[letterhead]

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF ZEPHYR INTELLIGENT SYSTEM (SHANGHAI) CO., LTD. AND SOUTH CHINA CAPITAL LIMITED

Introduction

We report on the historical financial information of Zephyr Intelligent System (Shanghai) Co., Ltd. (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages I-4 to I-83, which comprises the consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2023, 2024 and 2025 (the "**Relevant Periods**"), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2023, 2024 and 2025 and material accounting policy information and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages I-4 to I-83 forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [Date] (the "**Document**") in connection with the initial [REDACTED] of the shares of the Company on the [REDACTED] of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

Directors' responsibility for the Historical Financial Information

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

Reporting accountants' responsibility

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

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

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

Opinion

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

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

Adjustments

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

Dividends

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

[●]
Certified Public Accountants
Hong Kong

[●] 2026

I HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below are the Historical Financial Information which forms integral parts of this accountants' report.

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

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

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31 December 2023 RMB'000	Year ended 31 December 2024 RMB'000	Year ended 31 December 2025 RMB'000
REVENUE	5	234,414	386,774	916,018
Cost of sales		(188,508)	(353,557)	(772,015)
Gross profit		45,906	33,217	144,003
Other income and gains	5	13,705	16,491	18,665
Selling expenses		(35,847)	(39,966)	(34,677)
Administrative expenses		(39,234)	(40,021)	(50,302)
Research and development expenses		(66,777)	(45,620)	(49,736)
Impairment losses on financial and contract assets, net	6	(100)	(4,291)	(7,751)
Fair value losses on redemption liabilities	27	(9,091)	(15,098)	(39,101)
Other expenses and losses		(306)	(131)	(103)
Finance costs	7	(4,050)	(6,892)	(9,565)
LOSS BEFORE TAX	6	(95,794)	(102,311)	(28,567)
Income tax expense	10	—	—	—
LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(95,794)	(102,311)	(28,567)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	12			
Basic *(RMB)*		(2.73)	(2.86)	(0.79)
Diluted *(RMB)*		(2.73)	(2.86)	(0.79)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	31 December 2023 RMB'000	31 December 2024 RMB'000	31 December 2025 RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment	13	41,048	41,216	33,175
Right-of-use assets	14(a)	11,951	6,263	5,737
Other intangible assets	15	11,556	11,471	10,728
Contract assets	19	5,100	7,928	23,815
Prepayments, other receivables and other assets	20	3,402	1,156	391
Total non-current assets		73,057	68,034	73,846
CURRENT ASSETS				
Inventories	17	64,794	139,987	136,703
Trade and bills receivables	18	161,892	266,631	596,934
Contract assets	19	9,089	16,961	28,426
Prepayments, other receivables and other assets	20	21,054	36,742	27,437
Prepaid tax		—	15	73
Restricted cash	21	5,544	1,307	6,514
Cash and cash equivalents	21	9,917	15,834	34,326
Total current assets		272,290	477,477	830,413
CURRENT LIABILITIES				
Trade and bills payables	22	130,448	236,771	501,826
Contract liabilities	23	2,476	12,061	2,828
Other payables and accruals	24	39,617	41,749	29,132
Interest-bearing bank and other borrowings	25	105,835	240,120	322,034
Lease liabilities	14(b)	5,964	4,641	3,771
Redemption liabilities	27	—	281,814	320,915
Provision	28	3,822	4,715	8,611
Total current liabilities		288,162	821,871	1,189,117
NET CURRENT LIABILITIES		(15,872)	(344,394)	(358,704)
TOTAL ASSETS LESS CURRENT LIABILITIES		57,185	(276,360)	(284,858)

	Notes	31 December 2023 RMB'000	31 December 2024 RMB'000	31 December 2025 RMB'000
NON-CURRENT LIABILITIES				
Other payables and accruals	24	—	5,580	5,602
Interest-bearing bank and other borrowings	25	10,063	10,000	10,000
Lease liabilities	14(b)	4,641	—	—
Redemption liabilities	27	236,716	—	—
Provision	28	5,138	9,713	17,992
Total non-current liabilities		256,558	25,293	33,594
Net liabilities		(199,373)	(301,653)	(318,452)
DEFICIT				
Paid-up capital	29	35,592	36,185	36,185
Reserves	31	(234,965)	(337,838)	(354,637)
Total deficit		(199,373)	(301,653)	(318,452)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Notes	**Paid-up capital** *RMB'000*	**Capital reserve** *RMB'000*	**Accumulated losses** *RMB'000*	**Total equity** *RMB'000*
At 1 January 2023		33,789	3,078	(140,558)	(103,691)
Loss and total comprehensive loss for the year		—	—	(95,794)	(95,794)
Contributions from equity holders	*29*	1,803	78,197	—	80,000
Recognition of redemption liabilities	*27*	—	(80,000)	—	(80,000)
Equity-settled share-based payment arrangement	*30*	—	112	—	112
At 31 December 2023 and 1 January 2024		35,592	1,387*	(236,352)*	(199,373)
Loss and total comprehensive loss for the year		—	—	(102,311)	(102,311)
Contributions from equity holders	*29*	593	29,407	—	30,000
Recognition of redemption liabilities	*27*	—	(30,000)	—	(30,000)
Equity-settled share-based payment arrangement	*30*	—	31	—	31
At 31 December 2024 and 1 January 2025		36,185	825*	(338,663)*	(301,653)
Loss and total comprehensive loss for the year		—	—	(28,567)	(28,567)
Equity-settled share-based payment arrangement	*30*	—	11,768	—	11,768
At 31 December 2025		36,185	12,593*	(367,230)*	(318,452)

* These reserve accounts comprise the consolidated reserves with negative balances of RMB234,965,000, RMB337,838,000 and RMB354,637,000 in the consolidated statements of financial position as at 31 December 2023, 2024 and 2025, respectively.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended 31 December 2023 RMB'000	Year ended 31 December 2024 RMB'000	Year ended 31 December 2025 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before tax		(95,794)	(102,311)	(28,567)
Adjustments for:				
Fair value losses on redemption liabilities	27	9,091	15,098	39,101
Finance costs	7	4,050	6,892	9,565
Bank interest income	5	(345)	(50)	(47)
Gain on disposal of financial investments at fair value through profit or loss	5	—	—	(2,113)
Depreciation of property, plant and equipment	6	8,324	10,933	11,512
Depreciation of right-of-use assets	6	5,688	5,688	5,527
Amortisation of other intangible assets	6	1,316	1,435	1,574
Loss on disposal/write-off of property, plant and equipment	6	305	126	—
Impairment of trade receivables	6	118	4,217	7,612
Impairment of bills receivable	6	1	5	6
Impairment/(reversal of impairment) of contract assets	6	(82)	39	184
Impairment/(reversal of impairment) of financial assets included in prepayments, other receivables and other assets	6	63	30	(51)
Write-down of inventories to net realisable value	6	984	4,013	2,898
Equity-settled share-based payment expense	30	112	31	11,768
		(66,169)	(53,854)	58,969

	Notes	Year ended 31 December 2023 *RMB'000*	Year ended 31 December 2024 *RMB'000*	Year ended 31 December 2025 *RMB'000*
Decrease/(increase) in inventories		(4,782)	(79,206)	386
Increase in trade and bills receivables		(66,637)	(108,961)	(346,064)
Increase in contract assets		(3,855)	(10,739)	(27,536)
Decrease/(increase) in prepayments, other receivables and other assets		5,578	(15,171)	25,996
Decrease/(increase) in restricted cash		47	4,237	(5,207)
Increase in trade and bills payables		53,469	106,323	332,138
Increase/(decrease) in contract liabilities		1,822	9,585	(9,233)
Increase/(decrease) in other payables and accruals		12,244	6,289	(5,682)
Increase in provision		4,475	5,468	12,175
Cash generated from/(used in) operations		(63,808)	(136,029)	35,942
Bank interest received		345	50	47
Profits tax paid		—	(15)	(58)
Net cash flows from/(used in) operating activities		(63,463)	(135,994)	35,931
CASH FLOWS FROM INVESTING ACTIVITIES				
Reduction of/(additions to) prepayments for property, plant and equipment, and other intangible assets		(2,787)	1,699	765
Purchases of property, plant and equipment		(24,207)	(9,823)	(10,384)
[REDACTED] from disposal of property, plant and equipment		5	19	—
Purchases of other intangible assets		(3,358)	(1,350)	(831)
[REDACTED] from disposal of financial investments	*32(a)*	—	—	10,256
Net cash flows used in investing activities		(30,347)	(9,455)	(194)

	Notes	Year ended 31 December 2023 RMB'000	Year ended 31 December 2024 RMB'000	Year ended 31 December 2025 RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES				
New redemption liabilities	27	80,000	30,000	—
New bank borrowings		108,228	252,248	300,262
Repayment of bank borrowings		(88,402)	(118,502)	(275,017)
New other borrowings		10,000	—	—
Repayment of other borrowings		(15,000)	—	(10,000)
Bank and other borrowings' interest paid		(3,500)	(6,127)	(9,890)
Principal portion of lease payments		(5,718)	(5,964)	(5,871)
Interest portion of lease payments		(535)	(289)	(89)
Deposits paid	20	—	—	(16,640)
Net cash flows from/(used in) financing activities		85,073	151,366	(17,245)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(8,737)	5,917	18,492
Cash and cash equivalents at beginning of year		18,654	9,917	15,834
CASH AND CASH EQUIVALENTS AT END OF YEAR		9,917	15,834	34,326
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS				
Cash and bank balances		8,766	15,777	15,429
Short-term deposits		1,151	57	18,897
Cash and cash equivalents as stated in the consolidated statements of financial position and consolidated statements of cash flows	21	9,917	15,834	34,326

STATEMENTS OF FINANCIAL POSITION

	Notes	31 December 2023 RMB'000	31 December 2024 RMB'000	31 December 2025 RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment	13	39,326	39,826	31,911
Right-of-use assets	14(a)	9,878	4,233	3,751
Other intangible assets	15	10,996	10,983	10,312
Investments in subsidiaries	16	1,000	1,000	2,000
Contract assets	19	5,100	7,928	23,815
Prepayments, other receivables and other assets	20	3,349	1,033	345
Total non-current assets		69,649	65,003	72,134
CURRENT ASSETS				
Inventories	17	55,974	131,268	131,751
Trade and bills receivables	18	182,318	277,108	593,782
Contract assets	19	8,137	15,624	27,523
Prepayments, other receivables and other assets	20	22,587	35,536	28,554
Restricted cash	21	5,544	1,307	6,514
Cash and cash equivalents	21	9,735	15,499	30,658
Total current assets		284,295	476,342	818,782
CURRENT LIABILITIES				
Trade and bills payables	22	120,678	247,489	492,524
Contract liabilities	23	2,476	12,061	2,828
Other payables and accruals	24	36,235	38,722	33,960
Interest-bearing bank and other borrowings	25	105,835	235,105	322,034
Lease liabilities	14(b)	5,964	4,641	3,771
Redemption liabilities	27	—	281,814	320,915
Provision	28	3,822	4,715	8,611
Total current liabilities		275,010	824,547	1,184,643
NET CURRENT ASSETS/(LIABILITIES)		9,285	(348,205)	(365,861)
TOTAL ASSETS LESS CURRENT LIABILITIES		78,934	(283,202)	(293,727)

	Notes	**31 December 2023** *RMB'000*	**31 December 2024** *RMB'000*	**31 December 2025** *RMB'000*
NON-CURRENT LIABILITIES				
Other payables and accruals	*24*	—	5,580	5,602
Interest-bearing bank and other borrowings	*25*	10,063	—	—
Lease liabilities	*14(b)*	4,641	—	—
Redemption liabilities	*27*	236,716	—	—
Provision	*28*	5,138	9,713	17,992
Total non-current liabilities		256,558	15,293	23,594
Net liabilities		(177,624)	(298,495)	(317,321)
DEFICIT				
Paid-up capital	*29*	35,592	36,185	36,185
Reserves	*31*	(213,216)	(334,680)	(353,506)
Total deficit		(177,624)	(298,495)	(317,321)

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company was registered as a limited liability company in the People's Republic of China (the "**PRC**") on 10 August 2015. On 27 March 2026, the Company was converted into a joint stock company with registered capital of RMB36,184,771. The registered office of the Company is located at No. T20-1, Building 8, No. 565 Chuangye Road, Pudong New Area, Shanghai, the PRC.

