system maintenance.

The Group enters into sales contracts with customers which set out detailed acceptance criteria. Revenue is recognised when the performance obligations are satisfied in accordance with the contractual acceptance terms, and acceptance is obtained from the customer or a designated party specified in the contract.

The Group assesses whether the goods and services promised in the contract are distinct and accounts for each performance obligation separately, unless they are not distinct within the context of the contract, in which case they are combined as a single performance obligation.

For integrated project contracts that include warranty clauses, the Group evaluates whether the warranty provides assurance that the delivered goods comply with agreed-upon specifications, or if it constitutes a distinct service. Assurance warranty is accounted for in accordance with IAS 37 “Provisions, Contingent Liabilities and Contingent Assets”. Where the warranty represents a distinct service promised to the customer, it is treated as a separate performance obligation and accounted for in accordance with the revenue recognition policies for provision of services (see above).

Dividend income

Dividend income is recognised when the right to receive payment is established.

Interest income

Interest income is recognised on a time proportion basis using the effective interest method. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e., gross carrying amount net of ECL allowance) of the asset.

Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants are deferred and recognised in profit or loss over the period necessary to match them with the costs that the grants are intended to compensate. Government grants relating to the purchase of assets are included in liabilities and are recognised in profit or loss on a straight-line basis over the expected lives of the related assets.

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Impairment of non-financial assets (other than contract assets)

The following assets are subject to impairment testing:

- Goodwill arising on acquisition of subsidiaries;
- Intangible assets;
- Property, plant and equipment;
- Right-of-use assets;
- The Company’s investments in subsidiaries and associates; and
- Contract costs.

Goodwill and intangible assets with indefinite useful life or those not yet available for use are tested for impairment at least annually, irrespective of whether there is any indication that they are impaired. All other assets are tested for impairment whenever there are indications that the asset’s carrying amount may not be recoverable.

An impairment loss is recognised as an expense immediately for the amount by which the asset’s carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value, reflecting market conditions, less costs of disposal, and value-in-use. 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 assessment of time value of money and the risk specific to the asset.

For the purposes of assessing impairment, where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e., cash-generating unit, “CGU”). As a result, some assets are tested individually for impairment and some are tested at CGU level. Corporate assets are allocated to individual CGUs, when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified. Goodwill is allocated to those CGUs that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which the goodwill is monitored for internal management purpose and not larger than an operating segment.

Impairment losses recognised for CGUs are allocated initially to the carrying amount of goodwill. Any remaining impairment loss is allocated to the other assets in the CGU on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less cost of disposal, if measurable or value-in-use, if determinable.

An impairment loss on goodwill is not reversed in subsequent periods. In respect of other assets, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the asset’s recoverable amount and only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

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Employee benefits

Short-term employee benefits

Salaries, discretionary bonuses, paid annual leave and the cost of non-monetary benefits are accrued and recognised as an expense in profit or loss in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Pension scheme

Retirement benefits to employees are provided through defined contribution plans. The employees of the Group’s subsidiaries which operate in the PRC are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of its payroll costs to the central pension scheme. Contributions are recognised as an expense in profit or loss as employees render services during the year. The Group’s obligations under these plans are limited to the fixed percentage contributions payable.

Housing funds, medical insurances and other social insurances

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

Termination benefits

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

Share-based payment

The Group operates equity-settled share-based compensation plans for remuneration of its employees including share option schemes and share award schemes.

All employee services received in exchange for the grant of any share-based compensation are measured at their fair values. These are indirectly determined by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets and performance conditions).

All share-based compensation is recognised as an expense in profit or loss over the vesting period if vesting conditions apply, or recognised as an expense in full at the grant date when the equity instruments granted vest immediately unless the compensation qualifies for recognition as asset, with a corresponding increase in the “share-based payment reserve” in equity. If vesting conditions apply, the expense is recognised over the vesting period based on the best available estimate of the number of equity instruments expected to vest. Non-market vesting conditions are included in assumptions about the number of equity instruments that are expected to become exercisable. Estimates are subsequently revised, if there is any indication that the number of equity instruments expected to vest differs from previous estimates. Any adjustment to cumulative share-based compensation resulting from a revision is recognised in the current period. The number of vested options ultimately exercised by holders does not impact the expense recorded in any period.

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Borrowing costs

Borrowing costs incurred, net of any investment income earned on the temporary investment of the specific borrowings, for the acquisition, construction or production of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use. A qualifying asset is an asset which necessarily takes a substantial period of time to get ready for its intended use or sale. Other borrowing costs are expensed when incurred.

Borrowing costs are capitalised as part of the cost of a qualifying asset when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are being undertaken. Capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

Income taxes

Income tax comprises current tax and deferred tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the end of the reporting period. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in profit or loss.

Deferred tax is calculated using the liability method on temporary differences at the end of the reporting period between the carrying amounts of assets and liabilities in the financial statements and their respective tax bases. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit, including existing taxable temporary differences, will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss and does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies the requirements in IAS 12 to the lease liabilities and the related assets separately. The Group recognises a deferred tax asset related to the lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Deferred tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realised, provided they are enacted or substantively enacted at the end of each reporting period.

Changes in deferred tax assets or liabilities are recognised in profit or loss, or in other comprehensive income or directly in equity if they relate to items that are charged or credited to other comprehensive income or directly in equity.

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The determination of the average tax rates requires an estimation of (i) when the existing temporary differences will reverse and (ii) the amount of future taxable profit in those years. The estimate of future taxable profit includes:

- income or loss excluding reversals of temporary differences; and
- reversals of existing temporary differences.

Current tax assets and current tax liabilities are presented in net if, and only if,

- (a) the Group has the legally enforceable right to set off the recognised amounts; and
- (b) intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Group presents deferred tax assets and deferred tax liabilities in net if, and only if,

- (a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - (i) the same taxable entity; or
 - (ii) 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.

Segment reporting

The Group identifies operating segments and prepares segment information based on the regular internal financial information reported to the chief operating decision maker (the “CODM”) for their decisions about resources allocation to the Group’s business components and for their review of the performance of those components. The business components in the internal financial information reported to the CODM are determined by the Group’s major product and service lines. The CODM has been identified as the executive directors of the Company, who determine the operating segments of the Group and review the Group’s internal reporting in order to assess performance and allocate resources. All of the Group’s business operations relate to the service of artificial intelligence-driven software and hardware product, including algorithm platforms and chips. Accordingly, the executive directors review the performance of the Group as a single business segment. No separate analysis of the segment results by reportable segment is necessary.

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 if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or

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- (iii) is a member of the key management personnel of the Group or of a parent of the Group.
- (b) the party is an entity and if 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 an associate or joint venture of a member of a group of which the other entity is a member).
 - (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).
 - (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.

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the Historical Financial Information requires the use of accounting estimates which, by definition, will seldom exactly equal the actual results. Management also needs to exercise judgment in applying the Group's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Net realisable value of inventories

Net realisable value of inventories is based on estimated selling price in the ordinary course of business less the estimated cost of completion and costs necessary to make the sale. These estimates are based on the current market condition and the historical experience in selling goods of similar nature. It could change significantly as a result of changes in market conditions. The Group reassesses the estimation at the end of each reporting period. If the actual net realisable values of inventories are more or less than expected as a result of change in market condition, material reversal of or provision for impairment loss may result.

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Provision for impairment of trade receivables

The Group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for trade receivables. The impairment provisions for trade receivables are based on assumptions about risk of default and the expected loss rates. The Group uses judgement in making these assumptions and selecting inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Changes in these assumptions and estimates could materially affect the result of the assessment and it may be necessary to make additional impairment charge to the consolidated statements of profit or loss. Details of the assessment of loss allowance for trade receivables during the Track Record Period are disclosed in Note 44 and the carrying amounts of the Group's trade receivables are disclosed in Note 24.

Impairment of property, plant and equipment and right-of-use assets

Property, plant and equipment and right-of-use assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset (including right-of-use assets), the Group estimates the recoverable amount of the CGU to which the assets belongs. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts.

Further, the cash flows projections, growth rate and discount rate are subject to greater uncertainties in the current year due to volatility in financial markets, including potential disruptions in the Group's operation. Details of the impairment assessment during the Track Record Period are disclosed in Note 15.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value.

Due to inherent risk associated with estimations in the timing and magnitude of the future cash flows, the estimated recoverable amount of the assets may be different from its actual recoverable amount and the Group's profit or loss could be affected by the accuracy of the estimations. Changes in facts and circumstances may result in revisions to the estimates of recoverable amount, which would affect profit or loss in future years.

Estimation of fair value of financial instruments not traded in an active market

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. Details of the valuation techniques, inputs and key assumptions used in the determination of the fair value of financial assets are disclosed in Note 43.

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5. REVENUE AND SEGMENT INFORMATION

5.1 Revenue

The Group’s principal activities are disclosed in Note 1 to the Historical Financial Information.

The Group derives revenue from the transfer of goods and services as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Types of scenario			
— Industry-class	469,092	253,753	174,248
— Enterprise-class	31,110	248,596	536,081
— Consumer-class	—	405,672	623,898
— Others	5,807	9,351	5,057
	<u>506,009</u>	<u>917,372</u>	<u>1,339,284</u>
Timing of revenue recognised			
— At a point in time	472,647	740,774	804,596
— Over time	33,362	176,598	534,688
	<u>506,009</u>	<u>917,372</u>	<u>1,339,284</u>

Transaction price allocated to the unsatisfied performance obligations

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Aggregate amount of transaction price allocated to contracts that are partially or fully unsatisfied.	<u>351,104</u>	<u>1,797,634</u>	<u>1,367,641</u>

This amount represents revenue expected to be recognised in the future from pre-completion sales contracts for sales of goods, provision of services and integrated projects contracts entered into by the customers with the group. The group will recognise the expected revenue in future when or as the projects or services are completed or, in the case of the sales of goods, when the goods are transferred to the customers, which is expected to occur over the next 1 to 36 months.

5.2 Segment information

The operating segment is reported in a manner consistent with the internal reporting provided to the CODM. Management reviews the performance of the Group as a single operating segment based on the internal organisation structure, management requirements and internal reporting system. No other discrete financial information is provided to the CODM other than the Group’s results and financial position as a whole. Accordingly, no further analysis is presented.

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Geographical information

The following table sets out the information about the geographical location of the Group’s revenue from external customers. The geographical location of customers is based on the location at which the services are provided or the goods are delivered.

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Revenue from external customers			
— Hong Kong	—	—	—
— Mainland China	505,822	917,325	1,339,100
— Other countries/regions	187	47	184
	<u>506,009</u>	<u>917,372</u>	<u>1,339,284</u>

The geographical location of non-current assets are based on the location of these assets. At the end of each reporting period, all of the Group’s non-current assets are located in the PRC.

Information about major customers

Revenue from external customers which individually contributed over 10% of the Group’s revenue during the Track Record Period is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Revenue from external customers			
Customer A	88,149	*	*
Customer F	*	187,684	273,474
Customer G	*	111,019	495,349
	<u>88,149</u>	<u>298,703</u>	<u>768,823</u>

* Represent that the amount of revenue from such customer is less than 10% of the total revenue for respective year/period.

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6. OTHER INCOME AND OTHER GAINS AND LOSSES, NET

(a) Other income

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Government grants (<i>Note</i>)	74,264	97,948	140,235
Interest income	12,678	10,858	3,972
Other tax income	774	646	795
Others	60	3,449	1,617
	<u>87,776</u>	<u>112,901</u>	<u>146,619</u>

Note:

It mainly represents the government subsidies arising from eligible research and development projects of certain subsidiaries of the Group.

(b) Other gains and losses, net

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Fair value change on financial assets at FVTPL	41,684	33,598	20,489
(Loss)/gain on disposal of property, plant and equipment	(41)	(54)	51
(Loss)/gain on lease modifications	(7)	98	(4)
Exchange gain/(loss)	49	(42)	1,084
Others	(216)	(637)	(359)
	<u>41,469</u>	<u>32,963</u>	<u>21,261</u>

7. RESEARCH AND DEVELOPMENT EXPENSES

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Employee benefit expenses	223,995	270,611	274,963
Research material costs	10,998	3,458	11,402
Design service fees	9,211	47,537	75,525
IT maintenance service fee	3,146	11,410	11,409
Depreciation and amortisation	40,288	60,211	65,894
Others	7,199	6,642	6,270
	<u>294,837</u>	<u>399,869</u>	<u>445,463</u>

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8. EXPENSES BY NATURE

Expenses included in cost of sales, research and development expenses, selling and distribution expenses and administrative expenses are analysed as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Amortisation of intangible assets (Note 18)	1,726	6,770	8,549
Depreciation			
— Property, plant and equipment (Note 15) . .	44,574	128,525	348,376
— Right-of-use assets (Note 16)	15,367	16,619	14,563
	59,941	145,144	362,939
Write-down of inventories	3,667	12,368	12,403
Impairment loss on non-current assets classified as held for sale (Note 22)	—	—	25,435
Provision for/(reversal of) impairment losses under expected credit loss (“ECL”) model, net			
— Contract assets	48	(462)	(23)
— Trade, bills and other receivables (Notes 24 and 26)	19,803	51,050	39,357
— Amount due from related companies	239	1,142	(227)
— Long term trade receivables (Note 24)	4,923	9,524	18,437
	25,013	61,254	57,544
Auditor’s remuneration			
— Audit services	1,000	1,100	1,150
— Non-audit services	200	400	390
Direct cost of inventories recognised as an expense	361,078	624,424	667,347
Short-term lease charges	6,301	6,215	6,468
[REDACTED]	—	—	590
Employee benefit expenses (Note 9)	475,030	611,314	544,453

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9. EMPLOYEE BENEFIT EXPENSES

(a) Employee benefit expenses are analysed as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Salaries, allowances, discretionary bonuses and other benefits	377,260	408,823	401,887
Defined contribution retirement scheme	11,112	12,968	13,908
Share-based payment expenses	86,658	189,523	128,658
	<u>475,030</u>	<u>611,314</u>	<u>544,453</u>

(b) Directors’ emoluments

	Fees	Salaries, allowances, discretionary bonuses and other benefits	Defined contribution retirement scheme	Share-based payment expenses	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Year ended 31 December 2023					
Executive directors					
Dr. Chen Ning*	—	2,022	46	—	2,068
Mr. Wang Xiaoyu (<i>Note (a)</i>)	—	521	14	—	535
Mr. Li Jianwen	—	1,005	27	97	1,129
Mr. Ye Weizhong (<i>Note (b)</i>)	—	—	—	—	—
Ms. Kang Li (<i>Note (c)</i>)	—	—	—	—	—
Mr. Deng Haoran	—	1,893	34	4,080	6,007
Mr. Yu Xin (<i>Note (d)</i>)	—	—	—	—	—
Non-executive director					
Ms. Li Jia (<i>Note (e)</i>)	—	—	—	—	—
Independent non-executive directors					
Dr. Deng Yangdong	100	—	—	—	100
Ms. Feng Shaojin	100	—	—	—	100
Ms. Lin Hui (<i>Note (i)</i>)	100	—	—	—	100
Ms. Gong Yamin (<i>Note (f)</i>)	58	—	—	—	58
Supervisors					
Mr. Yu Kai	—	848	22	—	870
Mr. He Miao (<i>Note j</i>)	—	345	29	486	860
Mr. Chen Xianlu	—	845	24	—	869
Ms. Lu Xiaoting (<i>Note (g)</i>)	—	153	11	169	333
	<u>358</u>	<u>7,632</u>	<u>207</u>	<u>4,832</u>	<u>13,029</u>