During the Relevant Periods, the Group was involved in the provision of lithium battery digital thermal safety technology solutions and the manufacture and sale of related products.

As at the end of the Relevant Periods, the Company had direct interests in its subsidiaries, all of which are private limited liability companies (or, if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of which are set out below:

Name	Place and date of registration and place of operations	Nominal value of issued ordinary/ registered share capital *RMB'000*	Percentage of equity directly attributable to the Company	Principal activities
Shanghai Tingzhen Information Technology Co., Ltd.* (上海庭臻信息科技有限公司) *(note)*	PRC/Chinese Mainland 27 November 2018	1,000	100	Manufacture of lithium battery digital technology products
Zephyr Intelligent System Hebei Co., Ltd.* (哲弗智能系统河北有限公司) *(note)*	PRC/Chinese Mainland 31 July 2019	20,000	100	Provision of lithium battery digital technology solutions and sale of related products
Zephyr Intelligent Jilin Auto Parts Co., Ltd.* (哲弗智能吉林汽車零部件有限公司) *(note)*	PRC/Chinese Mainland 11 April 2022	1,000	100	Provision of lithium battery digital technology solutions and sale of related products
Zephyr Intelligent System (Nanjing) Co., Ltd.* (哲弗智能系统(南京)有限公司) *(note)*	PRC/Chinese Mainland 21 December 2022	2,000	100	Dormant

* The English names of these subsidiaries represent the best efforts made by the management of the Company to translate the Chinese names as they do not have an official English names registered in the PRC.

Note: The statutory financial statements of this entity for the years ended 31 December 2023 and 2024 prepared under Chinese Accounting Standards for Business Enterprises were audited by Zhonghui Certified Public Accountants, certified public accountants registered in the PRC. No audited financial statements of this entity for the year ended 31 December 2025 have been issued as of the date of this report.

2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) as issued by the HKICPA. All HKFRS Accounting Standards effective for the accounting period commencing from 1 January 2025, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods.

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

The Historical Financial Information has been prepared under the going concern basis notwithstanding the fact that, at 31 December 2025, the Group and the Company recorded net current liabilities amounting to RMB358,704,000 and RMB365,861,000, and net liabilities amounting to RMB318,452,000 and RMB317,321,000, respectively. The net current liabilities of the Group and the Company at 31 December 2025 primarily arose from the use of its cash and cash equivalents for manufacturing, and research and development activities of the Group as well as the redemption liabilities of the Company (the "**Redemption Liabilities**"). In the opinion of the directors of the Company, taking into account that (i) an aggregate contribution in the form of redemption liabilities to the Company amounting to RMB70,000,000 in April 2026, (ii) the suspension of the redemption rights of the Redemption Liabilities with an aggregate carrying amount of RMB320,914,000 at 31 December 2025 in April 2026 and termination of all preferred rights of the Redemption Liabilities upon successful initial [REDACTED] of the shares of the Company estimated to be completed within twelve months from the end of the Relevant Periods by the management of the Group, and (iii) there are anticipated cash flows to be generated from the Group's operations based on the Group's cash flow projections prepared by the management of the Group for the period not less than twelve months from 31 December 2025. Accordingly, the directors of the Company consider it is appropriate to prepare the Historical Financial Information on a going concern basis.

Basis of consolidation

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

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

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

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

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

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss.

The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS

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

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

1 Effective for annual periods beginning on or after 1 January 2026
2 Effective for annual/reporting periods beginning on or after 1 January 2027
3 No mandatory effective date yet determined but available for adoption

Further information about those HKFRS Accounting Standards that are expected to be applicable to the Group is described below.

HKFRS 18 replaces HKAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from HKAS 1 with limited changes, HKFRS 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 HKAS 1 are moved to HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as HKAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of HKFRS 18, limited, but widely applicable, amendments are made to HKAS 7 *Statement of Cash Flows*, HKAS 33 *Earnings per Share* and HKAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other HKFRS Accounting Standards. HKFRS 18 and the consequential amendments to other HKFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The application of HKFRS 18 is not expected to have a material impact on the financial position of the Group but is expected to affect the presentation of the statement of profit or loss and other comprehensive income and statement of cash flows and additional disclosures will be included in the Historical Financial Information.

The Group is currently analysing the new requirements and assessing the impact of HKFRS 18 on the presentation and disclosure of the Historical Financial Information.

HKFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other HKFRS Accounting Standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in HKFRS 10 *Consolidated Financial Statements*, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with HKFRS Accounting Standards or IFRS Accounting Standards. HKFRS 19 was amended in April 2025 to include IFRS Accounting Standards in the eligibility criteria for applying the standard. The standard was further amended in October 2025 to (i) remove disclosure objectives from HKFRS 19; (ii) reduce the disclosure requirements relating to supplier finance arrangements and a specific class of financial liabilities; and (iii) replace disclosure requirements relating to management-defined performance measures with a cross-reference to HKFRS 18 for entities that use these measures. Earlier application is permitted. Some of the Company's subsidiaries are considering the application of HKFRS 19 and its amendments in their specified financial statements.

Amendments to HKFRS 9 and HKFRS 7 *Amendments to the Classification and Measurement of Financial Instruments* clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Historical Financial Information.

Amendments to HKFRS 9 and HKFRS 7 *Contracts Referencing Nature-dependent Electricity* clarify the application of the "own-use" requirements for in-scope contracts and amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts. The amendments also include additional disclosures that enable users of financial statements to understand the effects these contracts have on an entity's financial performance and future cash flows. The amendments relating to the own-use exception shall be applied retrospectively. Prior periods are not required to be restated and can only be restated without the use of hindsight. The amendments relating to the hedge accounting shall be applied prospectively to new hedging relationships designated on or after the date of the initial application. Earlier application is permitted. The amendments to HKFRS 9 and HKFRS 7 shall be applied at the same time. The amendments are not expected to have any significant impact on the Historical Financial Information.

Amendments to HKFRS 10 and HKAS 28 address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 was removed by the HKICPA. However, the amendments are available for adoption now.

Amendments to HKAS 21 *Translation to a Hyperinflationary Presentation Currency* require the translation from a non-hyperinflationary functional currency into a hyperinflationary presentation currency at the closing rate. The amendments also require an entity whose functional currency and presentation currency are the currency of a hyperinflationary economy to restate the comparative amounts of a foreign operation whose functional currency is that of a non-hyperinflationary economy, by applying the general price index, in accordance with paragraph 34 of HKAS 29 *Financial Reporting in Hyperinflationary Economies*, to the foreign operation's comparative figures. The amendments introduce certain additional disclosures. Earlier application is permitted. The amendments are not expected to have any significant impact on the Historical Financial Information.

Annual Improvements to HKFRS Accounting Standards — Volume 11 set out amendments to HKFRS 1, HKFRS 7 (and the accompanying *Guidance on implementing HKFRS 7)*, HKFRS 9, HKFRS 10 and HKAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:

- HKFRS 7 *Financial Instruments: Disclosures:* The amendments have updated certain wording in paragraph B38 of HKFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing HKFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the Guidance on implementing HKFRS 7 does not necessarily illustrate all the requirements in the referenced paragraphs of HKFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Historical Financial Information.

- HKFRS 9 *Financial Instruments:* The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with HKFRS 9, the lessee is required to apply paragraph 3.3.3 of HKFRS 9 and recognise any resulting gain or loss in profit or loss. However, the amendments do not address how a lessee distinguishes between a lease modification as defined in HKFRS 16 and an extinguishment of a lease liability in accordance with HKFRS 9. In addition, the amendments have updated certain wording in paragraph 5.1.3 of HKFRS 9 and Appendix A of HKFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Historical Financial Information.

- HKFRS 10 *Consolidated Financial Statements:* The amendments clarify that the relationship described in paragraph B74 of HKFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of HKFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Historical Financial Information.

- HKAS 7 *Statement of Cash Flows:* The amendments replace the term "cost method" with "at cost" in paragraph 37 of HKAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Historical Financial Information.

2.3 MATERIAL ACCOUNTING POLICY INFORMATION

Subsidiaries

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

When the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Company's voting rights and potential voting rights.

The results of subsidiaries are included in the Company's statement of profit or loss to the extent of dividends received and receivable. The Company's investments in subsidiaries are stated at cost less any impairment losses.

Business combinations and goodwill

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

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

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

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

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

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

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

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

Fair value measurement

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

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

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

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

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

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

Impairment of non-financial assets

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

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

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

Related parties

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

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

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

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

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

Plant and machinery	9.50% to 31.67%
Testing equipment	19.00%
Electronics and other equipment	19.00% to 31.67%
Motor vehicles	23.75%
Leasehold improvements	Within lease terms and not exceeding 5 years

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

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

Intangible assets (other than goodwill)

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

Software is stated at cost less any impairment losses and are amortised on the straight-line basis over its estimated useful lives. The principal annual rate used for this purpose is 10%.

Research and development costs

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

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

Deferred development costs are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products, commencing from the date when the products are put into commercial production.

Leases

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

Group as a lessee

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

(a) Right-of-use assets

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

Land use right	50 years
Buildings	3 years

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

(b) Lease liabilities

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

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

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

The Group applies the short-term lease recognition exemption to its short-term leases of buildings and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of equipment that are considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Investments and other financial assets

Initial recognition and measurement

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

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

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

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

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

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

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

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

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

Financial assets at fair value through profit or loss

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

This category includes derivative instruments and equity investments which the Group had not irrevocably elected to classify at fair value through other comprehensive income. Dividends on the equity investments are also recognised as other income in profit or loss when the right of payment has been established.

Derecognition of financial assets

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

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

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

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

Impairment of financial assets

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

General approach

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

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

The Group considers a financial asset in default when contractual payments are 90 days past due, unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate. In certain cases, the Group may consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

For debt investments at fair value through other comprehensive income, the Group applies the low credit risk simplification. At each reporting date, the Group evaluates whether the debt investments are considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort.

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

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

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

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

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

Simplified approach

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

Financial liabilities

Initial recognition and measurement

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

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

The Group's financial liabilities include trade and other payables, interest-bearing bank and other borrowings, and redemption liabilities.

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

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

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in HKFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognised in profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to profit or loss. The net fair value gain or loss recognised in profit or loss does not include any interest charged on these financial liabilities.

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

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

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

Derecognition of financial liabilities

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

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

Offsetting of financial instruments

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

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods (including those in the Group's warehouses and in the customers' sites pending to the completion of installation services), comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

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

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

Provisions

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

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

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

Income tax

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

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

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

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

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

Government grants

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

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

Revenue recognition

Revenue from contracts with customers

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

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

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

Revenue from the sale of products in relation to lithium battery digital thermal safety technology solutions is recognised at the point in time when control of the asset is transferred to the customer, generally on acceptance of the products by the customer, and if product installations are required, upon completion of the installation services of the products delivered.

Other income

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

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

Contract assets

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

Contract liabilities

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

Contract fulfilment costs

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

(a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify;

(b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and

(c) The costs are expected to be recovered.

The capitalised contract costs recorded in inventories are amortised and charged to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred. An impairment exists if the carrying amount of the capitalised contract exceeds the amount of consideration the entity expects to receive in exchange for providing the associated goods or services, less the remaining costs that relate directly to providing those goods or services. Impairment losses are recognised in profit or loss.

Share-based payments

The Company operates a share option scheme and a restricted share scheme. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("**equity-settled transactions**"). The costs of equity-settled transactions with employees are measured by reference to the fair values at the date at which they are granted. The fair values are determined by an external valuer using valuation models as detailed in note 30 to the Historical Financial Information.

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

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

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

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

Other employee benefits

Pension scheme

The employees of the Group's entities which operate in the Chinese Mainland are required to participate in central pension schemes operated by local municipal governments. These entities are required to contribute a certain percentage of its payroll costs to the central pension schemes. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension schemes.

Termination benefits

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

Borrowing costs

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

Events after the reporting period

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

Dividends

Dividends are recognised as a liability when they are declared and approved by the shareholders.

Foreign currencies

The Historical Financial Information is presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss. Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

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

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

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

Determine performance obligations in a bundled sale of products and installation services

For some of the sales contracts, the Group provides installation services bundled together with the sale of products to a customer. The installation services are a promise to transfer services in the future and are part of the negotiated exchange between the Group and the customer.

The Group determined that the promises to transfer the products and to provide installation services are not distinct within the context of the contract. The management is of the view that the products and installation services are highly interdependent or highly interrelated, because the products would not be able to function at a satisfactory level without the technical support from the Group during the installation process, even the execution of installation services may be carried out by other service providers.

Consequently, the Group determined that the bundled sale of products and installation services is a single performance obligation, and the contract revenue is recognised upon the completion of installation service.

Deferred tax assets

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

As at 31 December 2023, 2024 and 2025, the Group has unused tax losses of RMB350,882,000, RMB539,263,000 and RMB602,740,000, respectively. These losses related to the Company and subsidiaries that have not expired, and may not be used to offset taxable income elsewhere in the Group. The Company and subsidiaries have neither any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Group has determined that it cannot recognise deferred tax assets on the tax losses carried forward. Further details on deferred taxes are disclosed in note 26 to the Historical Financial Information.

Estimation uncertainty

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

Provision for expected credit losses on trade receivables and contract assets

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

The provision matrix is initially based on the Group's historical observed default rates. The Group calibrates the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in the business sectors in which the Group is operating, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in note 18 and note 19 to the Historical Financial Information, respectively.

Leases — Estimating the incremental borrowing rate

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

Impairment of non-financial assets (other than goodwill)

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

Product warranty provisions

Product warranty provisions are made with reference to the historical sales volume and defective rates. The assessment of the provision amount involves management's judgements and estimates. Where the actual outcome or expectation in future is different from the original estimate, such differences will impact the carrying amount of the product warranty provision and the provision amount charged/reversed in the period in which such estimate has been changed. At 31 December 2023, 2024 and 2025, the product warranty provisions amounted to RMB8,960,000, RMB14,428,000 and RMB26,603,000, respectively. Further details are included in note 28 to the Historical Financial Information.

4. OPERATING SEGMENT INFORMATION

For management purposes, during the Relevant Periods, the Group has only one reportable operating segment, which is the provision of lithium battery digital thermal safety technology solutions and the manufacture and sale of related products, because the Group's chief operating decision maker, who has been identified as the Chief Executive Officer ("**CEO**"), regularly reviews the consolidated results when making decisions about allocating resources and assessing performance of the Group as a whole. Since this is the only reportable operating segment of the Group, no further operating segment analysis thereof is presented.

Geographical information

(a) Revenue from external customers

All of the Group's external revenue were derived from customers located in Chinese Mainland during the Relevant Periods.

(b) Non-current assets

All of the Group's non-current assets were located in Chinese Mainland as at the end of each of the Relevant Periods. The non-current asset information excludes financial instruments.

Information about major customers

During the Relevant Periods, revenues from transactions with single external customers (including entities under common control with those customers) amounting to 10% or more of the Group's revenues are as follows:

	Year ended 31 December 2023 *RMB'000*	Year ended 31 December 2024 *RMB'000*	Year ended 31 December 2025 *RMB'000*
Customer A	73,752	48,995	*
Customer B	*	49,852	111,513
Customer C	*	*	260,454
Customer D	—	*	117,921

* The revenues from transactions with these customers were less than 10% of the Group's revenues in the indicated years.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of the Group's revenue from contracts with customers by the timing of revenue recognition is set out below:

	Year ended 31 December 2023 *RMB'000*	Year ended 31 December 2024 *RMB'000*	Year ended 31 December 2025 *RMB'000*
Products* transferred at a point of time	234,414	386,774	916,018

* included bundled sale of products and installation services

The following table shows the amounts of revenue recognised in each of the Relevant Periods that were included in the contract liabilities at the beginning of the respective periods:

	Year ended 31 December 2023 *RMB'000*	Year ended 31 December 2024 *RMB'000*	Year ended 31 December 2025 *RMB'000*
Sale of products	654	2,476	12,061

Performance obligations

The performance obligation is satisfied when the receipt of products or completion of installation services, if required, is confirmed by customers and payment is generally due within 90 days from the receipt of confirmation, except for new and/or small customers, where payment in advance is normally required.

The Group has elected the practical expedient for not to disclose the remaining performance obligations as at the end of each of the Relevant Periods because the performance obligations are part of contracts with original expected duration of one year or less.

An analysis of the Group's other income and gains is as follows:

	Year ended 31 December 2023	Year ended 31 December 2024	Year ended 31 December 2025
	RMB'000	*RMB'000*	*RMB'000*
Government grants*	13,249	16,332	16,168
Bank interest income	345	50	47
Gain on disposal of financial investments at fair value through profit or loss	—	—	2,113
Others	111	109	337
Total other income and gains	13,705	16,491	18,665

* Various government grants during the Relevant Periods were mainly attributable to the Group's development in advanced technology as well as value-added tax ("**VAT**") refunds and additional VAT deductibles. There are no unfulfilled conditions or contingencies relating to these government grants.

6. LOSS BEFORE TAX

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

	Notes	Year ended 31 December 2023	Year ended 31 December 2024	Year ended 31 December 2025
		RMB'000	*RMB'000*	*RMB'000*
Cost of inventories sold and services provided		188,508	353,557	772,015
Depreciation of property, plant and equipment	*13*	8,324	10,933	11,512
Depreciation of right-of-use assets	*14(a)*	5,688	5,688	5,527
Amortisation of other intangible assets*	*15*	1,316	1,435	1,574
Lease payments not included in the measurement of lease liabilities	*14(c)*	834	83	100
Write-down of inventories to net realisable value		984	4,013	2,898
Product warranty provision**	*28*	5,838	10,085	20,949
Employee benefit expense (excluding directors', supervisor's and chief executive's remuneration)				
Wages and salaries		57,661	57,828	78,072
Social welfare benefits		8,534	7,584	6,266
Termination benefits		4,639	2,488	5,093
Pension scheme contributions (defined contribution scheme)#		7,601	7,660	7,154
Equity-settled share-based payment expense		102	27	6,538
Total		78,537	75,587	103,123

	Notes	Year ended 31 December 2023 RMB'000	Year ended 31 December 2024 RMB'000	Year ended 31 December 2025 RMB'000
Impairment of/(reversal of impairment of) financial and contract assets, net				
Trade receivables	18	118	4,217	7,612
Bills receivable	18	1	5	6
Contract assets	19	(82)	39	184
Financial assets included in prepayments, other receivables and other assets	20	63	30	(51)
Total		100	4,291	7,751
Loss on disposal/write-off of property, plant and equipment, net***		305	126	—
Foreign exchange differences, net***		—	5	53
Donations***		—	—	37

* The amortisation of other intangible assets is included in cost of sales, research and development expenses, selling expenses and administrative expenses in profit or loss.

** This item is included in "Cost of sales" in profit or loss.

*** These items are included in "Other expenses and losses" in profit or loss.

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

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December 2023 RMB'000	Year ended 31 December 2024 RMB'000	Year ended 31 December 2025 RMB'000
Interest on bank borrowings	3,276	6,238	9,311
Interest on other borrowings	239	365	165
Interest on lease liabilities *(note 14(b))*	535	289	89
Total	4,050	6,892	9,565

8. DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S REMUNERATION

The remuneration of the Company's directors, supervisor and chief executive during the Relevant Periods is summarised as follows:

	Year ended 31 December 2023	Year ended 31 December 2024	Year ended 31 December 2025
	RMB'000	*RMB'000*	*RMB'000*
Fees	—	—	—
Other emoluments:			
Salaries, allowances and benefits in kind	2,147	2,442	2,464
Discretionary performance related bonuses	770	1,080	1,908
Pension scheme contributions	225	282	280
Equity-settled share-based payment expense	10	4	4,934
Subtotal	3,152	3,808	9,586
Total	3,152	3,808	9,586

Prior to and/or during the Relevant Periods, a director, a supervisor and the chief executive were granted share options and/or restricted shares, in respect of their services to the Group, under the share incentive scheme of the Company, further details of which are set out in note 30 to the Historical Financial Information. The fair value of such share options and/or restricted shares, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amount included in the Historical Financial Information for the Relevant Periods is included in the above directors' , supervisors' and chief executive's remuneration disclosures.