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	Fees	Salaries, allowances, discretionary bonuses and other benefits	Defined contribution retirement scheme	Share-based payment expenses	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Year ended 31 December 2024					
Executive directors					
Dr. Chen Ning*	—	2,154	51	—	2,205
Mr. Li Jianwen	—	1,113	31	1,216	2,360
Mr. Deng Haoran	—	2,155	42	13,823	16,020
Non-executive director					
Ms. Li Jia (<i>Note (e)</i>)	—	—	—	—	—
Independent non-executive directors					
Dr. Deng Yangdong	100	—	—	—	100
Ms. Feng Shaojin	100	—	—	—	100
Ms. Yao Pingping (<i>Note (h)</i>)	58	—	—	—	58
Ms. Lin Hui (<i>Note (i)</i>)	42	—	—	—	42
Supervisors					
Mr. Yu Kai	—	932	26	—	958
Mr. Chen Xianlu	—	856	27	—	883
Ms. Lu Xiaoting (<i>Note (g)</i>)	—	309	12	437	758
	<u>300</u>	<u>7,519</u>	<u>189</u>	<u>15,476</u>	<u>23,484</u>
	Fees	Salaries, allowances, discretionary bonuses and other benefits	Defined contribution retirement scheme	Share-based payment expenses	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Year ended 31 December 2025					
Executive directors					
Dr. Chen Ning*	—	2,249	56	—	2,305
Mr. Li Jianwen	—	1,280	37	1,074	2,391
Mr. Deng Haoran	—	1,791	49	12,168	14,008
Non-executive director					
Ms. Li Jia (<i>Note (e)</i>)	—	—	—	—	—
Independent non-executive directors					
Dr. Deng Yangdong	100	—	—	—	100
Ms. Feng Shaojin	100	—	—	—	100
Ms. Yao Pingping (<i>Note (h)</i>)	100	—	—	—	100
Supervisors					
Mr. Yu Kai	—	545	17	—	562
Mr. Chen Xianlu	—	498	17	—	515
Ms. Lu Xiaoting (<i>Note (g)</i>)	—	175	7	—	182
	<u>300</u>	<u>6,538</u>	<u>183</u>	<u>13,242</u>	<u>20,263</u>

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* *Dr. Chen Ning is also chief executive of the Company.*

Notes:

- (a) Mr. Wang Xiaoyu resigned as an executive director of the Company on 31 July 2023;
- (b) Mr. Ye Weizhong resigned as an executive director of the Company on 31 July 2023;
- (c) Ms. Kang Li resigned as an executive director of the Company on 31 July 2023;
- (d) Mr. Yu Xin resigned as an executive director of the Company on 31 July 2023;
- (e) Ms. Li Jia was appointed as a non-executive director of the Company on 31 July 2023;
- (f) Ms. Gong Yamin resigned as an independent non-executive director of the Company on 31 July 2023;
- (g) Ms. Lu Xiaoting was appointed as a supervisor of the Company on 31 July 2023;
- (h) Ms. Yao Pingping was appointed as an independent non-executive director of the Company on 24 May 2024;
- (i) Ms. Lin Hui resigned as an independent non-executive director on 24 May 2024;
- (j) Mr. He Miao resigned as a supervisor of the Company on 31 July 2023.
- (k) On 28 July 2025, the Company abolished Supervisory Board and amended its Articles; the Board comprises seven directors, including one employee representative elected internally.

10. FIVE HIGHEST PAID INDIVIDUALS

During the years ended 31 December 2023, 2024 and 2025, the five highest paid individuals included 1, 1 and 1 director, respectively, whose emoluments are disclosed in Note 9(b) above. The aggregate emoluments payable to the remaining 4, 4 and 4 individuals during the years ended 31 December 2023, 2024 and 2025 are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Salaries, allowances, discretionary bonuses, and other benefits	6,278	14,748	6,399
Defined contribution retirement scheme	155	162	141
Share-based payment expenses	23,067	26,503	50,800
	<u>29,500</u>	<u>41,413</u>	<u>57,340</u>

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The emoluments fell within the following bands:

	Year ended 31 December		
	2023	2024	2025
HK\$3,500,001 to 4,000,000	—	—	—
HK\$4,000,001 to 4,500,000	—	—	—
HK\$4,500,001 to 5,000,000	—	—	—
HK\$5,000,001 to 5,500,000	1	—	—
HK\$5,500,001 to 6,000,000	—	—	1
HK\$6,000,001 to 6,500,000	1	—	—
HK\$7,000,001 to 7,500,000	—	1	—
HK\$8,000,001 to 8,500,000	—	—	—
HK\$8,500,001 to 9,000,000	—	1	1
HK\$9,000,001 to 9,500,000	—	1	—
HK\$9,500,001 to 10,000,000	—	—	1
HK\$10,500,001 to 11,000,000	2	—	—
HK\$20,000,001 to 20,500,000	—	1	—
HK\$38,000,001 to 38,500,000	—	—	1
	<u>4</u>	<u>4</u>	<u>4</u>

11. FINANCE COSTS

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Interest expenses on borrowings	50	2,458	26,885
Interest expenses on lease liabilities	434	1,430	976
	<u>484</u>	<u>3,888</u>	<u>27,861</u>

12. INCOME TAX

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Current income tax	159	326	291
Deferred income tax (<i>Note 28</i>)	(779)	(4,634)	(3,156)
Income tax credit	<u>(620)</u>	<u>(4,308)</u>	<u>(2,865)</u>

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Reconciliation between tax expense/(credit) and accounting loss at applicable tax rates is as follow:

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Loss before income tax	(384,730)	(576,477)	(414,636)
Tax on profit before income tax, calculated at the rates applicable to profits in the tax jurisdiction concerned	(57,709)	(86,472)	(62,195)
Effect of different tax rates applicable to subsidiaries	(11,459)	(10,343)	(7,601)
Tax effect of			
— non-deductible expenses	8,278	54,612	45,080
— non-taxable income	(3,333)	(4,540)	(548)
— unused tax losses not recognised	87,600	87,601	65,770
— deductible temporary differences not recognised	9,800	4,401	11,451
— deductible temporary differences recognised	(562)	—	—
— utilisation of tax losses previously not recognised	(241)	—	(91)
— over provision in respect of prior years	(19)	—	—
— additional deduction on research and development expenses	(32,975)	(49,567)	(54,731)
Income tax credit	(620)	(4,308)	(2,865)

PRC Enterprise Income Tax (“EIT”)

The income tax provision of certain PRC subsidiaries has been calculated at the statutory tax rate of 25% on the estimated assessable profits for the Track Record Period, based on the existing legislation, interpretations and practices in respect thereof.

Pursuant to the relevant laws and regulations in the PRC, certain PRC subsidiaries obtained the High and New Technology Enterprises qualification and benefit from a preferential tax rate of 15%.

Certain subsidiaries in the PRC fulfil the micro and small enterprises qualification under the PRC corporate income tax system. Therefore, portions of assessable profits of these subsidiaries were subject to the professional income tax rate of 20% for 2023, 2024 and 2025.

Hong Kong Profits Tax

The provision for Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the Track Record Period.

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13. DIVIDEND

No dividend has been paid or declared by the Company during each of the years ended 31 December 2023, 2024 and 2025, and up to the date of this report.

14. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

(a) Basic loss per share

Basic loss per share is calculated by dividing the loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the Track Record Period, excluding treasury shares held for share schemes as these shares are not considered outstanding for loss per share calculation purposes.

The following table illustrates the earnings and share information used in the calculation of basic loss per share:

	Year ended 31 December		
	2023	2024	2025
Loss attributable to owners of the Company used in calculating basic loss per share (<i>RMB’000</i>)	(383,117)	(579,047)	(422,194)
Weighted average number of ordinary shares in issue (thousand shares)	332,938	354,226	356,672
Basic loss per share (<i>RMB</i>)	<u>(1.15)</u>	<u>(1.63)</u>	<u>(1.18)</u>

(b) Diluted loss per share

The potential ordinary shares were not included in the calculation of diluted loss per share for the Track Record Period as their impact would be anti-dilutive. Accordingly, diluted loss per share for the Track Record Period are the same as basic loss per share of the respective year.

15. PROPERTY, PLANT AND EQUIPMENT

The Group

	Electronic devices	Motor vehicles	Office equipment and others	Machinery and equipment	Leasehold improvement	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
As at 1 January 2023						
Cost	70,139	553	19,786	—	14,218	104,696
Accumulated depreciation	(22,781)	(416)	(9,851)	—	(6,870)	(39,918)
Net carrying amount	<u>47,358</u>	<u>137</u>	<u>9,935</u>	<u>—</u>	<u>7,348</u>	<u>64,778</u>
Year ended 31 December 2023						
Opening net carrying amount	47,358	137	9,935	—	7,348	64,778
Additions	14,769	1,050	2,201	285,525	905	304,450
Disposals	(1)	—	(68)	—	—	(69)
Depreciation	(22,593)	(171)	(5,698)	(11,391)	(4,721)	(44,574)
Closing net carrying amount	<u>39,533</u>	<u>1,016</u>	<u>6,370</u>	<u>274,134</u>	<u>3,532</u>	<u>324,585</u>
As at 31 December 2023						
Cost	84,873	1,603	21,843	285,525	11,235	405,079
Accumulated depreciation	(45,340)	(587)	(15,473)	(11,391)	(7,703)	(80,494)

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	Electronic devices	Motor vehicles	Office equipment and others	Machinery and equipment	Leasehold improvement	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Net carrying amount	39,533	1,016	6,370	274,134	3,532	324,585
Year ended 31 December 2024						
Opening net carrying amount	39,533	1,016	6,370	274,134	3,532	324,585
Additions	36,820	619	3,877	1,318,414	1,033	1,360,763
Acquisition of subsidiary (<i>Note 45</i>)	300	376	180	2,950	—	3,806
Transfer to inventories	(784)	—	—	—	—	(784)
Disposals	(27)	—	(137)	—	—	(164)
Depreciation	(26,163)	(784)	(4,324)	(94,251)	(3,003)	(128,525)
Net carrying amount	49,679	1,227	5,966	1,501,247	1,562	1,559,681
As at 31 December 2024						
Cost	120,769	2,598	25,067	1,606,889	4,814	1,760,137
Accumulated depreciation	(71,090)	(1,371)	(19,101)	(105,642)	(3,252)	(200,456)
Net carrying amount	49,679	1,227	5,966	1,501,247	1,562	1,559,681
Years ended 31 December 2025						
Opening net carrying amount	49,679	1,227	5,966	1,501,247	1,562	1,559,681
Additions	94,464	—	3,260	20,848	810	119,382
Transfer to non-current assets classified as held for sale (<i>Note 22</i>)	—	—	—	(50,214)	—	(50,214)
Disposals	(20)	(14)	(35)	—	—	(69)
Depreciation	(37,508)	(527)	(3,044)	(306,439)	(858)	(348,376)
Net carrying amount	106,615	686	6,147	1,165,442	1,514	1,280,404
As at 31 December 2025						
Cost	214,827	3,141	27,843	1,577,523	5,624	1,828,958
Accumulated depreciation	(108,212)	(2,455)	(21,696)	(412,081)	(4,110)	(548,554)
Net carrying amount	106,615	686	6,147	1,165,442	1,514	1,280,404

As at 31 December 2024, a motor vehicle with carrying amount of RMB253,000 was pledged as collateral for the Group’s borrowings. The secured borrowing has been fully repaid on 7 April 2025 and collateral was discharged on 28 July 2025.

As at 31 December 2025, borrowing of RMB660,486,000 was secured by certain items of machinery and equipment included under property, plant and equipment with a carrying amount of RMB946,138,000.

Impairment assessment

Management has performed an assessment on the Group’s non-current assets, primarily comprising property, plant and equipment and right-of-use assets as at 31 December 2023, 2024 and 2025. In this connection, management reviewed the results of operation of each cash-generating units (“CGUs”) in determining whether any impairment indicator exists with each of the CGUs under review. For those CGUs where an impairment indicator was identified, management assessed the recoverable amount of the CGU based on value-in-use calculation using projected cashflow over the remaining lease term of each CGUs. The determination of the value-in-use calculation of the relevant CGU involves the use of assumptions and estimations such as revenue growth rate, change in operating cost and gross profit margin. Pre-tax discount rates adopted in the impairment assessment as at 31 December 2023, 2024 and 2025 were 11.32%, 10.40% and 9.49% respectively, which was determined based on the market’s weighted average cost of capital.

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Based on the result of the assessment, management of the Group determined that the recoverable amount of the CGUs are higher than the carrying amount.

The Company

	Electronic devices	Motor vehicles	Office equipment and others	Machinery and equipment	Leasehold improvement	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2023						
Cost	69,188	285	19,748	—	10,055	99,276
Accumulated depreciation	(22,241)	(271)	(9,821)	—	(4,658)	(36,991)
Net carrying amount	46,947	14	9,927	—	5,397	62,285
Year ended 31 December 2023						
Opening net carrying amount	46,947	14	9,927	—	5,397	62,285
Additions	14,680	1,050	2,201	285,525	905	304,361
Disposals	(2)	—	(68)	—	—	(70)
Depreciation	(22,545)	—	(5,698)	(11,391)	(3,560)	(43,194)
Closing net carrying amount	39,080	1,064	6,362	274,134	2,742	323,382
As at 31 December 2023						
Cost	83,831	1,335	21,806	285,525	10,960	403,457
Accumulated depreciation	(44,751)	(271)	(15,444)	(11,391)	(8,218)	(80,075)
Net carrying amount	39,080	1,064	6,362	274,134	2,742	323,382
Year ended 31 December 2024						
Opening net carrying amount	39,080	1,064	6,362	274,134	2,742	323,382
Additions	36,216	—	3,879	1,332,222	238	1,372,555
Disposals	(800)	—	(145)	—	—	(945)
Depreciation	(25,996)	(249)	(4,270)	(94,462)	(2,207)	(127,184)
Closing net carrying amount	48,500	815	5,826	1,511,894	773	1,567,808

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	Electronic devices	Motor vehicles	Office equipment and others	Machinery and equipment	Leasehold improvement	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
As at 31 December 2024						
Cost	118,917	1,335	24,849	1,617,747	4,456	1,767,304
Accumulated depreciation	(70,417)	(520)	(19,023)	(105,853)	(3,683)	(199,496)
Net carrying amount	48,500	815	5,826	1,511,894	773	1,567,808
Year ended 31 December 2025						
Opening net carrying amount	48,500	815	5,826	1,511,894	773	1,567,808
Additions	92,415	—	3,259	12,508	320	108,502
Transfer to non-current assets classified as held for sale (Note 22)	—	—	—	(50,214)	—	(50,214)
Disposals	(8)	(14)	(35)	—	—	(57)
Depreciation	(36,670)	(249)	(3,011)	(309,092)	(466)	(349,488)
Closing net carrying amount	104,237	552	6,039	1,165,096	627	1,276,551
As at 31 December 2025						
Cost	211,133	1,050	27,639	1,580,041	4,776	1,824,639
Accumulated depreciation	(106,896)	(498)	(21,600)	(414,945)	(4,149)	(548,088)
Net carrying amount	104,237	552	6,039	1,165,096	627	1,276,551

16. RIGHT-OF-USE ASSETS

The Group

The movements in the net carrying amount of right-of-use assets are analysed as follows:

	Leased properties	Electronic devices	Motor vehicles	Total
	RMB’000	RMB’000	RMB’000	RMB’000
As at 1 January 2023	15,409	29	—	15,438
Additions	36,589	240	—	36,829
Lease modifications	(545)	(12)	—	(557)
Depreciation	(15,338)	(29)	—	(15,367)
As at 31 December 2023 and 1 January 2024	36,115	228	—	36,343
Additions	9,793	—	—	9,793
Acquisition of subsidiary	237	—	253	490
Lease modifications	(2,382)	—	—	(2,382)
Depreciation	(16,364)	(48)	(207)	(16,619)
As at 31 December 2024 and 1 January 2025	27,399	180	46	27,625
Additions	14,192	—	—	14,192
Lease modifications	4,417	—	—	4,417
Depreciation	(14,481)	(36)	(46)	(14,563)
As at 31 December 2025	31,527	144	—	31,671

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	Leased properties	Electronic devices	Total
	RMB’000	RMB’000	RMB’000
As at 1 January 2023	12,654	29	12,683
Additions	34,064	240	34,304
Lease modifications	—	(12)	(12)
Depreciation	(12,717)	(29)	(12,746)
As at 31 December 2023 and 1 January 2024.	34,001	228	34,229
Additions	5,001	—	5,001
Lease modifications	(2,459)	—	(2,459)
Depreciation	(13,422)	(48)	(13,470)
As at 31 December 2024 and 1 January 2025.	23,121	180	23,301
Additions	4,567	—	4,567
Lease modifications	4,643	—	4,643
Depreciation	(11,091)	(36)	(11,127)
As at 31 December 2025	21,240	144	21,384

The Group leases various office properties, electronic devices, and motor vehicles. Rental contracts are typically made for fixed periods of one to three years, one to three years and one to four years for the year ended 31 December 2023, 2024 and 2025, respectively.