Year ended 31 December 2023

	Fees	Salaries, allowances and benefits in kind	Discretionary performance related bonuses	Pension scheme contributions	Equity-settled share-based payment expense	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Directors						
Mr. Li Fei*	—	807	420	65	—	1,292
Ms. Cao Jiaping	—	551	300	63	—	914
Mr. Zhang Zhifeng	—	442	26	46	—	514
Subtotal	—	1,800	746	174	—	2,720
Supervisor						
Mr. Liu Zengchang	—	347	24	51	10	432
Total	—	2,147	770	225	10	3,152

Year ended 31 December 2024

	Fees	Salaries, allowances and benefits in kind	Discretionary performance related bonuses	Pension scheme contributions	Equity-settled share-based payment expense	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Directors						
Mr. Li Fei*	—	808	420	71	—	1,299
Ms. Cao Jiaping	—	557	420	71	—	1,048
Mr. Zhang Zhifeng	—	497	27	58	—	582
Subtotal	—	1,862	867	200	—	2,929
Supervisor						
Mr. Liu Zengchang	—	344	25	48	4	421
Chief executive						
Mr. Zhu Yulin*	—	236	188	34	—	458
Total	—	2,442	1,080	282	4	3,808

Year ended 31 December 2025

	Fees	Salaries, allowances and benefits in kind	Discretionary performance related bonuses	Pension scheme contributions	Equity-settled share-based payment expense	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Directors						
Mr. Li Fei*	—	809	514	71	—	1,394
Ms. Cao Jiaping	—	581	504	71	—	1,156
Mr. Lu Chao	—	—	—	—	—	—
Mr. Zhang Zhifeng	—	116	—	17	—	133
Subtotal	—	1,506	1,018	159	—	2,683
Supervisor						
Mr. Liu Zengchang	—	351	40	50	—	441
Chief executive						
Mr. Zhu Yulin*	—	607	850	71	4,934	6,462
Total	—	2,464	1,908	280	4,934	9,586

* Mr. Li Fei was also the chief executive of the Company prior to Mr. Zhu Yulin's appointment as the chief executive of the Company in July 2024. Mr. Zhu Yulin's remuneration disclosed for the year ended 31 December 2024 represented his remuneration after being appointed as the chief executive of the Company since July 2024.

In March 2025, Mr. Lu Chao was appointed as a director of the Company, and Mr. Zhang Zhifeng resigned as a director of the Company. Mr. Zhang Zhifeng's remuneration disclosed for the year ended 31 December 2025 represented his remuneration prior to his resignation as a director of the Company in March 2025.

On 22 April 2026, Mr. Leung Oi Kin was appointed as an independent director of the Company.

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

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the years ended 31 December 2023, 2024 and 2025 included 2, 3* and 3 directors, supervisors, and the chief executive, details of whose remuneration are set out in note 8 above. Details of the remuneration for the years ended 31 December 2023, 2024 and 2025 of the remaining 3, 3* and 2 highest paid employees who are neither a director, supervisor nor chief executive of the Company are as follows:

	Year ended 31 December 2023	**Year ended 31 December 2024**	**Year ended 31 December 2025**
	RMB'000	*RMB'000*	*RMB'000*
Salaries, allowances and benefits in kind	1,941	1,561*	865
Discretionary performance related bonuses	114	340*	217
Pension scheme contributions	139	200*	71
Equity-settled share-based payment expense	13	—	2,763
Total	2,207	2,101*	3,916

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

	Year ended 31 December 2023	**Year ended 31 December 2024**	**Year ended 31 December 2025**
Nil to HK$1,000,000	3	3*	—
HK$1,000,001 to HK$1,500,000	—	—	1
HK$3,000,001 to HK$3,500,000	—	—	1
Total	3	3*	2

* The remuneration of Mr. Zhu Yulin disclosed in note 8 represented his remuneration after being appointed as the chief executive of the Company since July 2024, and the details of his remuneration for the entire year 2024 are included above for the five highest paid employees disclosure purpose.

Prior to and/or during the Relevant Periods, share options and/or restricted shares were granted to certain non-director, non-supervisor and non-chief executive highest paid employees in respect of their services to the Group, under the share incentive scheme of the Company, further details of which are included in the disclosures in note 30 to the Historical Financial Information. The fair value of such share options and/or restricted shares, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amount included in the Historical Financial Information for the Relevant Periods is included in the above non-director, non-supervisor and non-chief executive highest paid employees' remuneration disclosures.

10. INCOME TAX

Pursuant to the Corporate Income Tax Law of the PRC and the respective regulations, the entities which operate in Chinese Mainland are subject to corporate income tax ("**CIT**") at a rate of 25% on the taxable income. During the Relevant Periods, the Company and one of its subsidiaries were entitled to a preferential tax rate of 15% because they were regarded as "high and new technology enterprises", while other subsidiaries of the Company were entitled to effective preferential tax rates of 5% for the Relevant Periods because they were regarded as "small-scaled minimal profit enterprises" with taxable income no more than RMB3,000,000. There was neither current tax nor deferred tax charged during the Relevant Periods.

A reconciliation of the tax expense applicable to loss before tax at the statutory tax rate of the PRC to the tax expense at the effective tax rate are as follows:

	Year ended 31 December 2023	**Year ended 31 December 2024**	**Year ended 31 December 2025**
	RMB'000	*RMB'000*	*RMB'000*
Loss before tax	(95,794)	(102,311)	(28,567)
Tax at the statutory tax rate of 25%	(23,948)	(25,578)	(7,142)
Lower tax rates enacted by the relevant authorities	9,579	10,267	2,952
Expenses not deductible for tax	691	668	273
Additional deductible allowance for research and development expenses	(17,185)	(14,638)	(7,439)
Tax losses not recognised	30,568	28,203	9,278
Temporary differences not recognised	295	1,078	2,078
Total charge at the Group's effective rate	—	—	—

11. DIVIDENDS

There was no dividend declared or paid by the Company during the Relevant Periods.

12. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic loss per share amounts is based on the loss for the year attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares of 35,063,290, 35,776,849 and 36,184,771 deemed to be outstanding during the years ended 31 December 2023, 2024 and 2025, respectively.

The Company was converted into a joint stock limited liability company and issued 36,184,771 ordinary shares with a par value of RMB1 each on 27 March 2026. For the purpose of calculating basic loss per share amounts, the weighted average number of ordinary shares deemed to be outstanding before the Company's conversion into a joint stock limited liability company was determined assuming the conversion into joint stock limited liability company had occurred on 1 January 2023, at the conversion ratio established in the conversion on 27 March 2026.

No adjustment has been made to the basic loss per share amounts presented for the years ended 31 December 2023, 2024 and 2025 in respect of a dilution as the impact of redemption rights attached to the Redemption Liabilities had an anti-dilutive effect on the basic loss per share amounts presented.

The calculations of basic and diluted loss per share are based on:

	Year ended 31 December 2023	**Year ended 31 December 2024**	**Year ended 31 December 2025**
Loss			
Loss attributable to ordinary equity holders of the Company *(RMB'000)*	95,794	102,311	28,567
Shares			
Weighted average number of ordinary shares deemed to be outstanding during the year	35,063,290	35,776,849	36,184,771

13. PROPERTY, PLANT AND EQUIPMENT

Group

Year ended 31 December 2023

	Plant and machinery *RMB'000*	Testing equipment *RMB'000*	Electronics and other equipment *RMB'000*	Motor vehicles *RMB'000*	Leasehold improvements *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
At 1 January 2023							
Cost	7,706	10,624	5,654	57	6,859	19	30,919
Accumulated depreciation and impairment	(1,320)	(1,566)	(2,349)	(10)	(2,851)	—	(8,096)
Net carrying amount	6,386	9,058	3,305	47	4,008	19	22,823
Cost at 1 January 2023, net of accumulated depreciation and impairment	6,386	9,058	3,305	47	4,008	19	22,823
Additions	101	54	1,627	182	1,167	23,727	26,858
Disposals/write-off	(96)	(161)	(52)	—	—	—	(309)
Depreciation provided during the year	(725)	(2,084)	(1,288)	(139)	(4,088)	—	(8,324)
Transfers	7,947	3,505	1,799	769	4,689	(18,709)	—
Cost at 31 December 2023, net of accumulated depreciation and impairment	13,613	10,372	5,391	859	5,776	5,037	41,048
At 31 December 2023							
Cost	15,359	13,807	8,616	1,008	12,715	5,037	56,542
Accumulated depreciation and impairment	(1,746)	(3,435)	(3,225)	(149)	(6,939)	—	(15,494)
Net carrying amount	13,613	10,372	5,391	859	5,776	5,037	41,048

Year ended 31 December 2024

	Plant and machinery	Testing equipment	Electronics and other equipment	Motor vehicles	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2024							
Cost	15,359	13,807	8,616	1,008	12,715	5,037	56,542
Accumulated depreciation and impairment	(1,746)	(3,435)	(3,225)	(149)	(6,939)	—	(15,494)
Net carrying amount	13,613	10,372	5,391	859	5,776	5,037	41,048
Cost at 1 January 2024, net of accumulated depreciation and impairment	13,613	10,372	5,391	859	5,776	5,037	41,048
Additions	—	50	189	—	1,670	9,335	11,244
Disposals/write-off	(142)	(1)	—	—	—	—	(143)
Depreciation provided during the year	(1,750)	(2,671)	(1,684)	(243)	(4,585)	—	(10,933)
Transfers	7,196	1,900	432	—	662	(10,190)	—
Cost at 31 December 2024, net of accumulated depreciation and impairment	18,917	9,650	4,328	616	3,523	4,182	41,216
At 31 December 2024							
Cost	22,253	15,746	9,237	1,008	15,047	4,182	67,473
Accumulated depreciation and impairment	(3,336)	(6,096)	(4,909)	(392)	(11,524)	—	(26,257)
Net carrying amount	18,917	9,650	4,328	616	3,523	4,182	41,216

Year ended 31 December 2025

	Plant and machinery *RMB'000*	Testing equipment *RMB'000*	Electronics and other equipment *RMB'000*	Motor vehicles *RMB'000*	Leasehold improvements *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
At 1 January 2025							
Cost	22,253	15,746	9,237	1,008	15,047	4,182	67,473
Accumulated depreciation and impairment	(3,336)	(6,096)	(4,909)	(392)	(11,524)	—	(26,257)
Net carrying amount	18,917	9,650	4,328	616	3,523	4,182	41,216
Cost at 1 January 2025, net of accumulated depreciation and impairment	18,917	9,650	4,328	616	3,523	4,182	41,216
Additions	—	—	—	—	432	3,039	3,471
Depreciation provided during the year	(2,049)	(3,421)	(1,875)	(243)	(3,924)	—	(11,512)
Transfers	124	5,196	933	679	64	(6,996)	—
Cost at 31 December 2025, net of accumulated depreciation and impairment	16,992	11,425	3,386	1,052	95	225	33,175
At 31 December 2025							
Cost	22,377	20,942	10,170	1,687	15,543	225	70,944
Accumulated depreciation and impairment	(5,385)	(9,517)	(6,784)	(635)	(15,448)	—	(37,769)
Net carrying amount	16,992	11,425	3,386	1,052	95	225	33,175