For details of the impairment assessments, please refer to Note 15.

17. GOODWILL

The Group

The net carrying amount of goodwill can be analysed as follows:

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Gross carrying amount	—	20,367	20,367

On 1 April 2024, the Company acquired 51% of equity interests of Shenzhen D-infuture Technologies Co., Ltd. (“D-infuture Tech”) for a cash consideration of RMB60,000,000. The goodwill of RMB20,367,000 resulted from the difference between the total consideration and the fair value of identifiable net assets of D-infuture Tech amounting to RMB39,633,000.

Impairment testing of goodwill

For the purpose of impairment testing, goodwill acquired through business combination is allocated to D-infuture Tech (“D-infuture Tech CGU”), which constituted a CGU. In addition to goodwill, property, plant and equipment, right-of-use assets and other intangible assets that generate cash flows together with the related goodwill are included in the D-infuture Tech CGU for the purpose of impairment assessment. As at 31 December 2024 and 2025, the carrying amount of the D-infuture Tech CGU amounted to RMB86,241,000 and RMB135,935,000, respectively.

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The Group engaged an independent qualified professional valuers to assist the preparation of the goodwill impairment assessment. For the year ended 31 December 2024, North Asia Assets Assessment Co., Ltd. (“North Asia”) (北方亞事資產評估有限責任公司) was engaged, while for the year ended 31 December 2025, GeLv (Shanghai) Assets Appraisal Co., Ltd. (格律(上海)資產評估有限公司) was engaged. The change of valuer was made pursuant to the Group’s internal arrangements. The Directors confirm that there was no material disagreement with the former valuer, and the valuation methodologies adopted remained broadly consistent throughout the Track Record Period.

The recoverable amount has been determined based on a value in use calculation. The calculation uses cash flow projections based on financial budgets approved by management covering a 5-year period as the key assumptions to the value in use.

	As at 31 December			Valuation technique	Significant unobservable input	As at 31 December		Sensitivity relationship to unobservable input to fair value
	2023	2024	2025			2024	2025	
	RMB’000	RMB’000	RMB’000			RMB’000		
Goodwill	N/A	20,367	20,367	Income approach	Average revenue growth rate	5.50%	2.58%	The higher the growth rate, the higher the value in use
					Perpetual revenue growth rate	0.00%	0.00%	The higher the growth rate, the higher the value in use
					Pre-tax discount rate	9.01%	9.29%	The higher the discount rate, the lower the value in use

The headroom of the recoverable amounts over the carrying amount of the D-infuture Tech as at 31 December 2024 and 2025 are RMB77,311,000 and RMB61,374,000, respectively. As recoverable amounts as at 31 December 2024 and 2025 are significantly above the carrying amount of D-infuture Tech CGU, management believes that any reasonably possible change in any of these assumptions would not result in impairment.

Sensitivity analysis

Management have performed sensitivity analysis on the impairment test of D-infuture Tech. The following table sets forth the hypothetical changes to the percentage points of average annual growth rate of revenue, perpetual revenue growth rate and pre-tax discount rate that would, in isolation, have removed the remaining headroom respectively as at 31 December 2024 and 2025:

	As at 31 December	
	2024	2025
Average revenue growth rate	-2.03%	-3.43%
Perpetual revenue growth rate	-5.97%	-1.48%
Pre-tax discount rate	3.98%	1.12%

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18. INTANGIBLE ASSETS

The Group

	Software	Copyright, patent and trademark	Total
	RMB’000	RMB’000	RMB’000
As at 1 January 2023			
Cost.	6,634	—	6,634
Accumulated amortisation	(4,231)	—	(4,231)
Net carrying amount	2,403	—	2,403
Year ended 31 December 2023			
Opening net carrying amount	2,403	—	2,403
Additions	1,731	—	1,731
Amortisation	(1,726)	—	(1,726)
Closing net carrying amount	2,408	—	2,408
As at 31 December 2023			
Cost.	8,365	—	8,365
Accumulated amortisation	(5,957)	—	(5,957)
Net carrying amount	2,408	—	2,408
Year ended 31 December 2024			
Opening net carrying amount	2,408	—	2,408
Additions	328	—	328
Acquisition of subsidiary (<i>Note 44</i>)	19	39,432	39,451
Amortisation	(855)	(5,915)	(6,770)
Closing net carrying amount	1,900	33,517	35,417
As at 31 December 2024			
Cost.	8,712	39,432	48,144
Accumulated amortisation	(6,812)	(5,915)	(12,727)
Net carrying amount	1,900	33,517	35,417
Year ended 31 December 2025			
Opening net carrying amount	1,900	33,517	35,417
Amortisation	(663)	(7,886)	(8,549)
Closing net carrying amount	1,237	25,631	26,868
As at 31 December 2025			
Cost	8,712	39,432	48,144
Accumulated amortisation	(7,475)	(13,801)	(21,276)
Net carrying amount	1,237	25,631	26,868

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The Company

	Software
	RMB’000
As at 1 January 2023	
Cost	6,634
Accumulated amortisation	(4,231)
Net carrying amount	2,403
Year ended 31 December 2023	
Opening net carrying amount	2,403
Additions	1,731
Amortisation	(1,726)
Closing net carrying amount	2,408
As at 31 December 2023	
Cost	8,365
Accumulated amortisation	(5,957)
Net carrying amount	2,408
Year ended 31 December 2024	
Opening net carrying amount	2,408
Amortisation	(821)
Closing net carrying amount	1,587
As at 31 December 2024	
Cost	8,365
Accumulated amortisation	(6,778)
Net carrying amount	1,587
Year ended 31 December 2025	
Opening net carrying amount	1,587
Amortisation	(548)
Closing net carrying amount	1,039
As at 31 December 2025	
Cost	8,365
Accumulated amortisation	(7,326)
Net carrying amount	1,039

19. INTEREST IN ASSOCIATES

The Group

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Unlisted investments	—	16,714	24,554
At the beginning of the year	—	—	16,714
Addition (<i>Note (a), (b)</i>)	—	20,000	6,500
Share of results, net	—	37	1,340
Unrealised profit	—	(3,323)	—
At the end of the year	—	16,714	24,554

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The Company

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Unlisted investments	—	16,714	18,053
At the beginning of the year	—	—	16,714
Addition (<i>Note (a)</i>)	—	20,000	—
Share of results, net	—	37	1,339
Unrealised profit	—	(3,323)	—
At the end of the year	—	16,714	18,053

Note:

- (a) On 27 July 2024, the Group made a cash capital contribution of RMB20,000,000, representing 20% of the total capital contribution in Sichuan Tianfu Intelligent Computing Technologies Co., Ltd. (四川天府智算科技有限公司) (“Tianfu Intelligent Computing”), an entity newly established in the PRC. Tianfu Intelligent Computing is principally engaged in the provision of technology promotion and application services.
- (b) On 5 September 2025, the Group made a cash capital contribution of RMB6,500,000, representing 10% of the total capital contribution in Suining Yunsu Technology Co., Ltd. (遂寧雲速科技有限公司) (“Suining Yunsu”), an entity newly established in the PRC. Suining Yunsu is principally engaged in the provision of technology promotion and application services.

The following table illustrates the summarised financial information in respect of the associate, adjusted for any differences in accounting policies and reconciled to the carrying amounts in the Historical Financial Information.

Sichuan Tianfu Intelligent Computing Technologies Co., Ltd.

	As at 31 December	
	2024	2025
	RMB’000	RMB’000
Cash and cash equivalents	9,566	8,041
Current assets	9,566	27,444
Non-current assets	116,004	93,351
Current liabilities	(25,386)	(16,169)
Net assets	100,184	104,626
Group’s share in %	20%	20%
Group’s share in RMB	20,037	20,925
Elimination	(3,323)	(2,872)
Carrying amount	16,714	18,053
Revenue	—	25,075
Profit and total comprehensive income for the year	184	4,442

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Suining Yunsu Technology Co., Ltd.

	As at 31 December 2025
	RMB’000
Cash and cash equivalents	459
Current assets	8,481
Non-current assets	38,219
Current liabilities	(53)
Net assets (<i>Note</i>)	46,647
Group’s share in %	10%
Group’s share in RMB	6,501
Carrying amount	6,501
Revenue	343
Profit and total comprehensive income for the year	11

Note:

As at 31 December 2025, the Group held a 10% equity interest in Suining Yunsu. The Group has significant influence over Suining Yunsu through representation on its board of directors, with one director appointed by the Group.

During the reporting period, the Group contributed RMB6,500,000 as capital to Suining Yunsu. Some shareholders have not yet fully paid their portions of the non-callable share capital. Accordingly, as at 31 December 2025, the net assets of RMB46,647,000 of Suining Yunsu which is mainly represent the paid-up capital comprised by the Group’s capital contribution and amounts contributed by other shareholders. After recognising the Group’s 10% shares of Suining Yunsu’s results for the period under the equity method, the carrying amount of the Group’s investment amounted to RMB6,501,000.

During the reporting period ended 31 December 2025, Suining Yunsu commenced operations and recorded income and expenses. The Group accounts for its 10% interest as an associate using the equity method of accounting in according with the Group’s accounting policies set out in Note 3.2.

No indicators of impairment were identified during the period.

20. FINANCIAL ASSETS AT FVTPL

The Group

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Wealth management products and structured deposits	2,635,574	701,005	882,604

The Company

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Wealth management products and structured deposits	2,632,648	700,053	882,604

Note:

These wealth management products and structured deposits are managed by licensed financial institutions in the PRC and are invested principally in various financial assets.

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21. FINANCIAL ASSETS AT FVTOCI

The Group

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Non-current			
Unlisted equity instruments at fair value (Note (a))	67,000	145,248	197,776
Current			
Bills receivables measured at FVTOCI (Note (b))	910	12,843	7,657
	<u>67,910</u>	<u>158,091</u>	<u>205,433</u>

The Company

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Non-current			
Unlisted equity instruments at fair value (Note (a))	67,000	145,248	197,776
Current			
Bills receivables measured at FVTOCI (Note (b))	—	2,843	4,731
	<u>67,000</u>	<u>148,091</u>	<u>202,507</u>

Notes:

- (a) Financial assets at FVTOCI include unlisted equity instruments which are not held for trading.
- (b) Certain bills held by the Group and the Company for the practice of discounting/endorsing to financial institutions/suppliers before the bills maturity date were classified as “bills receivables measured at FVTOCI” under financial assets at FVTOCI in the consolidated statements of financial position. At the end of each reporting period, all the bills are with a maturity period of less than 6 months. The Group and the Company consider the credit risk is limited because counterparties are financial institutions with good credit standing and are highly likely to be paid, and the ECL are considered as insignificant.

Transfer of financial assets

During the Track Record Period, the Group and the Company (i) endorsed certain bills receivable for the settlement of trade and other payables; and (ii) discounted certain bills receivable to banks for raising of cash. In the opinion of the directors, the Group and the Company have transferred substantially all the risks and rewards relating to these bills receivable, and the Group’s and the Company’s obligations to the corresponding counterparties were discharged in accordance with the commercial practice in the PRC or the risk of default in payment of the endorsed or discounted bills receivable is low because all endorsed and discounted bills receivable are issued and guaranteed by the reputable PRC banks. As a result, the relevant assets and liabilities were derecognised in the Historical Financial Information.

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22. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

During the year ended 31 December 2025, the Company committed to a plan to sell certain machinery and equipment located in the PRC. In the opinion of the directors, the disposal of these assets is expected to be completed within twelve months from the end of the reporting period.

As a result, these assets with aggregate carrying amount of RMB50,214,000 immediately prior to the classification as held for sale was written down to its fair value less cost to sell of RMB24,779,000 and classified as non-current assets classified as held for sale during the year. Impairment loss of RMB25,435,000 was recognised accordingly.

23. INVENTORIES

The Group

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Raw material	—	—	44,782
Finished goods	113,829	171,094	166,663
Contract fulfilment cost	19,093	36,756	32,086
Work in progress	2,986	41,560	42,405
	<u>135,908</u>	<u>249,410</u>	<u>285,936</u>

The Company

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Finished goods	88,336	136,428	109,620
Contract fulfilment cost	12,607	11,767	12,049
Work in progress	2,986	3,549	14,305
	<u>103,929</u>	<u>151,744</u>	<u>135,974</u>

24. TRADE AND BILLS RECEIVABLES

The Group

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Non-current assets			
Long-term trade receivables	164,600	103,454	94,083
Less: ECL allowance	(20,169)	(29,693)	(48,130)
	<u>144,431</u>	<u>73,761</u>	<u>45,953</u>

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	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Current assets			
Trade receivables	551,215	838,891	806,114
Less: ECL allowance	(62,079)	(101,379)	(126,513)
Trade receivables, net	489,136	737,512	679,601
Bills receivables	279	3,898	2,957
Less: ECL allowance	(14)	(90)	—
Bills receivables, net	265	3,808	2,957
	489,401	741,320	682,558

The Company

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Non-current assets			
Long-term trade receivables	37,805	18,502	14,264
Less: ECL allowance	(10,521)	(10,487)	(14,264)
	27,284	8,015	—

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Current assets			
Trade receivables	361,858	276,380	244,930
Less: ECL allowance	(45,494)	(61,636)	(81,296)
Trade receivables, net	316,364	214,744	163,634
Bills receivables	279	2,119	157
Less: ECL allowance	(14)	(90)	—
Bills receivables, net	265	2,029	157
	316,629	216,773	163,791

The credit period granted to customers is generally ranging from 30 days to 2 years during the Track Record Period.

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The aging analysis of trade receivables (based on date of revenue recognition), net of ECL allowance, is as follows:

The Group

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
0–90 days	323,976	383,271	342,317
91–180 days	63,347	28,886	53,167
181–270 days	44,959	43,839	54,146
271–360 days	9,175	43,343	13,743
1 to 2 years	122,440	214,997	156,753
Over 2 years	69,670	96,937	105,428
	<u>633,567</u>	<u>811,273</u>	<u>725,554</u>

The Company

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
0–90 days	175,654	31,979	10,491
91–180 days	18,142	19,665	1,453
181–270 days	17,329	6,027	27,411
271–360 days	6,864	9,992	12,416
1 to 2 years	69,642	87,608	34,977
Over 2 years	56,017	67,488	76,886
	<u>343,648</u>	<u>222,759</u>	<u>163,634</u>

Movements in ECL allowance on trade receivables are as follows:

The Group

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
At the beginning of the year	58,943	82,248	131,072
ECL allowance recognised, net (<i>Note</i>)	23,310	44,006	43,571
Acquisition of subsidiary	—	4,850	—
Written off	(5)	(32)	—
At the end of the year	<u>82,248</u>	<u>131,072</u>	<u>174,643</u>

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The Company

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
At the beginning of the year	43,287	56,015	72,123
ECL allowance recognised, net (<i>Note</i>)	12,728	16,109	23,437
Written off	—	(1)	—
At the end of the year	<u>56,015</u>	<u>72,123</u>	<u>95,560</u>

Note:

Information about the impairment provision of trade receivables and the Group’s exposure to credit risk are set out in Note 44.

25. CONTRACT ASSETS AND CONTRACT LIABILITIES

(a) Contract assets

The Group

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Contract assets	13,264	11,014	9,383
Less: ECL allowance	(1,531)	(1,069)	(1,046)
	<u>11,733</u>	<u>9,945</u>	<u>8,337</u>

The Company

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Contract assets	10,599	1,837	2,031
Less: ECL allowance	(1,292)	(259)	(401)
	<u>9,307</u>	<u>1,578</u>	<u>1,630</u>

Contract assets primarily arise from the provision of maintenance warranty services. They represent the Group’s and the Company’s right to consideration for services rendered that is conditional on the satisfaction of certain performance obligations.