Company

Year ended 31 December 2023

	Plant and machinery *RMB'000*	Testing equipment *RMB'000*	Electronics and other equipment *RMB'000*	Motor vehicles *RMB'000*	Leasehold improvements *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
At 1 January 2023							
Cost	7,626	10,524	5,261	—	6,859	6	30,276
Accumulated depreciation and impairment	(1,305)	(1,530)	(2,162)	—	(2,851)	—	(7,848)
Net carrying amount	6,321	8,994	3,099	—	4,008	6	22,428
Cost at 1 January 2023, net of accumulated depreciation and impairment	6,321	8,994	3,099	—	4,008	6	22,428
Additions	101	54	1,627	16	1,167	22,306	25,271
Disposals/write-off	(96)	(161)	(49)	—	—	—	(306)
Depreciation provided during the year	(719)	(2,021)	(1,236)	(3)	(4,088)	—	(8,067)
Transfers	7,946	3,279	1,720	—	4,689	(17,634)	—
Cost at 31 December 2023, net of accumulated depreciation and impairment	13,553	10,145	5,161	13	5,776	4,678	39,326
At 31 December 2023							
Cost	15,279	13,480	8,152	16	12,715	4,678	54,320
Accumulated depreciation and impairment	(1,726)	(3,335)	(2,991)	(3)	(6,939)	—	(14,994)
Net carrying amount	13,553	10,145	5,161	13	5,776	4,678	39,326

Year ended 31 December 2024

	Plant and machinery *RMB'000*	**Testing equipment** *RMB'000*	**Electronics and other equipment** *RMB'000*	**Motor vehicles** *RMB'000*	**Leasehold improvements** *RMB'000*	**Construction in progress** *RMB'000*	**Total** *RMB'000*
At 1 January 2024							
Cost	15,279	13,480	8,152	16	12,715	4,678	54,320
Accumulated depreciation and impairment	(1,726)	(3,335)	(2,991)	(3)	(6,939)	—	(14,994)
Net carrying amount	13,553	10,145	5,161	13	5,776	4,678	39,326
Cost at 1 January 2024, net of accumulated depreciation and impairment	13,553	10,145	5,161	13	5,776	4,678	39,326
Additions	—	50	189	—	1,670	9,232	11,141
Disposals/write-off	(142)	(1)	—	—	—	—	(143)
Depreciation provided during the year	(1,744)	(2,548)	(1,616)	(5)	(4,585)	—	(10,498)
Transfers	7,196	1,659	419	—	662	(9,936)	—
Cost at 31 December 2024, net of accumulated depreciation and impairment	18,863	9,305	4,153	8	3,523	3,974	39,826
At 31 December 2024							
Cost	22,172	15,179	8,760	16	15,047	3,974	65,148
Accumulated depreciation and impairment	(3,309)	(5,874)	(4,607)	(8)	(11,524)	—	(25,322)
Net carrying amount	18,863	9,305	4,153	8	3,523	3,974	39,826

Year ended 31 December 2025

	Plant and machinery *RMB'000*	Testing equipment *RMB'000*	Electronics and other equipment *RMB'000*	Motor vehicles *RMB'000*	Leasehold improvements *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
At 1 January 2025							
Cost	22,172	15,179	8,760	16	15,047	3,974	65,148
Accumulated depreciation and impairment	(3,309)	(5,874)	(4,607)	(8)	(11,524)	—	(25,322)
Net carrying amount	18,863	9,305	4,153	8	3,523	3,974	39,826
Cost at 1 January 2025, net of accumulated depreciation and impairment	18,863	9,305	4,153	8	3,523	3,974	39,826
Additions	—	—	—	—	432	2,720	3,152
Depreciation provided during the year	(2,040)	(3,286)	(1,812)	(5)	(3,924)	—	(11,067)
Transfers	123	4,705	928	679	64	(6,499)	—
Cost at 31 December 2025, net of accumulated depreciation and impairment	16,946	10,724	3,269	682	95	195	31,911
At 31 December 2025							
Cost	22,295	19,884	9,688	695	15,543	195	68,300
Accumulated depreciation and impairment	(5,349)	(9,160)	(6,419)	(13)	(15,448)	—	(36,389)
Net carrying amount	16,946	10,724	3,269	682	95	195	31,911

14. LEASES

The Group has lease contracts for a land use right and a building for its office and production uses. Lump sum payments were made upfront to acquire the land use right with a lease period of 50 years, and no ongoing payments will be made under the lease term. The lease of the building has an original lease term of 3 years.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the years ended 31 December 2023, 2024 and 2025 are as follows:

Group

	Land use right	**Building**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount at 1 January 2023	2,116	15,523	17,639
Depreciation	(43)	(5,645)	(5,688)
Carrying amount at 31 December 2023 and 1 January 2024	2,073	9,878	11,951
Depreciation	(43)	(5,645)	(5,688)
Carrying amount at 31 December 2024 and 1 January 2025	2,030	4,233	6,263
Depreciation	(44)	(5,483)	(5,527)
Lease modifications	—	5,001	5,001
Carrying amount at 31 December 2025	1,986	3,751	5,737

Company

		Building	
	Year ended 31 December 2023	**Year ended 31 December 2024**	**Year ended 31 December 2025**
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount at beginning of year	15,523	9,878	4,233
Depreciation	(5,645)	(5,645)	(5,483)
Lease modifications	—	—	5,001
Carrying amount at end of year	9,878	4,233	3,751

(b) Lease liabilities

The carrying amounts of lease liabilities and the movements during the years ended 31 December 2023, 2024 and 2025 are as follows:

Group and Company

	Year ended 31 December 2023 *RMB'000*	**Year ended 31 December 2024** *RMB'000*	**Year ended 31 December 2025** *RMB'000*
Carrying amount at beginning of year	16,323	10,605	4,641
Accretion of interest recognised during the year	535	289	89
Lease modifications	—	—	5,001
Payments	(6,253)	(6,253)	(5,960)
Carrying amount at end of year	10,605	4,641	3,771
Analysed into:			
Current portion repayable within one year	5,964	4,641	3,771
Non-current portion repayable in the second year	4,641	—	—
Total lease liabilities	10,605	4,641	3,771

The maturity analysis of lease liabilities is disclosed in note 39 to the Historical Financial Information.

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

Group

	Year ended 31 December 2023 *RMB'000*	**Year ended 31 December 2024** *RMB'000*	**Year ended 31 December 2025** *RMB'000*
Interest on lease liabilities	535	289	89
Depreciation of right-of-use assets	5,688	5,688	5,527
Expense relating to short-term leases	834	83	100
Total amount charged to profit or loss	7,057	6,060	5,716

(d) The total cash outflow for leases is disclosed in note 32(c) to the Historical Financial Information.

15. OTHER INTANGIBLE ASSETS

Group

	Software		
	Year ended 31 December 2023	**Year ended 31 December 2024**	**Year ended 31 December 2025**
	RMB'000	*RMB'000*	*RMB'000*
At beginning of year			
Cost	10,933	14,291	15,641
Accumulated amortisation	(1,419)	(2,735)	(4,170)
Net carrying amount	9,514	11,556	11,471
Carrying amount at beginning of year	9,514	11,556	11,471
Additions	3,358	1,350	831
Amortisation during the year	(1,316)	(1,435)	(1,574)
Carrying amount at end of year	11,556	11,471	10,728
At end of year			
Cost	14,291	15,641	16,472
Accumulated amortisation	(2,735)	(4,170)	(5,744)
Net carrying amount	11,556	11,471	10,728

Company

	Software		
	Year ended 31 December 2023	**Year ended 31 December 2024**	**Year ended 31 December 2025**
	RMB'000	*RMB'000*	*RMB'000*
At beginning of year			
Cost	10,465	13,569	14,919
Accumulated amortisation	(1,309)	(2,573)	(3,936)
Net carrying amount	9,156	10,996	10,983
Carrying amount at beginning of year	9,156	10,996	10,983
Additions	3,104	1,350	831
Amortisation during the year	(1,264)	(1,363)	(1,502)
Carrying amount at end of year	10,996	10,983	10,312
At end of year			
Cost	13,569	14,919	15,750
Accumulated amortisation	(2,573)	(3,936)	(5,438)
Net carrying amount	10,996	10,983	10,312

16. INVESTMENTS IN SUBSIDIARIES

Company

	31 December 2023 *RMB'000*	31 December 2024 *RMB'000*	31 December 2025 *RMB'000*
Unlisted investments, at cost	3,000	3,000	4,200
Impairment	(2,000)	(2,000)	(2,200)
Net carrying amount	1,000	1,000	2,000

Particulars of the Company's subsidiaries as at the end of each of the Relevant Periods are set out in note 1 to the Historical Financial Information.

17. INVENTORIES

Group

	31 December 2023 *RMB'000*	31 December 2024 *RMB'000*	31 December 2025 *RMB'000*
Raw materials	38,512	47,486	60,545
Work in progress	1,911	3,802	3,697
Finished goods	23,254	87,821	71,848
Contract fulfillment costs	1,117	878	613
Total	64,794	139,987	136,703

Company

	31 December 2023 *RMB'000*	31 December 2024 *RMB'000*	31 December 2025 *RMB'000*
Raw materials	28,076	33,608	55,455
Work in progress	945	1,967	2,495
Finished goods	25,836	94,815	73,188
Contract fulfillment costs	1,117	878	613
Total	55,974	131,268	131,751

18. TRADE AND BILLS RECEIVABLES

Group

	31 December 2023	31 December 2024	31 December 2025
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	124,402	237,526	537,644
Impairment	(132)	(4,340)	(11,952)
Net carrying amount — trade receivables	124,270	233,186	525,692
Bills receivable	37,623	33,451	71,254
Impairment	(1)	(6)	(12)
Net carrying amount — bills receivable	37,622	33,445	71,242
Trade and bills receivables	161,892	266,631	596,934

The Group's trading terms with its customers are mainly on credit, except for new and/or small customers, where payment in advance is normally required. The credit period is generally between one and three months, extending up to six months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. Notwithstanding that the Group has concentration of credit risk as further detailed in note 39 to the Historical Financial Information, the directors of the Company are of the view that there has been no significant increase in credit risk of default because the amounts are in general from customers with good repayment history. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at 31 December 2023, 2024 and 2025, based on the date of invoice, or product receipt or completion of installation services, if required, as confirmed by customers, or the date of bill issuance, and net of loss allowance, is as follows:

	31 December 2023	31 December 2024	31 December 2025
	RMB'000	*RMB'000*	*RMB'000*
Within 12 months	110,235	227,438	518,193
13 to 24 months	14,032	5,406	7,090
25 to 36 months	3	342	409
Total	124,270	233,186	525,692

At the end of each of the Relevant Periods, the Group's bills receivable were due to mature within six months of the end of the respective reporting periods.

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

	Year ended 31 December 2023	Year ended 31 December 2024	Year ended 31 December 2025
	RMB'000	*RMB'000*	*RMB'000*
At beginning of year	17	132	4,340
Impairment losses/(reversal of impairment losses) *(note 6)*	118	4,217	7,612
Amount written off as uncollectible	(3)	(9)	—
At end of year	132	4,340	11,952

The increase in loss allowance during the years ended 31 December 2023, 2024 and 2025 was mainly due to the increase in the gross amounts of trade receivables aged within 12 months.

An impairment analysis is performed at the end of each of the Relevant Periods using a provision matrix to measure expected credit losses. The provision rates are based on ageing for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the end of each of the Relevant Periods about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for a prolonged period and are not subject to enforcement activity. In addition, when there exists an indicator of significant increase in credit risk in relation to a particular debtor, an impairment analysis is performed in respect of the corresponding outstanding receivable balance on an individual debtor basis.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2023

	Within 12 months	13 to 24 months	25 to 36 months	Over 36 months	Total
Individually assessed:					
Expected credit loss rate	N/A	N/A	N/A	N/A	N/A
Gross carrying amount *(RMB'000)*	—	—	—	—	—
Expected credit losses *(RMB'000)*	—	—	—	—	—
Collectively assessed:					
Expected credit loss rate	0.03%	0.67%	57.14%	N/A	0.11%
Gross carrying amount *(RMB'000)*	110,269	14,126	7	—	124,402
Expected credit losses *(RMB'000)*	34	94	4	—	132
Total:					
Gross carrying amount *(RMB'000)*	110,269	14,126	7	N/A	124,402
Expected credit losses *(RMB'000)*	34	94	4	—	132

As at 31 December 2024

	Within 12 months	13 to 24 months	25 to 36 months	Over 36 months	Total
Individually assessed:					
Expected credit loss rate	31.97%	N/A	N/A	N/A	31.97%
Gross carrying amount *(RMB'000)*	9,595	—	—	—	9,595
Expected credit losses *(RMB'000)*	3,068	—	—	—	3,068
Collectively assessed:					
Expected credit loss rate	0.18%	2.59%	68.19%	100.00%	0.56%
Gross carrying amount *(RMB'000)*	221,300	5,550	1,075	6	227,931
Expected credit losses *(RMB'000)*	389	144	733	6	1,272
Total:					
Gross carrying amount *(RMB'000)*	230,895	5,550	1,075	6	237,526
Expected credit losses *(RMB'000)*	3,457	144	733	6	4,340

As at 31 December 2025

	Within 12 months	13 to 24 months	25 to 36 months	Over 36 months	Total
Individually assessed:					
Expected credit loss rate	100.00%	100.00%	N/A	N/A	100.00%
Gross carrying amount *(RMB'000)*	1,812	6,047	—	—	7,859
Expected credit losses *(RMB'000)*	1,812	6,047	—	—	7,859
Collectively assessed:					
Expected credit loss rate	0.44%	5.29%	58.43%	100.00%	0.77%
Gross carrying amount *(RMB'000)*	520,497	7,486	984	818	529,785
Expected credit losses *(RMB'000)*	2,304	396	575	818	4,093
Total:					
Gross carrying amount *(RMB'000)*	522,309	13,533	984	818	537,644
Expected credit losses *(RMB'000)*	4,116	6,443	575	818	11,952

The Group's bills receivable issued by commercial entities are subject to impairment measured based on provision rates similar to those applied to the Group's trade receivables. The Group's bills receivable issued by banks are subject to impairment using the low credit risk simplification under the general approach. At each reporting date, the Group evaluates whether the bills receivable issued by banks are considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the credit ratings of the debt investment.

The Group recognised impairment losses of RMB1,000, RMB5,000 and RMB6,000 on bills receivable issued by commercial entities for the years ended 31 December 2023, 2024 and 2025, respectively, and impairment losses of RMB1,000, RMB6,000 and RMB12,000 as at 31 December 2023, 2024 and 205, respectively. No impairment loss on bills receivable issued by banks was recognised during the Relevant Periods and as at the end of each of the Relevant Periods.

At 31 December 2023, certain bills receivable of the Group with an aggregate carrying amount of RMB24,671,000 were pledged to secure certain of the Group's bills payable (note 22).

Transferred financial assets that are not derecognised in their entirety

The Group discounted certain bills receivable accepted by banks in Chinese Mainland with aggregate amounts of RMB1,928,000, RMB1,074,000 and RMB1,000,000 as at 31 December 2023, 2024 and 2025, respectively, to certain banks in Chinese Mainland. In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to such discounted bills, and accordingly, it continued to recognise the full carrying amounts of the discounted bills and recognised the associated interest-bearing bank borrowings obtained.

The Group endorsed certain bills receivable accepted by banks in Chinese Mainland (the "**Endorsed Bills**") with aggregate amounts of RMB7,414,000, RMB29,301,000 and RMB33,682,000 as at 31 December 2023, 2024 and 2025, respectively, to certain of its suppliers in order to settle the trade payables due to such suppliers (the "**Endorsement**"). In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Endorsed Bill, and accordingly, it continued to recognise the full carrying amounts of the Endorsed Bills and the associated trade payables settled. Subsequent to the Endorsement, the Group did not retain any rights on the use of the Endorsed Bills, including the sale, transfer or pledge of the Endorsed Bills to any other third parties.

Transferred financial assets that are derecognised in their entirety

The Group discounted certain bank acceptance notes with aggregate amounts of nil, RMB12,706,000 and RMB53,723,000 as at 31 December 2023, 2024 and 2025, respectively, to certain banks in Chinese Mainland. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the aforementioned bills may exercise the right of recourse against any, several or all of the persons liable for the aforementioned bills, including the Group, in disregard of the order of precedence (the "**Continuing Involvement**"). In the opinion of the directors, the risk of the Group being claimed by the banks holding those derecognised bills is remote. The Group has transferred substantially all risks and rewards relating to the derecognised notes in the absence of a default of the accepted banks. Accordingly, it has derecognised the full carrying amounts of the derecognised notes. The maximum exposure to loss from the Group's Continuing Involvement in the derecognised notes and the undiscounted cash flows to repurchase these derecognised notes is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group's Continuing Involvement in the derecognised notes are not significant.

The Group endorsed certain bills receivable accepted by banks in Chinese Mainland (the "**Derecognised Bills**") to certain of its suppliers in order to settle the trade payables due to such suppliers with aggregate amounts of RMB11,946,000, RMB19,533,000 and RMB42,218,000 as at 31 December 2023, 2024 and 2025, respectively. The Derecognised Bills had a maturity of one to six months at the end of the reporting period. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills may exercise the right of recourse against any, several or all of the persons liable for the Derecognised Bills, including the Group, in disregard of the order of precedence. In the opinion of the directors, the risk of the Group being claimed by the holders of the Derecognised Bills is remote in the absence of a default of the accepted banks. The Group has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills and the associated trade payables. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group's Continuing Involvement in the Derecognised Bills are not significant.

As part of its normal business, the Group had certain trade receivable factoring arrangements (the "**Arrangements**") and transferred certain trade receivables to banks or financial institutions. Under the Arrangements, the Group is not required to reimburse the banks or financial institutions for any default loss in association with the transferred trader receivables, and therefore the Group is not exposed to default risks of the trade receivables after the transfer. Subsequent to the transfer, the Group did not retain any rights on the use of the trade receivables, including the sale, transfer or pledge of the trade receivables to any other third parties. The original carrying amounts of the trade receivables transferred under the Arrangements that have not been settled as at 31 December 2023, 2024 and 2025 were RMB2,592,000, RMB1,000,000 and nil, respectively.

Company

	31 December 2023 *RMB'000*	**31 December 2024** *RMB'000*	**31 December 2025** *RMB'000*
Trade receivables	144,824	247,986	534,202
Impairment	(128)	(4,323)	(11,662)
Net carrying amount — trade receivables	144,696	243,663	522,540
Bills receivable	37,623	33,451	71,254
Impairment	(1)	(6)	(12)
Net carrying amount — bills receivable	37,622	33,445	71,242
Trade and bills receivables	182,318	277,108	593,782

The Company's trade receivables as at 31 December 2023, 2024 and 2025 included amounts due from its subsidiaries of RMB24,966,000, RMB16,899,000 and RMB15,754,000, respectively, which are repayable on the terms mutually agreed by the parties involved.

An ageing analysis of the trade receivables as at 31 December 2023, 2024 and 2025, based on the date of invoice, or product receipt or completion of installation services, if required, as confirmed by customers, or the date of bill issuance, and net of loss allowance, is as follows:

	31 December 2023 *RMB'000*	**31 December 2024** *RMB'000*	**31 December 2025** *RMB'000*
Within 12 months	130,670	238,160	516,700
13 to 24 months	14,026	5,161	5,522
25 to 36 months	—	342	318
Total	144,696	243,663	522,540

At the end of each of the Relevant Periods, the Company's bills receivable were due to mature within six months of the end of the respective reporting periods.

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

	Year ended 31 December 2023 *RMB'000*	**Year ended 31 December 2024** *RMB'000*	**Year ended 31 December 2025** *RMB'000*
At beginning of year	16	128	4,323
Impairment losses/(reversal of impairment losses)	116	4,204	7,339
Amount written off as uncollectible	(4)	(9)	—
At end of year	128	4,323	11,662

No impairment provision is made against the trade receivables from subsidiaries because the management considered that the expected credit loss rate with respect to the trade receivables from subsidiaries is minimal.