In some cases, a portion of the consideration is contractually deferred and only becomes receivable upon the completion of a specified service period (such as a warranty or maintenance period), during which the Group and the Company are required to ensure continued satisfactory performance. This deferred portion is recognised as a contract asset and is reclassified to trade receivables when the right to receive payment becomes unconditional, such as upon the expiry of the warranty period.

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(b) Contract liabilities

Contract liabilities represent the obligation to transfer goods to customers in consideration of payments received or receivable from customers. Contract liabilities are incurred when the payment schedule agreed under the contract is ahead of the performance of contract obligations.

The Group

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Contract liabilities			
Advance payments from customers	44,888	63,748	72,182

The Company

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Contract liabilities			
Advance payments from customers	34,612	38,327	20,948

The Group receives payments of the contract from customers based on billing schedule as set out in the contracts for providing goods and services.

Amounts of RMB20,636,000, RMB36,745,000 and RMB48,860,000 of contract liabilities at the beginning of 2023, 2024 and 2025, respectively, were recognised as revenue during the Track Record Period.

26. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

The Group

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Non-current			
Prepayments (<i>Note (a)</i>)	93,333	42,463	17,782
Current			
Prepayments (<i>Note (b)</i>)	59,778	43,844	52,476
Other tax receivables (<i>Note (c)</i>)	16,243	223,731	225,455
Deposits and other receivables	27,582	69,523	74,476
Less: ECL allowance	(4,705)	(21,359)	(35,672)
	98,898	315,739	316,735
	192,231	358,202	334,517

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The Company

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Non-current			
Prepayments (<i>Note (a)</i>)	93,333	42,463	17,405
Current			
Prepayments (<i>Note (b)</i>)	59,462	79,254	34,863
Other tax receivables (<i>Note (c)</i>)	12,802	171,029	209,532
Deposits and other receivables	8,620	39,894	63,721
Less: ECL allowance	(3,585)	(18,734)	(45,646)
	77,299	271,443	262,470
	170,632	313,906	279,875

Notes:

- (a) These represent advance payments for purchase of property, plant and equipment.
- (b) These represent advance payments for purchase of inventories to secure the inventory supply. These advance payments are expected to be realised within twelve months from the end of the reporting period.
- (c) The amounts represent prepaid tax and surcharges levied.

27. AMOUNTS DUE FROM/(TO) SUBSIDIARIES/RELATED COMPANIES

The Group

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
(Trade nature):			
Amount due from the company with common director	660	—	—
Less: ECL allowance	(296)	—	—
	364	—	—
Amount due from the shareholder of the Company	1,913	757	—
Less: ECL allowance	(192)	(227)	—
	1,721	530	—
Amount due from an associate	—	28,059	14,033
Less: ECL allowance	—	(1,403)	(1,403)
	—	26,656	12,630
Total amounts due from related parties	2,085	27,186	12,630

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The Company

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
(Trade nature):			
Amount due from the company with common director.	660	—	—
Less: ECL allowance	(296)	—	—
	<u>364</u>	<u>—</u>	<u>—</u>
Amount due from the shareholder of the Company.	1,913	757	—
Less: ECL allowance	(192)	(227)	—
	<u>1,721</u>	<u>530</u>	<u>—</u>
Amounts due from subsidiaries	<u>360,686</u>	<u>514,886</u>	<u>487,738</u>
Amounts due to subsidiaries	<u>19,295</u>	<u>563,016</u>	<u>538,473</u>
(Non-trade nature):			
Amounts due from subsidiaries	<u>373,820</u>	<u>554,305</u>	<u>787,341</u>
Amounts due to subsidiaries	<u>8,565</u>	<u>17,985</u>	<u>29,824</u>

Note:

The amounts due from/(to) subsidiaries/related companies are unsecured, interest-free and recoverable/repayable on demand.

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28. CASH AND CASH EQUIVALENTS, TIME DEPOSIT AND RESTRICTED BANK DEPOSITS

The Group

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Cash and cash equivalents			
— Cash at bank	523,611	908,930	1,501,959
— Cash in hand	—	7	7
	523,611	908,937	1,501,966
Restricted bank deposits (<i>Note</i>)	30,933	17,802	20,048
Time deposit	250,000	—	80,293
	804,544	926,739	1,602,307

The Company

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Cash and cash equivalents			
— Cash at bank	461,117	825,735	1,446,377
Restricted bank deposits (<i>Note</i>)	30,933	17,802	18,385
Time deposit	250,000	—	—
	742,050	843,537	1,464,762

Note:

Restricted bank deposits include bank deposits with original maturities over three months and due within one year and guarantee deposits for letter of bank acceptance notes, letters of guarantee, letters of credit and issuance of bills payable.

29. DEFERRED TAX

Deferred tax assets and liabilities are offset when there is a legally enforceable right of offsetting and when the deferred income taxes relate to the same authority.

The net amounts of deferred tax assets and liabilities after offsetting are as follows:

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Deferred tax assets	6,428	13,031	11,542
Deferred tax liabilities	(5,578)	(9,256)	(8,386)
	850	3,775	3,156

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The Group

The movements in deferred tax (assets) and liabilities during the Track Record Period are as follows:

	Tax losses	Appreciation of assets acquired in business combinations	Fair value adjustments of equity instruments at fair value through other comprehensive income	Loss allowance and impairment provision	Right-of-use assets	Lease liabilities	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2023	—	—	—	(133)	2,572	(2,510)	(71)
(Charged)/credited to profit or loss	—	—	—	(765)	3,006	(3,020)	(779)
As at 31 December 2023 and 1 January 2024	—	—	—	(898)	5,578	(5,530)	(850)
Acquisition of subsidiary	(3,490)	6,104	—	(872)	(107)	74	1,709
(Charged)/credited to profit or loss	(244)	(1,076)	—	(3,276)	(1,243)	1,205	(4,634)
As at 31 December 2024 and 1 January 2025	(3,734)	5,028	—	(5,046)	4,228	(4,251)	(3,775)
(Charged)/credited to profit or loss	(2,104)	(1,183)	—	(641)	(4,167)	4,233	(3,862)
Credited to other comprehensive income	—	—	4,481	—	—	—	4,481
As at 31 December 2025	(5,838)	3,845	4,481	(5,687)	61	(18)	(3,156)

The Company

The movements in deferred tax (assets) during the Track Record Period are as follows:

	Fair value adjustments of equity instruments at fair value through other comprehensive income	Right-of-use assets	Lease liabilities	Total
	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2023	—	1,903	(1,903)	—
Recognised/(reversed) in profit or loss	—	3,231	(3,231)	—
As at 31 December 2023 and 1 January 2024	—	5,134	(5,134)	—
(Reversed)/recognised in profit or loss	—	(1,639)	1,639	—
As at 31 December 2024 and 1 January 2025	—	3,495	(3,495)	—
(Reversed)/recognised in profit or loss	—	(3,479)	3,495	16
Credited to other comprehensive income	4,481	—	—	4,481
As at 31 December 2025	4,481	16	—	4,497

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Deferred tax assets not recognised

Deferred tax assets should be recognised when it is probable that taxable profits or taxable temporary differences will be available against which the deferred tax asset can be utilised. Temporary differences will not be recognised as deferred tax assets if management estimates that sufficient taxable profits generated from continuing operations will not be available in the foreseeable future. The following table sets forth the tax losses and deductible temporary differences which were not recognised as deferred tax assets at the end of each reporting period:

The Group

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Tax losses	2,625,657	3,105,401	3,510,347
Other temporary differences	699,424	728,764	851,298
	<u>3,325,081</u>	<u>3,834,165</u>	<u>4,361,645</u>

The Company

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Tax losses	1,998,682	2,399,720	2,643,773
Other temporary differences	229,957	301,430	430,437
	<u>2,228,639</u>	<u>2,701,150</u>	<u>3,074,210</u>

The Group has unused tax losses of approximately RMB2,625,657,000, RMB3,128,510,000 and RMB3,547,634,000 as at 31 December 2023, 2024 and 2025, respectively, available for offset against future profits. No deferred tax asset has been recognised for these tax losses due to the unpredictability of future profit streams excepted approximately RMB3,734,000 and RMB5,579,000 has been recognised deferred tax asset in 2024 and 2025. Included in unrecognised tax losses are losses of approximately RMB274,000, RMB400,000 and RMB2,380,000, respectively, can be carried forward indefinitely, and unrecognised tax losses of approximately RMB2,625,657,000, RMB3,105,000,000 and RMB3,503,000,000 respectively, that will expire in one to ten years, included approximately RMB13,300,000 and RMB4,580,000 for the year ended 31 December 2023 and 2024, unrecognised tax losses has been expired.

30. TRADE AND BILLS PAYABLES

The Group

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Trade payables	245,860	464,454	371,289
Bills payables	323	855	41,725
	<u>246,183</u>	<u>465,309</u>	<u>413,014</u>

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The Company

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Trade payables	199,030	192,748	133,636
Bills payables	321	854	500
	<u>199,351</u>	<u>193,602</u>	<u>134,136</u>

At the end of each reporting period, all bills payables were not matured.

The credit period obtained from suppliers is generally ranging from 30 days to 2 years during the Track Record Period.

The aging analysis of trade payables (based on invoice date), is as follows:

The Group

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Within 1 year	199,453	394,441	238,549
Over 1 year but within 2 years	16,026	43,230	97,255
Over 2 years but within 3 years	19,422	8,185	19,743
Over 3 years but within 4 years	10,650	8,666	4,929
Over 4 years but within 5 years	309	9,623	5,670
Over 5 years	—	309	5,143
	<u>245,860</u>	<u>464,454</u>	<u>371,289</u>

The Company

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Within 1 year	155,274	130,996	35,685
Over 1 year but within 2 years	15,109	35,496	66,147
Over 2 years but within 3 years	17,717	7,689	16,094
Over 3 years but within 4 years	10,621	8,664	4,929
Over 4 years but within 5 years	309	9,594	5,667
Over 5 years	—	309	5,114
	<u>199,030</u>	<u>192,748</u>	<u>133,636</u>

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31. OTHER PAYABLES AND ACCRUALS

The Group

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Other tax liabilities	6,706	20,375	10,289
Staff cost payables	90,938	87,432	113,300
Accrued expenses	12,400	39,810	13,640
Dividend payable	—	14,645	—
Deposits received and other payables	3,683	8,085	10,475
	<u>113,727</u>	<u>170,347</u>	<u>147,704</u>

The Company

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Other tax liabilities	885	1,254	1,206
Staff cost payables	64,338	62,221	74,746
Accrued expenses	10,423	38,059	12,425
Deposits received and other payables	1,480	4,595	5,189
	<u>77,126</u>	<u>106,129</u>	<u>93,566</u>

32. BORROWINGS

The Group

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Credit loan (<i>Note (a)</i>)	—	108,491	130,069
Guaranteed loan (<i>Note (b)</i>)	—	49,743	33,091
Guaranteed, pledged and mortgaged loan (<i>Note (d)</i>)	—	—	660,486
Pledged loan (<i>Note (c)</i>)	—	66	—
Total borrowings	—	158,300	823,646
Less: current portion			
Credit loan (<i>Note (a)</i>)	—	(64,776)	(130,069)
Guaranteed loan (<i>Note (b)</i>)	—	(7,709)	(33,091)
Guaranteed, pledged and mortgaged loan (<i>Note (d)</i>)	—	—	(340,250)
Pledged loan (<i>Note (c)</i>)	—	(66)	—
	<u>—</u>	<u>(72,551)</u>	<u>(503,410)</u>
Non-current portion borrowings	<u>—</u>	<u>85,749</u>	<u>320,236</u>

As at 31 December 2024 and 2025, the borrowings bear effective interest rates from 2.50% to 5.99% per annum and 2.50% to 3.50% per annum, respectively.

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Notes:

- (a) As at 31 December 2024 and 2025, banking facilities amounting to RMB358,400,000 and RMB1,016,784,000 had not been utilised, respectively.
- (b) As at 31 December 2024 and 2025, loan of RMB42.0 million and nil was guaranteed by one of subsidiaries, respectively, and loan of RMB7,709,000 and RMB33,091,000 was guaranteed by a non-controlling shareholder of that subsidiary, respectively. Management expects the guarantees to remain until the underlying loans are repaid and does not intend to remove them prior to [REDACTED]. The Group maintains sufficient liquidity to meet its obligations.
- (c) As at 31 December 2024, the loan was secured by pledge of a motor vehicle with carrying amount of RMB253,000, the pledged borrowing has been fully repaid on 7 April 2025 and the pledge was discharged on 28 July 2025.
- (d) As at 31 December 2025, the loan of RMB660,486,000 was secured by certain items of machinery and equipment included under property, plant and equipment with a carrying amount of RMB946,138,000.

The Company

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Credit loan (<i>Note (a)</i>)	—	100,283	130,069
Guaranteed, pledged and mortgaged loan (<i>Note (b)</i>)	—	—	660,486
Total borrowings	—	100,283	790,555
Less: current portion			
Credit loan (<i>Note (a)</i>)	—	(50,263)	(130,069)
Guaranteed, pledged and mortgaged loan (<i>Note (b)</i>)	—	—	(340,250)
	—	(50,263)	(470,319)
Non-current portion borrowings	—	50,020	320,236

Notes:

- (a) As at 31 December 2023, 2024 and 2025, banking facilities amounted to nil, RMB250,000,000 and RMB770,000,000 had not been utilised.
- (b) As at 31 December 2025, the loan of RMB660,486,000 was secured by certain items of machinery and equipment included under property, plant and equipment with a carrying amount of RMB946,138,000.

During the Track Record Period, the Group did not breach any financial covenants under the agreements of borrowings. The Group’s and the Company’s borrowings were repayable as follows:

The Group

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Analysed as:			
— Within 1 year	—	72,551	503,410
— Over 1 year but within 2 years	—	58,427	320,236
— Over 2 years but within 5 years	—	27,322	—
	—	158,300	823,646

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The Company

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Analysed as:			
— Within 1 year	—	50,263	470,319
— Over 1 year but within 2 years	—	50,020	320,236
— Over 2 years but within 5 years	—	—	—
	—	100,283	790,555

33. LEASE LIABILITIES

The Group

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Total minimum lease payments:			
— Within 1 year	15,077	16,076	16,830
— Over 1 year but within 2 years	12,352	14,054	12,128
— Over 2 years but within 5 years	11,485	455	6,200
	38,914	30,585	35,158
Future interest expense on lease liabilities . . .	(2,241)	(1,243)	(1,395)
Present value of lease liabilities	36,673	29,342	33,763

The following table shows the remaining contractual maturities of the Group’s lease liabilities:

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Present value of minimum lease payments:			
— Within 1 year	13,817	15,159	15,926
— Over 1 year but within 2 years	11,616	13,732	11,680
— Over 2 years but within 5 years	11,240	451	6,157
	36,673	29,342	33,763
Less: portion due within one year included under current liabilities	(13,817)	(15,159)	(15,926)
Portion due after one year included under non-current liabilities	22,856	14,183	17,837

The total cash outflows for the leases, including payment for short-term leases, for the years ended 31 December 2023, 2024 and 2025 were RMB17,938,000, RMB17,742,000 and RMB15,907,000, respectively.

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The Company

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Present value of minimum lease payments:			
— Within 1 year	13,281	13,118	10,982
— Over 1 year but within 2 years	12,155	12,490	8,884
— Over 2 years but within 5 years	11,485	130	4,565
	36,921	25,738	24,431
Future interest expense on lease liabilities . . .	(2,201)	(1,072)	(1,028)
Present value of lease liabilities	34,720	24,666	23,403

The following table shows the remaining contractual maturities of the Company’s lease liabilities:

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Present value of minimum lease payments:			
— Within 1 year	12,058	12,330	10,348
— Over 1 year but within 2 years	11,422	12,208	8,539
— Over 2 years but within 5 years	11,240	128	4,516
	34,720	24,666	23,403
Less: portion due within one year included under current liabilities	(12,058)	(12,330)	(10,348)
Portion due after one year included under non-current liabilities	22,662	12,336	13,055

The total cash outflows for the leases, including payment for short-term leases, for the years ended 31 December 2023, 2024 and 2025 were RMB15,169,000, RMB14,632,000 and RMB11,582,000, respectively.

34. DEFERRED INCOME

Deferred income represents the grants received from certain PRC governmental departments to encourage innovation and technology development. Those grants will be released to profit or loss throughout the useful life of the related assets on straight-line basis.

During the years ended 31 December 2023, 2024 and 2025, government grants of RMB53,079,000, RMB87,590,000 and RMB136,940,000 were released to profit or loss.

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35. SHARE CAPITAL AND TREASURY SHARES

(a) Issued share capital of the Company

	Number of ordinary shares	Nominal value of shares
	’000	RMB’000
Issued and fully paid:		
Ordinary shares of RMB 1 each		
Balance at 1 January 2023	266,350	266,350
Issue of shares	88,784	88,784
Balance at 31 December 2023, 31 December 2024 and 1 January 2025	355,134	355,134
Shares issued under share option scheme	3,693	3,693
Balance at 31 December 2025	<u>358,827</u>	<u>358,827</u>

(b) Treasury shares

	Number of treasury shares	Nominal value of shares
	’000	RMB’000
Balance at 1 January 2023, 31 December 2023 and 1 January 2024	—	—
Repurchase of own shares	1,433	39,457
Balance at 31 December 2024, 1 January 2025 and 31 December 2025	<u>1,433</u>	<u>39,457</u>

36. SHARE-BASED EMPLOYEE COMPENSATIONS

(a) Restricted share award scheme

On 6 May 2020, the Group adopted a share award scheme (the “Restricted Share Award Scheme”) for the purpose of recognising employees contributions, incentivising retention to support the Group’s ongoing operations and development, and attracting suitable talent for future growth.

Pursuant to the Restricted Share Award Scheme, restricted shares (“Restricted Shares”) are transferred by certain existing shareholders to an employee shareholding platform (the “ESOP Platform”), and the ESOP Platform also holds equity in the Company through a capital contribution by certain of its members. The ESOP Platform, which is managed by a governing body comprising senior management and employee representatives, holds the Restricted Shares on trust for the benefit of the grantees. The Restricted Shares will vest in accordance with the terms of the scheme.

The vesting of the Restricted Shares is subject to a combination of performance targets and service conditions, including individual performance assessments and the length of service of the employees. The service condition usually requires a minimum continuous employment period of 1 year or above, as determined by the Company from time to time.

The fair value of the Restricted Shares at the grant date is determined based on the market price of the Company’s shares with reference to either (i) the price of the latest equity financing prior to the grants, or (ii) the closing quoted price of the Company’s shares at the grant date.

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(i) *The movements of outstanding awarded shares are as follows:*

Restricted shares

	As at 31 December		
	2023	2024	2025
Outstanding at the beginning of the year	16,355,621	12,691,811	3,526,540
Granted during the year	—	247,580	744,800
Exercised during the year	(3,515,178)	(8,893,558)	(744,800)
Forfeited during the year	(148,632)	(519,293)	—
Outstanding at the end of the year	<u>12,691,811</u>	<u>3,526,540</u>	<u>3,526,540</u>
Weighted average grant date fair value per share (RMB)	<u>25.99</u>	<u>26.10</u>	<u>26.53</u>
Vested and exercisable	<u>—</u>	<u>—</u>	<u>—</u>

The fair value of the Restricted Shares at the respective grant dates ranged from RMB23.25 per share to RMB46.69 per share.

For the years ended 31 December 2023, 2024 and 2025, the Group recognised share-based payment expenses of approximately RMB78,433,000, RMB83,164,000 and RMB48,768,000 respectively, in relation to the Restricted Shares granted under the Restricted Share Award Scheme.

The amount was recognised as staff costs in the consolidated statements of profit or loss, with a corresponding credit to share-based payment reserve within equity. The expenses were recognised over the respective vesting periods based on the estimated number of Restricted Shares expected to vest, and were subject to adjustment for actual forfeitures and performance outcomes.

(b) 2023 Restricted A Shares Incentive Scheme

The Company has a share option scheme which was adopted on 6 December 2023 whereby the directors of the Company are authorised, at their discretion, to invite employees of the Group, including directors of any company in the Group, to take up options at RMB28.14 consideration for each lot of share options granted to subscribe for shares of the Company.

The options vest after meeting the vesting conditions and are then exercisable within a period of 1 year. Each option gives the holder the right to subscribe for one ordinary share in the Company and is settled gross in shares.

(i) *The terms and conditions of the grants are as follows:*

	Number of instruments	Vesting conditions	Contractual life of options
Options granted to directors: — 6 December 2023	900,000	During the Contract, it is necessary to meet the performance assessment requirements at the company level and the individual level. If these are not met, the vesting will be based on the completion ratio or not vest.	50% of the options is 30 months, the other is 42 months from the date of grant

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	Number of instruments	Vesting conditions	Contractual life of options
Options granted to employees:			
— 6 December 2023	8,487,500	During the Contract, it is necessary to meet the performance assessment requirements at the company level and the individual level. If these are not met, the vesting will be based on the completion ratio or not vest.	50% of the options is 30 months, the other is 42 months from the date of grant
— 25 April 2024	71,400	During the Contract, it is necessary to meet the performance assessment requirements at the company level and the individual level. If these are not met, the vesting will be based on the completion ratio or not vest.	50% of the options is 24 months, the other is 36 months from the date of grant
— 26 August 2024	1,602,700	During the Contract, it is necessary to meet the performance assessment requirements at the company level and the individual level. If these are not met, the vesting will be based on the completion ratio or not vest.	50% of the options is 24 months, the other is 36 months from the date of grant
Total share options granted	<u>11,061,600</u>		

The number of share options are as follows:

	2023	2024	2025
Outstanding at the beginning of the year	—	9,387,500	9,740,900
Granted during the year	9,387,500	1,674,100	—
Exercised during the year	—	—	(3,692,940)
Forfeited during the year.	—	(1,320,700)	(728,400)
Outstanding at the end of the year.	<u>9,387,500</u>	<u>9,740,900</u>	<u>5,319,560</u>
Weighted average fair value per share (RMB).	<u>27.58</u>	<u>23.08</u>	<u>19.46</u>
Vested and exercisable	<u>—</u>	<u>—</u>	<u>—</u>
Weighted average exercise price (RMB)	28.14	28.14	28.14
Remaining contractual life of options (months)	29~41	17~32	5~20

(ii) Fair value of share options and assumptions

The fair value of services received in return for share options granted on 6 December 2023 is measured by reference to the fair value of share options granted. The fair value of the share options granted is measured using a Black-Scholes Model as at the date of grant. Such fair values are subject to a number of limitations, due to the subjective nature of and uncertainty relating to a number of assumptions under the Black-Scholes Model. The assumptions used in the valuation of the share options

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granted on 6 December 2023, 25 April 2024 and 26 August 2024 have been disclosed below. The contractual life of the share option is used as an input into this model. Expectations of early exercise are incorporated into the model.

Granted on 6 December 2023

Fair value of share options and assumptions are as follows:

Share price (<i>RMB</i>)	54.68 per share
Exercise price (<i>RMB</i>)	28.14 per share
Grant date	6 December 2023
Vesting period (months)	18 months or 30 months
Contractual life of options (<i>months</i>)	30 months or 42 months

Granted on 25 April 2024

Fair value of share options and assumptions are as follows:

Share price (<i>RMB</i>)	28.90 per share
Exercise price (<i>RMB</i>)	28.14 per share
Grant date	25 April 2024
Vesting period (months)	12 months or 24 months
Contractual life of options (<i>months</i>)	24 months or 36 months

Granted on 26 August 2024

Fair value of share options and assumptions are as follows:

Share price (<i>RMB</i>)	23.03 per share
Exercise price (<i>RMB</i>)	28.14 per share
Grant date	26 August 2024
Vesting period (months)	12 months or 24 months
Contractual life of options (<i>months</i>)	24 months or 36 months

	Share options		
	Lot 1	Lot 2	Lot 3
First exercise date	6 June 2025/6 June 2026	25 April 2025/25 April 2026	26 August 2025/26 August 2026
Maturity date	5 June 2026/5 June 2027	24 April 2026/24 April 2027	25 August 2026/25 August 2027
Expected volatility (%)	12.84/14.44	13.47/13.76	12.88/12.94
Risk-free interest rate (%)	1.50/2.10	1.50/2.10	1.50/2.10
Fair value (<i>RMB</i>)	127,529,000/131,331,000	78,000/116,000	88,000/393,000

Notes:

- (i) The expected volatility is based on the historic volatility, which is calculated based on the weighted average remaining life of the share options and adjusted for any expected changes to future volatility based on publicly available information.
- (ii) The expected dividend yield is based on the dividend payout in the previous year and the average share price in the preceding year.

(c) 2025 Restricted A Shares Incentive Scheme

The Company has a share option scheme which was adopted on 1 December 2025 whereby the directors of the Company are authorised, at their discretion, to invite employees of the Group, including directors of any company in the Group, to take up options at RMB39.35 consideration for each lot of share options granted to subscribe for shares of the Company.

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The options vest after meeting the vesting conditions and are then exercisable within a period of 1 year. Each option gives the holder the right to subscribe for one ordinary share in the Company and is settled gross in shares.

(i) The terms and conditions of the grants are as follows:

	Number of instruments	Vesting conditions	Contractual life of options
Options granted to employees: — 1 December 2025	3,180,900	During the Contract, it is necessary to meet the performance assessment requirements at the company level and the individual level. If these are not met, the vesting will be based on the completion ratio or not vest	50% of the options is 24 months, the other is 36 months from the date of grant
Total share options granted	<u>3,180,900</u>		

The number of share options are as follows:

	2025
Outstanding at the beginning of the year	—
Granted during the year	3,180,900
Exercised during the year	—
Forfeited during the year.	—
Outstanding at the end of the year.	<u>3,180,900</u>
Weighted average fair value per share (RMB).	<u>37.59</u>
Vested and exercisable	—
Weighted average exercise price (RMB).	39.35
Remaining contractual life of options (months).	23~35

(ii) Fair value of share options and assumptions

The fair value of services received in return for share options granted on 1 December 2025 is measured by reference to the fair value of share options granted. The fair value of the share options granted is measured using a Black-Scholes Model as at the date of grant. Such fair values are subject to a number of limitations, due to the subjective nature of and uncertainty relating to a number of assumptions under the Black-Scholes Model. The assumptions used in the valuation of the share options granted on 1 December 2025, has been disclosed below. The contractual life of the share option is used as an input into this model. Expectations of early exercise are incorporated into the model.

Granted on 1 December 2025

Fair value of share options and assumptions are as follows:

Share price (RMB)	75.83 per share
Exercise price (RMB)	39.35 per share
Grant date	1 December 2025
Vesting period (months)	12 months or 24 months
Contractual life of options (months).	24 months or 36 months

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	Share options	
	Lot 1	
First exercise date	1 December 2026/1	December 2027
Maturity date	1 December 2027/1	December 2028
Expected volatility (%)		11.24/15.04
Risk-free interest rate (%)		1.50/2.10
Fair value (RMB)	58,958,000/60,596,000	

Notes:

- (i) The expected volatility is based on the historic volatility, which is calculated based on the weighted average remaining life of the share options and adjusted for any expected changes to future volatility based on publicly available information.
- (ii) The expected dividend yield is based on the dividend payout in the previous year and the average share price in the preceding year.

37. SUMMARISED FINANCIAL INFORMATION ON SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

The total non-controlling interests as at 31 December 2023, 2024 and 2025 were RMB1,707,000 (deficit), RMB9,283,000 and RMB19,651,000 respectively.

Details of the Group’s subsidiary that has a material non-controlling interest are set out below:

	As at 31 December	
	2024	2025
Percentage of equity interest held by non-controlling interest:		
D-infuture Tech (<i>Note</i>)	49%	49%

Summarised statements of financial position

	As at 31 December	
	2024	2025
	RMB’000	RMB’000
Current		
Assets	252,742	291,675
Liabilities	(251,448)	(284,272)
Total current net assets	1,294	7,403
Non-current		
Assets	18,076	27,222
Liabilities	(1,554)	(363)
Total non-current net assets	16,522	26,859
Net assets attributable to the shareholders of D-infuture Tech . . .	17,816	34,262
Accumulated non-controlling interest	8,730	19,194

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Summarised statements of profit or loss and other comprehensive income

	Year ended 31 December	
	2024	2025
	RMB’000	RMB’000
Revenue	482,498	580,925
Profit before income tax	9,856	13,510
Income tax credit	1,757	2,186
Total profit and comprehensive income attributable to the shareholders of D-infuture Tech	11,613	15,696
Distribution to non-controlling interests	5,690	10,464

Summarised statements of cash flows

	Year ended 31 December	
	2024	2025
	RMB’000	RMB’000
Net cash generated from operating activities	8,510	1,430
Net cash generated from/(used in) investing activities	6,183	(10,564)
Net cash (used in)/generated from financing activities	(2,889)	726
Net increase/(decrease) in cash and cash equivalents	11,804	(8,408)
Cash and cash equivalents at 1 January	6,076	17,880
Cash and cash equivalents at 31 December	17,880	9,472

Note:

As at 31 December 2024 and 2025, the non-controlling interest held 67% beneficial interest in D-infuture Tech. However, the voting interest attributable to the non-controlling interest amount to 49%.

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38. RESERVES

The Group

During the Track Record Period, the amounts in the Group’s reserves and the changes therein are presented consolidated statements of changes in equity.

The Company

	Share premium	Treasury shares	Shared-based payment reserve	Financial assets at FVTOCI reserve	Accumulated losses	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
As at 1 January 2023	1,385,595	—	719,447	—	(922,378)	1,182,664
Loss for the year	—	—	—	—	(250,492)	(250,492)
Other comprehensive loss for the year	—	—	—	—	—	—
Total comprehensive loss for the year	—	—	—	—	(250,492)	(250,492)
Share-based payment expenses	—	—	86,658	—	—	86,658
Issue of shares	3,494,754	—	—	—	—	3,494,754
As at 31 December 2023 and 1 January 2024	4,880,349	—	806,105	—	(1,172,870)	4,513,584
Loss for the year	—	—	—	—	(442,064)	(442,064)
Other comprehensive loss for the year	—	—	—	(12,652)	—	(12,652)
Total comprehensive loss for the year	—	—	—	(12,652)	(442,064)	(454,716)
Share repurchase	—	(39,457)	—	—	—	(39,457)
Share-based payment expenses	—	—	189,523	—	—	189,523
As at 31 December 2024 and 1 January 2025	4,880,349	(39,457)	995,628	(12,652)	(1,614,934)	4,208,934
Loss for the year	—	—	—	—	(282,891)	(282,891)
Other comprehensive income for the year	—	—	—	38,047	—	38,047
Total comprehensive income/(loss) for the year	—	—	—	38,047	(282,891)	(244,844)
Share-based payment expenses	—	—	128,658	—	—	128,658
Shares issued under share option scheme	203,087	—	(102,861)	—	—	100,226
As at 31 December 2025	5,083,436	(39,457)	1,021,425	25,395	(1,897,825)	4,192,974

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39. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities arising from financing activities for the Track Record Period is as follows:

	Borrowings	Lease liabilities	Total
	RMB’000 (Note 32)	RMB’000 (Note 33)	RMB’000
As at 1 January 2023	—	16,794	16,794
Finance costs	50	434	484
Lease modifications	—	(550)	(550)
New leases	—	36,829	36,829
Payment of lease liabilities	—	(17,039)	(17,039)
Interest paid on lease liabilities	—	(434)	(434)
Other movements	(50)	639	589
As at 31 December 2023 and 1 January 2024	—	36,673	36,673
Finance costs	2,458	1,430	3,888
Lease modifications	—	(2,480)	(2,480)
New leases	—	9,793	9,793
Acquisition of subsidiary	19,823	716	20,539
Payment of lease liabilities	—	(15,802)	(15,802)
Repayment of bank loans	(9,033)	—	(9,033)
New bank loans raised	147,200	—	147,200
Interest paid	(2,722)	(1,430)	(4,152)
Other movements	574	442	1,016
As at 31 December 2024 and 1 January 2025	158,300	29,342	187,642
Finance costs	26,885	976	27,861
Lease modifications	—	4,421	4,421
New Leases	—	14,192	14,192
Payment of lease liabilities	—	(14,192)	(14,192)
Repayment of bank loans	(457,276)	—	(457,276)
New bank loans raised	1,122,150	—	1,122,150
Interest paid	(26,469)	(976)	(27,445)
Other movements	56	—	56
As at 31 December 2025	<u>823,646</u>	<u>33,763</u>	<u>857,409</u>

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40. COMMITMENTS

Capital commitments

Capital commitments contracted but not provided for in the Historical Financial Information are as follows:

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Contracted, but not provided for, net of deposits/investments paid			
— Property, plant and equipment	215,250	—	193
— Investments to be paid	26,256	10,000	150,000
	<u>241,506</u>	<u>10,000</u>	<u>150,193</u>

41. RELATED PARTY TRANSACTIONS

Balance and transactions between the Company and its subsidiaries have been eliminated on consolidation and are not disclosed in this Note. Details of transactions between the Group and other related companies are disclosed below.