Set out below is the information about the credit risk exposure on the Company's trade receivables using a provision matrix:

As at 31 December 2023

	Within 12 months	**13 to 24 months**	**25 to 36 months**	**Over 36 months**	**Total**
Due from subsidiaries:					
Expected credit loss rate	—	N/A	N/A	N/A	—
Gross carrying amount *(RMB'000)*	24,966	—	—	—	24,966
Expected credit losses *(RMB'000)*	—	—	—	—	—
Individually assessed:					
Expected credit loss rate	N/A	N/A	N/A	N/A	N/A
Gross carrying amount *(RMB'000)*	—	—	—	—	—
Expected credit losses *(RMB'000)*	—	—	—	—	—
Collectively assessed:					
Expected credit loss rate	0.03%	0.67%	100.00%	N/A	0.11%
Gross carrying amount *(RMB'000)*	105,736	14,121	1	—	119,858
Expected credit losses *(RMB'000)*	32	95	1	—	128
Total:					
Gross carrying amount *(RMB'000)*	130,702	14,121	1	—	144,824
Expected credit losses *(RMB'000)*	32	95	1	—	128

As at 31 December 2024

	Within 12 months	**13 to 24 months**	**25 to 36 months**	**Over 36 months**	**Total**
Due from subsidiaries:					
Expected credit loss rate	—	N/A	N/A	N/A	—
Gross carrying amount *(RMB'000)*	16,899	—	—	—	16,899
Expected credit losses *(RMB'000)*	—	—	—	—	—
Individually assessed:					
Expected credit loss rate	31.97%	N/A	N/A	N/A	31.97%
Gross carrying amount *(RMB'000)*	9,595	—	—	—	9,595
Expected credit losses *(RMB'000)*	3,068	—	—	—	3,068
Collectively assessed:					
Expected credit loss rate	0.18%	2.59%	68.19%	100.00%	0.57%
Gross carrying amount *(RMB'000)*	215,113	5,298	1,075	6	221,492
Expected credit losses *(RMB'000)*	379	137	733	6	1,255
Total:					
Gross carrying amount *(RMB'000)*	241,607	5,298	1,075	6	247,986
Expected credit losses *(RMB'000)*	3,447	137	733	6	4,323

As at 31 December 2025

	Within 12 months	13 to 24 months	25 to 36 months	Over 36 months	Total
Due from subsidiaries:					
Expected credit loss rate	—	—	N/A	N/A	—
Gross carrying amount *(RMB'000)*	13,531	2,223	—	—	15,754
Expected credit losses *(RMB'000)*	—	—	—	—	—
Individually assessed:					
Expected credit loss rate	100.00%	100.00%	N/A	N/A	100.00%
Gross carrying amount *(RMB'000)*	1,812	6,047	—	—	7,859
Expected credit losses *(RMB'000)*	1,812	6,047	—	—	7,859
Collectively assessed:					
Expected credit loss rate	0.44%	8.54%	58.38%	100.00%	0.74%
Gross carrying amount *(RMB'000)*	505,400	3,607	764	818	510,589
Expected credit losses *(RMB'000)*	2,231	308	446	818	3,803
Total:					
Gross carrying amount *(RMB'000)*	520,743	11,877	764	818	534,202
Expected credit losses *(RMB'000)*	4,043	6,355	446	818	11,662

The Company recognised impairment losses of RMB1,000, RMB5,000 and RMB6,000 on bills receivable issued by commercial entities for the years ended 31 December 2023, 2024 and 2025, respectively, and impairment losses of RMB1,000, RMB6,000 and RMB12,000 as at 31 December 2023, 2024 and 2025, respectively. No impairment loss on bills receivable issued by banks was recognised during the Relevant Periods and as at the end of each of the Relevant Periods.

At 31 December 2023, certain bills receivable of the Company with an aggregate carrying amount of RMB24,671,000 were pledged to secure certain of the Company's bills payable (note 22).

19. CONTRACT ASSETS

Group

	1 January 2023 *RMB'000*	31 December 2023 *RMB'000*	31 December 2024 *RMB'000*	31 December 2025 *RMB'000*
Contract assets arising from sale of products	10,338	14,192	24,931	52,467
Impairment	(85)	(3)	(42)	(226)
Net carrying amount	10,253	14,189	24,889	52,241

For certain customers, the Group allows a percentage, ranging from 5% to 10%, of the contracted amount, i.e., the retention money, to be settled within 12 months to 60 months, as agreed between the Group and the respective customers on a case by case basis, subsequent to the fulfilment of certain conditions including normal operation of the product within warranty period as stipulated in the respective sales contracts. Contract assets are recognised for revenue earned from the sale of products, including bundled sale of products and installation services, as the receipt of consideration is conditional on the successful expiry of warranty period. Upon the expiry of the warranty period, the amounts recognised as contract assets are reclassified to trade receivables.

The increase in contract assets during the years ended 31 December 2023, 2024 and 2025 was the result of the overall increase in sales contract amounts and quality guarantee deposits during the corresponding year.

The Group's trading terms and credit policy with customers are disclosed in note 18 to the Historical Financial Information.

The expected timing of recovery or settlement for contract assets as at 31 December 2023, 2024 and 2025 is as follows:

	31 December 2023 *RMB'000*	**31 December 2024** *RMB'000*	**31 December 2025** *RMB'000*
Within one year	9,089	16,961	28,426
After one year	5,100	7,928	23,815
Total contract assets	14,189	24,889	52,241

The movements in the loss allowance for impairment of contract assets are as follows:

	Year ended 31 December 2023 *RMB'000*	**Year ended 31 December 2024** *RMB'000*	**Year ended 31 December 2025** *RMB'000*
At beginning of year	85	3	42
Impairment losses/(reversal of impairment losses) *(note 6)*	(82)	39	184
At end of year	3	42	226

An impairment analysis is performed at the end of each of the Relevant Periods to measure expected credit losses. The provision rates for the measurement of the expected credit losses of the contract assets are based on those of the trade receivables as the contract assets and the trade receivables are from the same customer bases. The provision rates of contract assets are based on ageing of trade receivables for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the end of each of the Relevant Periods about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's contract assets using a provision matrix:

	31 December 2023	**31 December 2024**	**31 December 2025**
Expected credit loss rate	0.02%	0.17%	0.43%
Gross carrying amount *(RMB'000)*	14,192	24,931	52,467
Expected credit losses *(RMB'000)*	3	42	226

Company

	1 January 2023 *RMB'000*	**31 December 2023** *RMB'000*	**31 December 2024** *RMB'000*	**31 December 2025** *RMB'000*
Contract assets arising from sale of products	10,338	13,240	23,594	51,564
Impairment	(85)	(3)	(42)	(226)
Net carrying amount	10,253	13,237	23,552	51,338

The expected timing of recovery or settlement for contract assets as at 31 December 2023, 2024 and 2025 is as follows:

	31 December 2023 *RMB'000*	**31 December 2024** *RMB'000*	**31 December 2025** *RMB'000*
Within one year	8,137	15,624	27,523
After one year	5,100	7,928	23,815
Total contract assets	13,237	23,552	51,338

The movements in the loss allowance for impairment of contract assets are as follows:

	Year ended 31 December 2023 *RMB'000*	**Year ended 31 December 2024** *RMB'000*	**Year ended 31 December 2025** *RMB'000*
At beginning of year	85	3	42
Impairment losses/(reversal of impairment losses)	(82)	39	184
At end of year	3	42	226

Set out below is the information about the credit risk exposure on the Company's contract assets using a provision matrix:

	31 December 2023	**31 December 2024**	**31 December 2025**
Expected credit loss rate	0.02%	0.18%	0.44%
Gross carrying amount *(RMB'000)*	13,240	23,594	51,564
Expected credit losses *(RMB'000)*	3	42	226

20. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

Group

	31 December 2023 *RMB'000*	31 December 2024 *RMB'000*	31 December 2025 *RMB'000*
Current:			
Prepayments	6,433	7,846	5,076
Deposits	1,121	2,121	17,926
Other receivables	1,134	996	842
Value-added tax recoverable and prepaid other taxes	12,429	25,872	3,635
Subtotal — current	21,117	36,835	27,479
Impairment	(63)	(93)	(42)
Total — current	21,054	36,742	27,437
Non-current:			
Prepayments	2,855	1,156	391
Deposits	547	—	—
Total — non-current	3,402	1,156	391
Total	24,456	37,898	27,828

The Group's deposits as at 31 December 2025 included a deposit paid to a shareholding company of RMB16,640,000, further details of which are set out in note 36 to the Historical Financial Information.

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

	Year ended 31 December 2023 *RMB'000*	Year ended 31 December 2024 *RMB'000*	Year ended 31 December 2025 *RMB'000*
At beginning of year	—	63	93
Impairment losses/(reversal of impairment losses) *(note 6)*	63	30	(51)
At end of year	63	93	42

Company

	31 December 2023 *RMB'000*	31 December 2024 *RMB'000*	31 December 2025 *RMB'000*
Current:			
Prepayments	5,564	6,087	4,159
Deposits	1,121	2,121	17,926
Other receivables	5,067	3,935	4,022
Value-added tax recoverable and prepaid other taxes	10,864	23,486	2,489
Subtotal — current	22,616	35,629	28,596
Impairment	(29)	(93)	(42)
Total — current	22,587	35,536	28,554
Non-current:			
Prepayments	2,802	1,033	345
Deposits	547	—	—
Total — non-current	3,349	1,033	345
Total	25,936	36,569	28,899

The Company's deposits as at 31 December 2025 included a deposit paid to a shareholding company of RMB16,640,000, further details of which are set out in note 36 to the Historical Financial Information.

The Company's other receivables as at 31 December 2023, 2024 and 2025 included amounts due from its subsidiaries of RMB3,990,000, RMB3,246,000 and RMB3,188,000, respectively, which are unsecured, interest-free and repayable on demand.

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

	Year ended 31 December 2023 *RMB'000*	Year ended 31 December 2024 *RMB'000*	Year ended 31 December 2025 *RMB'000*
At beginning of year	—	29	93
Impairment losses/(reversal of impairment losses)	29	64	(51)
At end of year	29	93	42

21. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

Group

	31 December 2023 *RMB'000*	31 December 2024 *RMB'000*	31 December 2025 *RMB'000*
Cash and bank balances	14,310	17,084	21,943
Short-term deposits	1,151	57	18,897
Subtotal	15,461	17,141	40,840
Less: Restricted cash	(5,544)	(1,307)	(6,514)
Cash and cash equivalents	9,917	15,834	34,326

At 31 December 2023, 2024 and 2025, the cash and bank balances and short-term deposits of the Group denominated in RMB amounted to RMB15,461,000, RMB17,141,000 and RMB40,840,000, respectively. The RMB is not freely convertible into other currencies, however, under the Chinese Mainland's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits earn interest at the deposit rates negotiated with the corresponding banks.

Restricted cash mainly related to the guarantee deposits for bills payable and retention money of the Group.

Company

	31 December 2023 *RMB'000*	31 December 2024 *RMB'000*	31 December 2025 *RMB'000*
Cash and bank balances	14,128	16,749	18,275
Short-term deposits	1,151	57	18,897
Subtotal	15,279	16,806	37,172
Less: Restricted cash	(5,544)	(1,307)	(6,514)
Cash and cash equivalents	9,735	15,499	30,658

22. TRADE AND BILLS PAYABLES

Group

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

	31 December 2023	31 December 2024	31 December 2025
	RMB'000	*RMB'000*	*RMB'000*
Within 12 months	127,604	232,665	495,922
13 to 24 months	2,752	1,537	2,520
25 to 36 months	92	2,560	1,091
Over 36 months	—	9	2,293
Total	130,448	236,771	501,826

The trade payables are non-interest-bearing and are normally settled on three-month terms.