For detailed information of subsidiaries, associate and related companies of the Company, please refer to Note 1, Note 19 and Note 27.

(a) Transactions with related companies

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Sales transactions			
— An associate	—	86,835	—
— An entity with common shareholder	—	—	1,877
	<u>—</u>	<u>86,835</u>	<u>1,877</u>

(b) Key management personnel compensation

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Fees, salaries, allowances, discretionary bonuses and other benefits	13,597	13,716	12,962
Defined contribution retirement scheme	339	333	342
Share-based payment expenses	7,609	23,933	27,611
	<u>21,545</u>	<u>37,982</u>	<u>40,915</u>

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42. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each financial instrument at the end of each reporting period are as follows:

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Financial assets			
Financial assets measured at amortised cost			
— Long-term trade receivables	144,431	73,761	45,953
— Trade and bills receivables	489,401	741,320	682,558
— Deposits and other receivables	22,877	48,164	38,804
— Amount due from related companies	2,085	27,186	12,630
— Cash and cash equivalents	523,611	908,937	1,501,966
— Restricted bank deposits	280,933	17,802	20,048
Financial assets at FVTPL			
— Wealth management products and structured deposits	2,635,574	701,005	882,604
Financial assets at FVTOCI			
— Unlisted equity instruments at fair value	67,000	145,248	197,776
— Bills receivables measured at FVTOCI	910	12,843	7,657
	<u>4,166,822</u>	<u>2,676,266</u>	<u>3,389,996</u>
Financial liabilities			
Financial liabilities measured at amortised cost			
— Trade and bills payables	246,183	465,309	413,014
— Other payables and accruals	113,727	170,347	147,704
— Borrowings	—	158,300	823,646
— Lease liabilities	36,673	29,342	33,763
	<u>396,583</u>	<u>823,298</u>	<u>1,418,127</u>

43. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

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

Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

Level 3 valuations: Fair value measured using significant unobservable inputs

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(a) Fair value hierarchy

As at 31 December 2023 and 2024 and 2025, the financial assets and liabilities measured at fair value on a recurring basis by the above three levels are analysed below:

	Level 1	Level 2	Level 3	Total
	RMB’000	RMB’000	RMB’000	RMB’000
As at 31 December 2023				
Financial assets				
Financial assets at FVTPL				
— Wealth management products and structured deposits.	—	2,635,574	—	2,635,574
Financial assets at FVTOCI				
— Unlisted equity instruments at fair value	—	67,000	—	67,000
— Bills receivables measured at FVTOCI.	—	910	—	910
	—	2,703,484	—	2,703,484
As at 31 December 2024				
Financial assets				
Financial assets at FVTPL				
— Wealth management products and structured deposits.	—	701,005	—	701,005
Financial assets at FVTOCI				
— Unlisted equity instruments at fair value	—	50,900	94,348	145,248
— Bills receivables measured at FVTOCI.	—	12,843	—	12,843
	—	764,748	94,348	859,096
As at 31 December 2025				
Financial assets				
Financial assets at FVTPL				
— Wealth management products and structured deposits.	—	882,604	—	882,604
Financial assets at FVTOCI				
— Unlisted equity instruments at fair value	—	62,650	135,126	197,776
— Bills receivables measured at FVTOCI.	—	7,657	—	7,657
	—	952,911	135,126	1,088,037

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The following table presents the changes in Level 3 fair value hierarchy for the Track Record Period:

	Level 3
	Unlisted equity instruments measured at FVTOCI
	RMB’000
As at 1 January 2023, 31 December 2023 and 1 January 2024	—
Transfer	107,000
Fair value loss, net	(12,652)
As at 31 December 2024 and 1 January 2025	94,348
Fair value gain, net	40,778
As at 31 December 2025	135,126

During the year ended 31 December 2024, there was approximately RMB107,000,000 unlisted equity instruments measured at FVTOCI transfer from Level 2 to Level 3.

(b) Valuation techniques used to determine fair values

The fair value of financial instruments traded in an active market is determined at the quoted market price; and the fair value of those not traded in an active market is determined by the Group using valuation technique. The valuation models used mainly comprise market approach, adjusted net assets approach and recent transaction price approach. The inputs of the valuation technique mainly include volatility, financial data of target companies, market multiple of comparable companies and discount for lack of marketability.

Assets subject to Level 2 fair value measurement mainly included wealth management products and structured deposits and unlisted equity instruments measured at FVTOCI are evaluated by recent market transaction price and bill receivables measured at FVTOCI are evaluated by discounted cashflow approach.

Assets classified under Level 3 fair value measurement primarily consist of equity investments in unlisted entities, which are accounted for at FVTOCI. These assets are predominantly valued using the market approach. The classification within Level 3 of the fair value hierarchy is determined based on the significance of unobservable inputs in the overall fair value determination.

The information of fair value measurements for Level 3 as at 31 December 2023, 2024 and 2025 is as follows:

	As at 31 December			Valuation technique	Significant unobservable input	As at 31 December		Sensitivity relationship to unobservable input
	2023	2024	2025			2024	2025	
	RMB’000	RMB’000	RMB’000					
Financial assets at FVTOCI								
Unlisted equity instruments	N/A	94,348	136,172	Market approach	Average liquidity discount rate	31.02% to 39.93%	27.80% to 35.50%	The higher the average liquidity discount rate, the lower the fair value
					Average Price/Sales multiple of peers	9.09% to 21.46%	7.85% to 17.19%	The higher average Price/Sales multiple of peers the higher the fair value

The Company performed sensitivity test to changes in unobservable inputs in determining the fair value of unlisted equity instruments. The changes in unobservable input including liquidity discount rate and price/sales multiple will result in a significantly higher or lower fair value measurement.

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If the liquidity discount rate had been increased 10% and all other variables remain constant, the Group’s total comprehensive loss for the year ended 31 December 2024 and 2025 would have been approximately RMB5,249,000 and RMB5,320,000 higher, respectively. If the liquidity discount rate had been decreased 10% and all other variables remain constant, the Group’s total comprehensive loss for the year ended 31 December 2024 and 2025 would have been approximately RMB5,249,000 and RMB5,320,000 lower, respectively.

If the price/sales multiple had been increased 10% and all other variables remain constant, the Group’s total comprehensive loss for the year ended 31 December 2024 and 2025 would have been approximately RMB9,036,000 and RMB12,836,000 lower, respectively. If the price/sales multiple of peers had been decreased 10% and all other variables remain constant, the Group’s total comprehensive loss for the year ended 31 December 2024 and 2025 would have been approximately RMB9,036,000 and RMB12,836,000 higher, respectively.

44. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The principal financial instruments of the Group comprise financial assets at FVTPL, trade receivables, cash and cash equivalents, time deposits and restricted bank deposits, the main purpose of which is to support for the operations of the Group. 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 risks of the Group’s financial instruments are mainly arising from foreign currency risk, price risk, interest rate risk, credit risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below.

Foreign currency risk

Foreign currency risk refers to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to currency risks primarily through sales and purchases which give rise to receivables, payables, interest-bearing borrowings and bank balances that are denominated in a foreign currency, i.e., a currency other than the functional currency of the entities to which the transactions relate. The foreign currencies giving rise to this risk are primarily United States dollars (“USD”).

Foreign currency risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the respective functional currency of the Group’s subsidiaries. To ensure the currency risk exposure of the Group is kept to an acceptable level and seeks to minimise the gap between assets and liabilities in the same currency. Foreign exchange risk contracts are usually used to manage foreign currency risk associated with foreign currency-denominated assets and liabilities.

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As at 31 December 2023, 2024 and 2025, for the Group’s subsidiaries with RMB as the functional currency, major monetary assets and liabilities exposed to foreign currency risk are listed below:

	USD
	RMB’000
As at 31 December 2023	
Assets	5,336
Net exposure	5,336
As at 31 December 2024	
Assets	5,448
Liabilities.	(37,011)
Net exposure	(31,563)
As at 31 December 2025	
Assets	—
Liabilities.	(45,856)
Net exposure	(45,856)

Sensitivity Analysis

As at 31 December 2023, for the above various USD financial assets and liabilities, if the RMB appreciates or depreciate by 5% against the USD and other factors remain unchanged, the Group will decrease or increase its loss before income tax by RMB267,000. And as at 31 December 2024 and 2025, if the RMB appreciates or depreciate by 5% against the USD and other factors remain unchanged, the Group will increase or decrease its loss before income tax by RMB1,578,000 and RMB2,293,000, respectively.

Other changes in foreign exchange rates have no significant impact on foreign currency risk.

Price risk

Equity price risk

The Group is exposed to equity price risk mainly arising from unlisted equity instruments held by the Group that are classified as financial assets at FVTOCI.

Sensitivity analysis is performed by management to assess the exposure of the Group’s financial results to equity price risk of financial assets at FVTOCI at the end of each reporting period. If the prices of the respective investments held by the Group had been 10% higher/lower as at 31 December 2023, 2024 and 2025, other comprehensive income for the Track Record Period would have been approximately RMB6,700,000, RMB14,525,000 and RMB19,778,000 higher/lower, respectively, as a result of gains/losses on financial assets at FVTOCI.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group’s interest rate risk arises primarily from borrowings and lease liabilities. Borrowings issued at variable rates and fixed rates expose the group to cash flow interest rate risk and fair value interest rate risk respectively.

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The Group has been monitoring the level of interest rates. The increase in interest rates will increase the interest costs of borrowings at variable rates, which will further impact the performance of the Group. To hedge against the variability in the cash flows arising from a change in market interest rates, the Group may enter into certain interest rate swap contracts to swap variable rates into fixed rates.

The following tables list out the interest rate profiles of the Group’s variable interest-bearing financial instruments as at 31 December 2023, 2024 and 2025:

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Floating rate instruments			
— Borrowings	—	35,728	—

If interest rates of floating rate instruments had been 50 basis points higher/lower with all other variables held constant, the loss before income tax for the year ended 31 December 2024 would be higher/lower RMB179,000.

Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group. The Group’s exposure to credit risk mainly arises from granting credit to customers in the ordinary course of its operations and from its investing activities. The Group’s exposure to credit risk arising from cash and cash equivalents and restricted bank deposits and financial assets measured at fair value through profit or loss are limited because the counterparties are banks with sound credit ratings, for which the Group considers to have low credit risk.

The Group’s maximum exposure to credit risk is represented by the carrying amount of each financial asset measured at amortised cost and bills receivables measured at FVTOCI as disclosed in Note 40 to the Historical Financial Information.

Trade receivables and contract assets

The Group considers the probability of default upon initial recognition of, a financial asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. The Group considers available reasonable and supportive forward-looking information. Especially the following indicators are incorporated:

- internal credit rating;
- external credit rating;
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor’s ability to meet its obligations;

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- actual or expected significant changes in the operating results of the debtors; and
- significant changes in the expected performance and behaviour of the debtors, including changes in the payment status of debtors in the Group and changes in the operating results of the debtors.

The Group applies the simplified approach to provide for ECL prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for trade receivables and contract assets.

As at 31 December 2023, 2024 and 2025, the expected credit loss provision was determined as follows:

2023

Trade receivables and contract assets	Non-past due and past due within 1 year	Past due over 1 year to 2 years	Past due over 2 years to 3 years	Past due over 3 years to 4 years	Past due over 4 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Expected credit loss rate	9.97%	25.27%	26.91%	46.78%	79.55%	
Gross carrying amount (RMB'000) . .	668,850	45,793	9,962	2,142	2,333	729,080
Loss allowance provision (RMB'000)	(66,670)	(11,571)	(2,681)	(1,002)	(1,856)	(83,780)
	<u>602,180</u>	<u>34,222</u>	<u>7,281</u>	<u>1,140</u>	<u>477</u>	<u>645,300</u>

2024

Trade receivables and contract assets	Non-past due and past due within 1 year	Past due over 1 year to 2 years	Past due over 2 years to 3 years	Past due over 3 years to 4 years	Past due over 4 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Expected credit loss rate	11.18%	29.06%	33.61%	44.44%	93.29%	
Gross carrying amount (RMB'000) . .	833,742	79,588	31,960	4,984	3,086	953,360
Loss allowance provision (RMB'000)	(93,174)	(23,132)	(10,741)	(2,215)	(2,879)	(132,141)
	<u>740,568</u>	<u>56,456</u>	<u>21,219</u>	<u>2,769</u>	<u>207</u>	<u>821,219</u>

2025

Trade receivables and contract assets	Non-past due and past due within 1 year	Past due over 1 year to 2 years	Past due over 2 years to 3 years	Past due over 3 years to 4 years	Past due over 4 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Expected credit loss rate	16.01%	26.67%	47.23%	60.02%	92.30%	
Gross carrying amount (RMB'000) . .	793,051	47,784	52,913	11,117	4,715	909,580
Loss allowance provision (RMB'000)	(126,932)	(12,744)	(24,989)	(6,672)	(4,352)	(175,689)
	<u>666,119</u>	<u>35,040</u>	<u>27,924</u>	<u>4,445</u>	<u>363</u>	<u>733,891</u>

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Movements in the expected credit loss allowance in respect of trade receivables during the year are as follows:

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
At 1 January	43,697	62,079	101,379
ECL allowance recognised, net	18,387	34,482	25,134
Acquisition of subsidiary	—	4,850	—
Written off	(5)	(32)	—
At 31 December	<u>62,079</u>	<u>101,379</u>	<u>126,513</u>

Movements in the expected credit loss allowance in respect of contract asset during the year are as follows:

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
At 1 January	1,483	1,531	1,069
ECL allowance recognised/(reversed), net . . .	48	(462)	(23)
At 31 December	<u>1,531</u>	<u>1,069</u>	<u>1,046</u>

Movements in the expected credit loss allowance in respect of long-term trade receivables during the year are as follows:

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
At 1 January	15,246	20,169	29,693
ECL allowance recognised, net	4,923	9,524	18,437
At 31 December	<u>20,169</u>	<u>29,693</u>	<u>48,130</u>

Other receivables, bills receivables at amortised cost and amount due from related companies

For other receivables, bills receivables at amortised cost and amount due from related companies, assessed their recoverability through both group and individually evaluations based on historical settlement records and experience management.

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On that basis, the ECL allowance as on other receivables, bills receivables at amortised cost and amounts due from related companies as at 31 December 2023, 2024 and 2025 were determined as follows:

	Bills receivables			Other receivables			Amounts due from related companies		
	Gross carrying amount	ECL allowance	Expected loss rate	Gross carrying amount	ECL allowance	Expected loss rate	Gross carrying amount	ECL allowance	Expected loss rate
	RMB’000	RMB’000	%	RMB’000	RMB’000	%	RMB’000	RMB’000	%
As at 31 December 2023									
Assessed collectively	279	14	5.00%	27,541	4,664	16.93%	2,573	488	18.97%
Assessed individually	—	—	N/A	41	41	100.00%	—	—	N/A
	<u>279</u>	<u>14</u>		<u>27,582</u>	<u>4,705</u>		<u>2,573</u>	<u>488</u>	
As at 31 December 2024									
Assessed collectively	3,898	90	2.31%	40,407	6,781	16.78%	28,816	1,630	5.66%
Assessed individually	—	—	N/A	29,116	14,578	50.07%	—	—	N/A
	<u>3,898</u>	<u>90</u>		<u>69,523</u>	<u>21,359</u>		<u>28,816</u>	<u>1,630</u>	
As at 31 December 2025									
Assessed collectively	2,957	—	N/A	44,160	11,411	25.84%	14,033	1,403	10.00%
Assessed individually	—	—	N/A	30,316	24,261	80.03%	—	—	N/A
	<u>2,957</u>	<u>—</u>		<u>74,476</u>	<u>35,672</u>		<u>14,033</u>	<u>1,403</u>	

Movements in the expected credit loss allowance in respect of other receivables during the year are as follows:

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
At 1 January	3,503	4,705	21,359
ECL allowance recognised, net	1,402	16,492	14,313
Acquisition of subsidiary	—	162	—
Written off	(200)	—	—
At 31 December	<u>4,705</u>	<u>21,359</u>	<u>35,672</u>

Movements in the expected credit loss allowance in respect of bills receivables during the year are as follows:

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
At 1 January	—	14	90
ECL allowance recognised/(reversed), net	14	76	(90)
At 31 December	<u>14</u>	<u>90</u>	<u>—</u>

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Movements in the expected credit loss allowance in respect of amount due from related companies during the year are as follow:

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
At 1 January	249	488	1,630
ECL allowance recognised/(reversed), net . . .	239	1,142	(227)
At 31 December	488	1,630	1,403

Other financial assets measured at amortised cost

Other financial assets measured at amortised cost included restricted bank deposits and cash and cash equivalents.

Credit risk for restricted bank deposits and cash and cash equivalents is considered to be immaterial, as the counterparts are banks/financial institutions with high credit ratings by international credit rating agencies.

Liquidity risk

The Group aims to maintain sufficient cash and cash equivalents. Due to the dynamic nature of the underlying businesses, the Group maintains flexibility in funding by maintaining adequate balances of such. The table below analyses the Group’s financial liabilities by relevant maturity groupings based on the remaining period since the end of each reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows or the carrying amount of the financial liabilities to be delivered.

	Within 1 year	1 to 2 years	2 to 5 years	Total undiscounted amount	Carrying amount
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
As at 31 December 2023					
Trade and bills payables . . .	246,183	—	—	246,183	246,183
Other payables and accruals	113,727	—	—	113,727	113,727
Lease liabilities	15,077	12,352	11,485	38,914	36,673
	<u>374,987</u>	<u>12,352</u>	<u>11,485</u>	<u>398,824</u>	<u>396,583</u>
As at 31 December 2024					
Trade and bills payables . . .	465,309	—	—	465,309	465,309
Other payables and accruals	170,347	—	—	170,347	170,347
Borrowings	78,819	60,577	28,674	168,070	158,300
Lease liabilities	16,076	14,054	455	30,585	29,342
	<u>730,551</u>	<u>74,631</u>	<u>29,129</u>	<u>834,311</u>	<u>823,298</u>

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	Within 1 year	1 to 2 years	2 to 5 years	Total undiscounted amount	Carrying amount
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
As at 31 December 2025					
Trade and bills payables . . .	413,014	—	—	413,014	413,014
Other payables and accruals	147,704	—	—	147,704	147,704
Borrowings	523,085	328,716	—	851,801	823,646
Lease liabilities	16,830	12,128	6,200	35,158	33,763
	<u>1,100,633</u>	<u>340,844</u>	<u>6,200</u>	<u>1,447,677</u>	<u>1,418,127</u>

Capital management

The primary objectives of the Group’s capital management are to safeguard the Group’s ability to continue as a going concern by pricing services commensurately with the level of risk so that it can continue to provide returns and benefits to the shareholders and other stakeholders.

The Group sets the amount of capital in proportion to risk. The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the subject assets. In order to maintain or adjust the capital structure, the Group may adjust the amounts of dividends paid to the shareholders or return capital to the shareholders. The Group is not subject to any external capital requirements. During the Track Record Period, there are no changes in capital management objectives, policies or procedures.

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Total assets	4,853,583	4,918,496	5,480,555
Total liabilities	474,965	972,543	1,675,105
Asset-liability ratio	<u>9.79%</u>	<u>19.77%</u>	<u>30.56%</u>

45. ACQUISITIONS OF SUBSIDIARY

On 1 April 2024, the Group acquired 51% equity interest of D-infuture Tech at a total consideration of RMB60,000,000. After the acquisition, D-infuture Tech became a subsidiary of the Group.

The Group strategically acquired D-infuture Tech to integrate its AI expertise with D-infuture Tech’s established strengths in hardware design and mass-market distribution. This acquisition has accelerated the Group’s ability to embed large model functionalities into mainstream consumer devices.

Under the terms of the performance guarantees, if actual revenue in 2024 meets or exceeds the committed target RMB350,000,000, the corresponding instalment remains unchanged. If actual revenue is below the target but at least 60% of the committed revenue amount, the instalment is adjusted proportionally. If actual revenue is below 60%, the instalment is reduced to nil. Any excess amount paid will be refunded to the Group. At the date of completion of First Phase Acquisition, management assessed that the performance targets for this phase could be met. Accordingly, no asset has been recognised in respect of the potential refund.

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The assets and liabilities recognised at the date of acquisition are as follows:

	D-infuture Tech
	RMB’000
Cash and cash equivalents	23,436
Trade and other receivables, prepayments and deposits	96,823
Financial assets at fair value through profit and loss	716
Inventories	25,014
Property, plant and equipment (<i>Note 15</i>)	3,806
Right-of-use assets (<i>Note 16</i>)	490
Intangible assets	39,451
Deferred tax assets	4,469
Trade and other payables	(125,824)
Lease liabilities	(716)
Contract liabilities	(6)
Borrowings	(19,823)
Deferred tax liabilities	(6,178)
Total acquired net assets at fair value	41,658
Non-controlling interest	(2,025)
Net assets acquired	39,633
— Goodwill (<i>Note 17</i>)	20,367
	60,000
Cash outflow on acquisition:	
Total consideration settled by cash	60,000
Cash acquired in the subsidiary acquired	(23,436)
Net cash outflow on acquisition	36,564

Acquisition-related costs approximately RMB769,000 have been excluded from the consideration transferred and have been recognised as an expense in 2024, within the “Administrative expenses” line item in the consolidated statement of profit or loss.

The goodwill of approximately RMB20,367,000, which is not deductible for tax purposes, mainly represents the control premium paid, skills and technical talent of D-infuture Tech’s workforce and the expected synergies to be achieved from integrating D-infuture Tech’s into the Group’s existing businesses and future market development. These benefits could not be separately recognised from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

In 2024, the Group acquired D-infuture Tech. The subsidiary’s actual net profit was approximately RMB743,000 below the committed net profit. In accordance with the equity transfer agreement, the commitment parties, Ms. Wang Qian and Mr. Zhang Hao, provided a cash compensation of approximately RMB743,000 to D-infuture Tech for the shortfall. The compensation was recognised as a share premium.

Impact of acquisition on the results of the Group

Included in the profit for the year ended 31 December 2024 is RMB10,744,000 generated from D-infuture Tech.

Had the acquisition of D-infuture Tech been completed on 1 January 2024, revenue for the year of the Group would have been RMB994,043,000, and loss for the year would have been RMB572,790,000. The [REDACTED] information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2024, nor is it intended to be a projection of future results.

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In determining the 'pro-forma' revenue and profit of the Group had D-infuture Tech been acquired at the beginning of the current year, the directors of the Company calculated depreciation of intangible assets based on the recognised amounts of intangible assets at the date of the acquisition.

46. EVENT AFTER THE TRACK RECORD PERIOD

Save as disclosed above, there was no significant events subsequent to the end of the Track Record Period.

47. SUBSEQUENT FINANCIAL STATEMENTS

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

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III. ADDITIONAL FINANCIAL INFORMATION OF SHENZHEN D-INFUTURE TECHNOLOGIES CO., LTD.

The Group acquired 51% interest in Shenzhen D-infuture Technologies Co., Ltd. (“D-infuture Tech”) on 1 April 2024. The pre-acquisition financial information of D-infuture Tech, including the statement of financial position of D-infuture Tech as at 31 December 2023 and 31 March 2024, and the statements of profit or loss and other comprehensive income, statements of changes in equity and cash flow statements for the year ended 31 December 2023 and three months ended 31 March 2024 presented as follows:

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year end 31 December 2023	Three months ended 31 March 2024
	<i>Notes</i>	RMB’000	RMB’000
Revenue	4	284,415	75,043
Cost of sales		(242,987)	(63,701)
Gross profit		41,428	11,342
Other income	5(a)	1,860	64
Other gains and losses, net	5(b)	259	(255)
Reversal of impairment losses under expected credit loss model, net	7	268	245
Write-down of inventories	7	(606)	(792)
Selling and distribution expenses		(3,560)	(967)
Administrative expenses		(18,729)	(4,306)
Research and development expenses	6	(19,063)	(4,967)
Finance costs	9	(582)	(138)
Profit before income tax		1,275	226
Income tax	10	2,397	644
Total comprehensive income for the year/period ..		3,672	870

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STATEMENTS OF FINANCIAL POSITION OF D-INFUTURE TECH

		As at 31 December 2023	As at 31 March 2024
	<i>Notes</i>	RMB’000	RMB’000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	12	4,002	3,806
Right-of-use assets	13	732	490
Intangible assets	14	25	19
Deferred tax assets	21	3,861	4,469
		<u>8,620</u>	<u>8,784</u>
Current assets			
Inventories	16	19,079	23,752
Trade and bills receivables	17	93,767	92,161
Financial assets at FVTPL	15	9,964	716
Prepayments, deposits and other receivables	19	6,023	4,662
Cash and cash equivalents	20	6,077	23,436
		<u>134,910</u>	<u>144,727</u>
Current liabilities			
Trade and bills payables	22	92,764	100,321
Other payables and accrual	23	10,546	25,310
Contract liabilities	18	6	6
Lease liabilities	25	499	716
Borrowings	24	13,542	19,998
		<u>117,357</u>	<u>146,351</u>
Net current assets		<u>17,553</u>	<u>(1,624)</u>
Total assets less current liabilities		<u>26,173</u>	<u>7,160</u>
Non-current liabilities			
Borrowings	24	48	17
Lease liabilities	25	421	—
Deferred tax liabilities	21	110	74
		<u>579</u>	<u>91</u>
Net assets		<u>25,594</u>	<u>7,069</u>
EQUITY			
Share capital	26	4,030	4,030
Reserves	27	21,564	3,039
Total equity		<u>25,594</u>	<u>7,069</u>

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STATEMENTS OF CHANGES IN EQUITY

	Share capital	Statutory reserve	Retained earnings	Total
	RMB’000	RMB’000 (Note 27(a))	RMB’000	RMB’000
At 1 January 2023	4,030	1,201	16,691	21,922
Total comprehensive income for the year	—	—	3,672	3,672
Transfer	—	1,021	(1,021)	—
At 31 December 2023 and 1 January 2024	4,030	2,222	19,342	25,594
Total comprehensive income for the period	—	—	870	870
Dividend declared	—	—	(19,395)	(19,395)
At 31 March 2024	4,030	2,222	817	7,069

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STATEMENTS OF CASH FLOWS

		Year ended 31 December 2023	Three months ended 31 March 2024
		RMB’000	RMB’000
Cash flows from operating activities			
Profit before tax		1,275	226
Adjustments for:			
— Finance costs	9	582	138
— Depreciation of property, plant and equipment . . .	12	670	196
— Depreciation of right-of-use assets	13	949	242
— Amortisation of intangible assets	14	62	6
— Fair value change on financial assets at FVTPL . .	5	(606)	(255)
— Interest income	5	(197)	(26)
— Exchange loss, net		227	—
— Write-down of inventories	7	606	792
— Provision for impairment losses under expected credit loss model, net	7	(268)	(245)
Operating cash flows before movements in working capital		3,300	1,074
Increase in inventories		(3,990)	(5,465)
Decrease in trade and other receivables		1,208	3,805
Increase in trade payables and other payables		1,117	7,051
Increase in contract liabilities		6	—
Cash generated from operating activities		1,641	6,465
Interest income received		197	26
Net cash generated from operating activities		1,838	6,491
Cash flows from investing activities			
Purchase of property, plant and equipment		(1,136)	—
Proceeds from disposal of financial assets at FVTPL		52,090	13,910
Purchase of intangible assets		(20)	—
Purchase of financial assets at FVTPL		(61,000)	(5,000)
Net cash (used in)/generated from investing activities		(10,066)	8,910
Cash flows from financing activities			
Payment of lease liabilities	28	(765)	(204)
Repayment of bank borrowings	28	(9,405)	(9,255)
New bank borrowings raised	28	16,000	20,000
Interest paid	28	(1,150)	(4,458)
Dividend		(656)	(4,125)
Net cash generated from financing activities		4,024	1,958
Net (decrease)/increase in cash and cash equivalents		(4,204)	17,359
Cash and cash equivalents at the beginning of the year/period		10,508	6,077
Effect of foreign exchange rate changes		(227)	—
Cash and cash equivalents at the end of the year/period	20	6,077	23,436

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4. REVENUE AND SEGMENT INFORMATION

4.1 Revenue

D-infuture Tech’s principal activities are disclosed in Note 1 to the Historical Financial Information.

D-infuture Tech derives revenue from the transfer of goods and services as follows:

	Year ended 31 December 2023	Three months ended 31 March 2024
	RMB’000	RMB’000
Types of scenario		
— Consumer-class	284,415	75,043
Timing of revenue recognised		
— At a point in time	284,415	75,043

4.2 Segment information

The operating segment is reported in a manner consistent with the internal reporting provided to the CODM. Management reviews the performance of the Group as a single operating segment based on the internal organisation structure, management requirements and internal reporting system. No separate analysis of the segment results by reportable segment is necessary.

Geographical information

The following table sets out the information about the geographical location of the revenue from external customers. The geographical location of customers is based on the location at which the services are provided or the goods are delivered.

	Year ended 31 December 2023	Three months ended 31 March 2024
	RMB’000	RMB’000
Revenue from external customers		
— Mainland China	284,415	75,043

The geographical location of non-current assets, mainly comprised of property, plant and equipment, is based on the physical location of these assets. At the end of each reporting period, all of the Group’s non-current assets are located in the PRC.

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5. OTHER INCOME AND OTHER GAINS AND LOSSES, NET

(a) Other income

	Year ended 31 December 2023	Three months ended 31 March 2024
	RMB’000	RMB’000
Government grants (<i>Note</i>)	1,432	10
Interest income	197	26
Other tax income	23	28
Others	208	—
	1,860	64
	1,860	64

Note:

It mainly represents the government subsidy arising from eligible research and development projects of the D-infuture Tech.

(b) Other gains and losses, net

	Year ended 31 December 2023	Three months ended 31 March 2024
	RMB’000	RMB’000
Fair value change on financial assets at FVTPL	606	(255)
Exchange loss	(227)	—
Other loss	(120)	—
	259	(255)
	259	(255)

6. RESEARCH AND DEVELOPMENT EXPENSES

	Year ended 31 December 2023	Three months ended 31 March 2024
	RMB’000	RMB’000
Employee benefit expenses	16,146	4,840
Research material costs	582	26
Depreciation and amortisation	838	49
Others	1,497	52
	19,063	4,967
	19,063	4,967

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7. EXPENSES BY NATURE

Expenses included in cost of sales, research and development expenses, selling and distribution expenses and administrative expenses are analysed as follows:

	Year ended 31 December 2023	Three months ended 31 March 2024
	RMB’000	RMB’000
Amortisation cost of intangible assets (<i>Note 14</i>)	62	6
Depreciation		
— Property, plant and equipment (<i>Note 12</i>)	670	196
— Right-of-use assets (<i>Note 13</i>)	949	242
	1,619	438
Write-down of inventories	606	792
Reversal of impairment losses under expected credit loss model, net		
— Trade, bills and other receivables (<i>Note 17 and 19</i>)	(268)	(245)
Auditor’s remuneration		
— Audit services	10	—
— Non-audit services	—	—
Direct cost of inventories recognised as an expense	582	26
Short-term lease charges	463	65
Employee benefit expenses (<i>Note 8</i>)	33,256	9,323

8. EMPLOYEE BENEFIT EXPENSES

Employee benefit expenses are analysed as follows:

	Year ended 31 December 2023	Three months ended 31 March 2024
	RMB’000	RMB’000
Salaries, allowances, discretionary bonuses and other benefits . . .	32,195	8,989
Defined contribution retirement scheme	1,061	334
Director’s emoluments	—	—
	33,256	9,323

9. FINANCE COSTS

	Year ended 31 December 2023	Three months ended 31 March 2024
	RMB’000	RMB’000
Interest expenses on borrowings	518	27
Interest expenses on lease liabilities	64	111
	582	138

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10. INCOME TAX

	Year ended 31 December 2023	Three months ended 31 March 2024
	RMB’000	RMB’000
Current income tax	—	—
Deferred income tax (<i>Note 21</i>)	(2,397)	(644)
Income tax credit	(2,397)	(644)
	<u>(2,397)</u>	<u>(644)</u>

Reconciliation between tax credit and accounting profit at applicable tax rates is as follow:

	Year ended 31 December 2023	Three months ended 31 March 2024
	RMB’000	RMB’000
Profit before income tax	1,275	226
Tax on profit before income tax, calculated at the rates applicable to profits in the tax jurisdiction concerned	191	34
Tax effect of		
— non-deductible expenses	57	22
— deductible temporary differences not recognised	—	—
— additional deduction on research and development expenses . .	(2,645)	(700)
Income tax credit	(2,397)	(644)
	<u>(2,397)</u>	<u>(644)</u>

PRC Enterprise Income Tax (“EIT”)

Pursuant to the relevant laws and regulations in the PRC, the Company obtained the High and New Technology Enterprises qualification and benefit from a preferential tax rate of 15%.

11. DIVIDEND

During the year ended 31 December 2023 and three months ended 31 March 2024, the D-infuture Tech declared dividends of RMB656,000 and RMB19,395,000 to its shareholders respectively.

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12. PROPERTY, PLANT AND EQUIPMENT

	Electronic devices	Motor vehicles	Office equipment and others	Total
	RMB’000	RMB’000	RMB’000	RMB’000
As at 1 January 2023				
Cost.	3,048	689	630	4,367
Accumulated depreciation	(463)	(109)	(259)	(831)
Net carrying amount	2,585	580	371	3,536
Year ended 31 December 2023				
Opening net carrying amount	2,585	580	371	3,536
Additions	751	—	385	1,136
Depreciation	(296)	(164)	(210)	(670)
Closing net carrying amount	3,040	416	546	4,002
As at 31 December 2023				
Cost.	3,799	689	1,015	5,503
Accumulated depreciation	(759)	(273)	(469)	(1,501)
Net carrying amount	3,040	416	546	4,002
Three months ended 31 March 2024				
Opening net carrying amount	3,040	416	546	4,002
Depreciation	(90)	(41)	(65)	(196)
Closing net carrying amount	2,950	375	481	3,806
As at 31 March 2024				
Cost.	3,799	689	1,015	5,503
Accumulated depreciation	(849)	(314)	(534)	(1,697)
Net carrying amount	2,950	375	481	3,806

As at 31 December 2023 and 31 March 2024, a motor vehicle with carry amount of RMB416,000 and RMB375,000, respectively, were pledged as collateral for the D-infuture Tech’s borrowings.

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13. RIGHT-OF-USE ASSETS

The movements in the net carrying amount of right-of-use assets are analysed as follows:

	<u>Leased properties</u>	<u>Total</u>
	<u>RMB’000</u>	<u>RMB’000</u>
As at 1 January 2023	1,347	1,347
Additions	334	334
Depreciation	(949)	(949)
As at 31 December 2023 and 1 January 2024	732	732
Additions	—	—
Depreciation	(242)	(242)
As at 31 March 2024	490	490

14. INTANGIBLE ASSETS

	<u>Copyright, patent and trademark</u>
	<u>RMB’000</u>
As at 1 January 2023	
Cost	187
Accumulated amortisation	(120)
Net carrying amount	67
Year ended 31 December 2023	
Opening net carrying amount	67
Additions	20
Amortisation	(62)
Closing net carrying amount	25
As at 31 December 2023	
Cost	207
Accumulated amortisation	(182)
Net carrying amount	25
Three months ended 31 March 2024	
Opening net carrying amount	25
Amortisation	(6)
Closing net carrying amount	19
As at 31 March 2024	
Cost	207
Accumulated amortisation	(188)
Net carrying amount	19

15. FINANCIAL ASSETS AT FVTPL

	<u>As at 31 December 2023</u>	<u>As at 31 March 2024</u>
	<u>RMB’000</u>	<u>RMB’000</u>
Listed equity instruments at fair value	1,018	716
Wealth management products and structured deposits	8,946	—
	9,964	716

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16. INVENTORIES

	As at 31 December 2023	As at 31 March 2024
	RMB’000	RMB’000
Finished goods	1,167	850
Work in progress	17,912	22,902
	<u>19,079</u>	<u>23,752</u>

17. TRADE AND BILLS RECEIVABLES

	As at 31 December 2023	As at 31 March 2024
	RMB’000	RMB’000
Trade receivables	98,674	97,011
Less: ECL allowance	(4,957)	(4,850)
Trade receivables, net	<u>93,717</u>	<u>92,161</u>
Bills receivables	50	—
Less: ECL allowance	—	—
Bills receivables, net	<u>50</u>	<u>—</u>
Total	<u>93,767</u>	<u>92,161</u>

The credit period granted to customers is generally ranging from 30 days to 60 days during the year ended 31 December 2023 and three months ended 31 March 2024.

The aging analysis of trade receivables (based on date of revenue recognition), net of ECL allowance, is as follows:

	As at 31 December 2023	As at 31 March 2024
	RMB’000	RMB’000
0–90 days	91,966	77,562
91–180 days	742	14,599
181–270 days	603	—
271–360 days	—	—
1 to 2 years	406	—
Over 2 years	—	—
	<u>93,717</u>	<u>92,161</u>

Movements in ECL allowance on trade receivables are as follows:

	As at 31 December 2023	As at 31 March 2024
	RMB’000	RMB’000
At the beginning of the year/period	4,949	4,957
ECL allowance recognised/(reversed), net	8	(107)
At the end of the year/period	<u>4,957</u>	<u>4,850</u>

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18. CONTRACT LIABILITIES

	As at 31 December 2023	As at 31 March 2024
	RMB’000	RMB’000
Contract liabilities	6	6
	<u>6</u>	<u>6</u>

19. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 31 December 2023	As at 31 March 2024
	RMB’000	RMB’000
Prepayments (<i>Note (a)</i>)	969	79
Deposits and other receivables	3,717	1,975
Other tax receivables (<i>Note (b)</i>)	1,638	2,770
Less: ECL allowance	(301)	(162)
	<u>6,023</u>	<u>4,662</u>

Notes:

- (a) These represent advance payments for purchase of inventories to secure the inventory supply. These advance payments are expected to be realised within twelve months from the end of the reporting period.
- (b) The amounts represent prepaid tax and surcharges levied.

20. CASH AND CASH EQUIVALENTS

	As at 31 December 2023	As at 31 March 2024
	RMB’000	RMB’000
Cash and cash equivalents	6,077	23,436
	<u>6,077</u>	<u>23,436</u>

21. DEFERRED TAX

Deferred tax assets and liabilities are offset when there is a legally enforceable right of offsetting and when the deferred income taxes relate to the same authority.

The net amounts of deferred tax assets and liabilities after offsetting are as follows:

	As at 31 December 2023	As at 31 March 2024
	RMB’000	RMB’000
Deferred tax assets	3,861	4,469
Deferred tax liabilities	(110)	(74)
	<u>3,751</u>	<u>4,395</u>

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Deferred tax assets and liabilities recognised

The movements in deferred tax (assets) and liabilities during the year ended 31 December 2023 and three months ended 31 March 2024 are as follows:

	Tax losses	Loss allowance and impairment provision	Right-of- use assets	Lease liabilities	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
As at 1 January 2023	(382)	(971)	202	(203)	(1,354)
(Charged)/credit to profit or loss	(2,424)	54	(92)	65	(2,397)
As at 31 December 2023 and 1 January 2024	(2,806)	(917)	110	(138)	(3,751)
(Charged)/credit to profit or loss	(684)	45	(36)	31	(644)
As at 31 March 2024	<u>(3,490)</u>	<u>(872)</u>	<u>74</u>	<u>(107)</u>	<u>(4,395)</u>

22. TRADE AND BILLS PAYABLES

	As at 31 December 2023	As at 31 March 2024
	RMB’000	RMB’000
Trade payables	92,764	100,321
	<u>92,764</u>	<u>100,321</u>

At the end of each reporting period, no matured bills payable were unpaid.

The credit period obtained from suppliers is generally ranging from 30 days to 60 days during the year ended 31 December 2023 and three months ended 31 March 2024.

The aging analysis of trade payable, is as follows:

	As at 31 December 2023	As at 31 March 2024
	RMB’000	RMB’000
— Within 1 year	92,762	100,319
— Over 1 year but within 2 years	2	—
— Over 2 years but within 3 years	—	2
— Over 3 years but within 4 years	—	—
— Over 4 years but within 5 years	—	—
— Over 5 years	—	—
	<u>92,764</u>	<u>100,321</u>

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23. OTHER PAYABLES AND ACCRUALS

	As at 31 December 2023	As at 31 March 2024
	RMB’000	RMB’000
Other tax liabilities (Other PRC Tax)	4,950	6,558
Staff cost payables	5,382	3,346
Accrued expenses	214	136
Dividend payable	—	15,270
	10,546	25,310
	10,546	25,310

24. BORROWINGS

	As at 31 December 2023	As at 31 March 2024
	RMB’000	RMB’000
Credit loan	—	10,005
Guaranteed loan (<i>Note (a)</i>)	13,336	9,801
Pledged and guaranteed loan (<i>Note (b)</i>)	254	209
Total borrowings	13,590	20,015
	13,590	20,015

As at 31 December 2023 and 31 March 2024, the borrowings bear effective interest rates from 3.80% to 5.99% per annum.

Notes:

- (a) The loan was guaranteed by the shareholder of the Company. Management expects the guarantees to remain until the underlying loans are repaid and does not intend to remove them prior to [REDACTED]. The Group maintains sufficient liquidity to meet its obligations.
- (b) As at 31 December 2023 and 31 March 2024, the loan of RMB417,000 and RMB376,000 were secured by a motor vehicle.

During the year ended 31 December 2023 and three months ended 31 March 2024, D-infuture Tech did not violate any financial covenants under the agreements of borrowings. The borrowings were repayable as follows:

	As at 31 December 2023	As at 31 March 2024
	RMB’000	RMB’000
Analysed as:		
— Within 1 year	13,542	19,998
— Over 1 year but within 2 years	48	17
— Over 2 years but within 5 years	—	—
	13,590	20,015
	13,590	20,015

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25. LEASE LIABILITIES

	As at 31 December 2023	As at 31 March 2024
	RMB’000	RMB’000
Total minimum lease payments:		
— Within 1 year	531	742
— Over 1 year but within 2 years	426	—
— Over 2 years but within 5 years	—	—
	957	742
Future interest expense on lease liabilities	(37)	(26)
Present value of lease liabilities	920	716

The following table shows the remaining contractual maturities of the lease liabilities:

	As at 31 December 2023	As at 31 March 2024
	RMB’000	RMB’000
Present value of minimum lease payments:		
— Within 1 year	499	716
— Over 1 year but within 2 years	421	—
— Over 2 years but within 5 years	—	—
	920	716
Less: portion due within one year included under current liabilities	(499)	(716)
Portion due after one year included under non-current liabilities .	421	—

The total cash outflows for the leases including short-term leases for the year ended 31 December 2023 and three months ended 31 March 2024 were RMB1,263,000 and RMB374,000, respectively.

26. SHARE CAPITAL

	Nominal value of shares
	RMB’000
Issued and fully paid:	
Ordinary shares of RMB 1 each	
Balance at 1 January 2023, 31 December 2023, 1 January 2024 and 31 March 2024.	4,030

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27. RESERVES

	Statutory reserve	Retained earnings	Total
	RMB’000 (Note (a))	RMB’000	RMB’000
As at 1 January 2023	1,201	16,691	17,892
Total comprehensive income for the year	—	3,672	3,672
Appropriation of statutory reserve	1,021	(1,021)	—
As at 31 December 2023 and 1 January 2024	2,222	19,342	21,564
Total comprehensive income for the period	—	870	870
Dividend declared (Note 11)	—	(19,395)	(19,395)
As at 31 March 2024	2,222	817	3,039

Note:

- (a) In accordance with the Laws of Mainland China on Enterprises Operated Exclusively with Foreign Capital and the Articles of Association of D-infuture Tech, an appropriation to statutory reserves has to be made prior to profit distribution to the owners. The appropriation to statutory reserve of these foreign investment enterprises shall be no less than 10% of the net profit until the accumulated appropriation exceeds 50% of the registered capital

28. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities arising from financing activities for the Track Record Period is as follows:

	Borrowings	Lease liabilities	Total
	RMB’000 (Note 24)	RMB’000 (Note 25)	RMB’000
As at 1 January 2023	6,995	1,351	8,346
Finance costs	518	64	582
Lease modifications	—	334	334
Payment of lease liabilities	—	(765)	(765)
Repayment of bank loans	(9,405)	—	(9,405)
New bank loans raised	16,000	—	16,000
Interest paid	(1,086)	(64)	(1,150)
Other movements	568	—	568
As at 31 December 2023 and 1 January 2024	13,590	920	14,510
Finance costs	27	111	138
Payment of lease liabilities	—	(204)	(204)
Repayment of bank loans	(9,255)	—	(9,255)
New bank loans raised	20,000	—	20,000
Interest paid	(4,347)	(111)	(4,458)
As at 31 March 2024	20,015	716	20,731

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29. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each financial instrument at the end of each reporting period are as follows:

	As at 31 December 2023	As at 31 March 2024
	RMB’000	RMB’000
Financial assets		
Financial assets measured at amortised cost		
— Trade and bills receivables	93,767	92,161
— Prepayments deposits and other receivables	6,023	4,662
— Cash and cash equivalents	6,077	23,436
Financial assets at FVTPL		
— Listed equity instruments at fair value	1,018	716
— Wealth management products and structured deposits	8,946	—
	115,831	120,975
Financial liabilities		
Financial liabilities measured at amortised cost		
— Trade and bills payables	92,764	100,321
— Other payables and accruals	10,546	25,310
— Borrowings	13,590	20,015
— Lease liabilities	920	716
	117,820	146,362

30. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

The following table presents the fair value of D-infuture Tech’s financial instruments measured during the year ended 31 December 2023 and three months ended 31 March 2024 on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

Level 3 valuations: Fair value measured using significant unobservable inputs

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(a) Fair value hierarchy

As at 31 December 2023 and 31 March 2024, the financial assets and liabilities measured at fair value on a recurring basis by the above three levels are analysed below:

	Level 1	Level 2	Level 3	Total
	RMB’000	RMB’000	RMB’000	RMB’000
As at 31 December 2023				
Financial assets				
Financial assets at FVTPL				
— Listed equity instruments at fair value	1,018	—	—	1,018
— Wealth management products and structured deposits.	—	8,946	—	8,946
	<u>1,018</u>	<u>8,946</u>	<u>—</u>	<u>9,964</u>
As at 31 March 2024				
Financial assets				
Financial assets at FVTPL				
— Listed equity instruments at fair value	716	—	—	716
	<u>716</u>	<u>—</u>	<u>—</u>	<u>716</u>

During the year ended 31 December 2023 and three months ended 31 March 2024, there was no transfer between Level 1, Level 2 and Level 3.

(b) Valuation techniques used to determine fair values

The fair value of financial instruments traded in an active market is determined at the quoted market price; and the fair value of those not traded in an active market is determined by the Group using valuation technique. The valuation models used mainly comprise market approach, adjusted net assets approach and recent transaction price approach. The inputs of the valuation technique mainly include volatility, financial data of target companies, market multiple of comparable companies and discount for lack of marketability.

Assets subject to Level 2 fair value measurement were mainly included wealth management products and structured deposits are evaluated by recent market transaction price.