At 31 December 2023, certain of the Group's bills payable are secured by the pledge of the Group's bills receivable amounting to RMB24,671,000 (note 18).

The financial liabilities that are part of the Group's supplier finance arrangements included in interest-bearing bank and other borrowings at 31 December 2023, 2024 and 2025 are nil, nil and RMB53,802,000, respectively, and they are normally settled within six months.

The Group has established supplier finance arrangements that are offered to some of the Group's suppliers in Chinese Mainland. Participation in the arrangements is at the suppliers' own discretion. Suppliers that participate in the supplier finance arrangements will receive early payments or payments at the original due dates on invoices sent to the Group from the Group's external finance provider. If suppliers choose to receive early payments, they pay a fee to the finance provider. In order for the finance provider to pay the invoices, the goods must have been received or supplied and the invoices must have been approved by the Group. Payments to suppliers ahead of or at the invoice due date are processed by the finance provider and, in all cases, the Group settles the original invoice by paying the finance provider in line with the original invoice maturity date or at a later date as agreed with the finance provider. Payment terms with suppliers have not been renegotiated in conjunction with the arrangements. The Group provides no security to the finance provider.

For financial liabilities that are part of the supplier finance arrangements included in interest-bearing bank and other borrowings, the related non-cash transaction is disclosed in note 32 to the Historical Financial Information.

Company

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

	31 December 2023	31 December 2024	31 December 2025
	RMB'000	*RMB'000*	*RMB'000*
Within 12 months	118,322	244,140	488,154
13 to 24 months	2,287	1,148	1,661
25 to 36 months	69	2,192	670
Over 36 months	—	9	2,039
Total	120,678	247,489	492,524

The Company's trade payables as at 31 December 2023, 2024 and 2025 included amounts due to its subsidiaries of RMB5,381,000, RMB65,613,000 and RMB40,846,000, respectively, which are repayable on the terms mutually agreed by the parties involved.

The trade payables are non-interest-bearing and are normally settled on three-month terms.

At 31 December 2023, certain of the Company's bills payable are secured by the pledge of the Group's bills receivable amounting to RMB24,671,000 (note 18).

23. CONTRACT LIABILITIES

Group

	1 January 2023 *RMB'000*	31 December 2023 *RMB'000*	31 December 2024 *RMB'000*	31 December 2025 *RMB'000*
Advances received in relation to sale of products	654	2,476	12,061	2,828

The increase/decrease in contract liabilities for the years ended 31 December 2023, 2024 and 2025 was mainly due to the increase/decrease in advance received in relation to sale of products.

Company

	1 January 2023 *RMB'000*	31 December 2023 *RMB'000*	31 December 2024 *RMB'000*	31 December 2025 *RMB'000*
Advances received in relation to sale of products	611	2,476	12,061	2,828

24. OTHER PAYABLES AND ACCRUALS

Group

	31 December 2023 *RMB'000*	31 December 2024 *RMB'000*	31 December 2025 *RMB'000*
Current:			
Payroll and welfare payables	11,754	11,590	14,430
Other tax payables	1,878	3,269	377
Payable for purchases of property, plant and equipment	8,313	9,734	2,821
Other payables	17,672	17,156	11,504
Total — current	39,617	41,749	29,132
Non-current:			
Deferred income	—	5,580	5,602
Total	39,617	47,329	34,734

Other payables are non-interest-bearing and have an average term of three months.

Company

	31 December 2023 *RMB'000*	31 December 2024 *RMB'000*	31 December 2025 *RMB'000*
Current:			
Payroll and welfare payables	10,755	10,662	13,233
Other tax payables	322	1,571	367
Payable for purchases of property, plant and equipment	7,871	9,449	2,590
Other payables	17,287	17,040	17,770
Total — current	36,235	38,722	33,960
Non-current:			
Deferred income	—	5,580	5,602
Total	36,235	44,302	39,562

The Company's other payables as at 31 December 2023, 2024 and 2025 included amounts due to its subsidiaries of RMB1,999,000, RMB2,350,000 and RMB7,029,000, respectively, which are unsecured, interest-free and repayable on demand.

Other payables are non-interest-bearing and have an average term of three months.

25. INTEREST-BEARING BANK AND OTHER BORROWINGS

Group

	31 December 2023 *RMB'000*	31 December 2024 *RMB'000*	31 December 2025 *RMB'000*
Current:			
Bank borrowings, unsecured	99,907	198,618	321,034
Bank borrowings, secured	5,928	31,074	1,000
Current portion of long-term other borrowings, unsecured	—	10,428	—
Total — current	105,835	240,120	322,034
Non-current:			
Bank borrowings, unsecured	—	10,000	10,000
Other borrowings, unsecured	10,063	—	—
Total — non-current	10,063	10,000	10,000
Total	115,898	250,120	332,034

	31 December 2023	31 December 2024	31 December 2025
	RMB'000	*RMB'000*	*RMB'000*
Analysed into:			
Bank borrowings repayable:			
Within one year	105,835	229,692	322,034
In the second year	—	—	10,000
In the third to fifth years, inclusive	—	10,000	—
Total bank borrowings	105,835	239,692	332,034
Other borrowings repayable:			
Within one year	—	10,428	—
In the second year	10,063	—	—
Total other borrowings	10,063	10,428	—
Total	115,898	250,120	332,034

All of the Group's bank and other borrowings are denominated in RMB as at the end of each of the Relevant Periods. They are charged interests with fixed rates; and accordingly the Group's interest-bearing bank and other borrowings had no interest rate risk exposure.

At 31 December 2023, 2024 and 2025, the Group's bank borrowings, comprising short-term and long-term bank loans as well as bank borrowings from bills discounting, carried fixed interest rates ranging from 3.20% to 3.85%, 2.95% to 3.85%, and 2.60% to 3.95%, respectively, and they will mature during the years from 2024 to 2025, 2025 to 2027, and 2026 to 2027, respectively.

The Group's bank borrowings are secured by the following assets:

(i) the Group's bills receivable of RMB1,928,000, RMB1,074,000 and RMB1,000,000 at 31 December 2023, 2024 and 2025, respectively,

(ii) certain of the Group's self-developed intellectual property rights as at 31 December 2024 of which the corresponding costs have been charged to profit or loss as incurred, and

(iii) a property in Chinese Mainland as at 31 December 2023 as held by a director of the Company.

In addition to the aforementioned assets for security purpose, two directors of the Company provided guarantees with aggregate maximum amounts of RMB101,728,000, RMB175,074,000 and RMB321,802,000 to banks in relation to certain of the Group's unsecured and/or secured bank borrowings at 31 December 2023, 2024 and 2025, respectively.

The Group's other borrowing is an interest-bearing loan at an annual rate of 3.65% and with a maximum amount of RMB10,000,000 due to a company wholly-owned by a director of the Company, and has been fully repaid by June 2025.

Company

	31 December 2023 *RMB'000*	31 December 2024 *RMB'000*	31 December 2025 *RMB'000*
Current:			
Bank borrowings, unsecured	99,907	193,603	321,034
Bank borrowings, secured	5,928	31,074	1,000
Current portion of long-term other borrowings, secured	—	10,428	—
Total — current	105,835	235,105	322,034
Non-current:			
Other borrowings, secured	10,063	—	—
Total	115,898	235,105	322,034
Analysed into:			
Bank borrowings repayable within one year	105,835	224,677	322,034
Other borrowings repayable:			
Within one year	—	10,428	—
In the second year	10,063	—	—
Total other borrowings	10,063	10,428	—
Total	115,898	235,105	322,034

At 31 December 2023, 2024 and 2025, the Company's bank borrowings, comprising short-term bank loans as well as bank borrowings from bills discounting, carried fixed interest rates ranging from 3.20% to 3.85%, 2.95% to 3.85%, and 2.60% to 3.60%, respectively.

The Company's bank borrowings are secured by the following assets:

(i) the Company's bills receivable of RMB1,928,000, RMB1,074,000 and RMB1,000,000 at 31 December 2023, 2024 and 2025, respectively,

(ii) certain of the Company's self-developed intellectual property rights as at 31 December 2024 of which the corresponding costs have been charged to profit or loss as incurred, and

(iii) a property in Chinese Mainland as at 31 December 2023 as held by a director of the Company.

In addition to the aforementioned assets for security purpose, two directors of the Company provided guarantees with aggregate maximum amounts of RMB101,728,000, RMB170,074,000 and RMB321,802,000 to banks in relation to certain of the Company's unsecured and/or secured bank borrowings at 31 December 2023, 2024 and 2025, respectively.

26. DEFERRED TAX

Group

The movements in deferred tax assets/(liabilities) during the Relevant Periods are as follows:

	Losses available for offsetting against future taxable profits	**Right-of-use assets**	**Lease liabilities**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	318	(2,646)	2,328	—
Deferred tax charged/(credited) to profit or loss	(7)	853	(846)	—
At 31 December 2023 and 1 January 2024	311	(1,793)	1,482	—
Deferred tax charged/(credited) to profit or loss	(7)	854	(847)	—
At 31 December 2024 and 1 January 2025	304	(939)	635	—
Deferred tax charged/(credited) to profit or loss	(6)	78	(72)	—
At 31 December 2025	298	(861)	563	—

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

	31 December 2023	**31 December 2024**	**31 December 2025**
	RMB'000	*RMB'000*	*RMB'000*
Recognised in the statement of financial position:			
Net deferred tax assets	—	—	—
Net deferred tax liabilities	—	—	—

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

	31 December 2023	**31 December 2024**	**31 December 2025**
	RMB'000	*RMB'000*	*RMB'000*
Tax losses:			
to be expired in one to five years	—	612	3,109
to be expired in one to ten years	350,882	538,651	599,631
Total tax losses	350,882	539,263	602,740
Temporary differences	1,862	6,992	12,131
Total	352,744	546,255	614,871

The Group has tax losses arising in the Chinese Mainland that will expire in one to five years and one to ten years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses as it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

Company

The movements in deferred tax assets/(liabilities) during the Relevant Periods are as follows:

	Right-of-use assets	Lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2023	(2,328)	2,328	—
Deferred tax charged/(credited) to profit or loss	846	(846)	—
At 31 December 2023 and 1 January 2024	(1,482)	1,482	—
Deferred tax charged/(credited) to profit or loss	847	(847)	—
At 31 December 2024 and 1 January 2025	(635)	635	—
Deferred tax charged/(credited) to profit or loss	72	(72)	—
At 31 December 2025	(563)	563	—

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

	31 December 2023	31 December 2024	31 December 2025
	RMB'000	*RMB'000*	*RMB'000*
Tax losses	335,010	502,089	551,260
Temporary differences	1,302	6,983	10,657
Total	336,312	509,072	561,917

The Company has tax losses arising in the Chinese Mainland that will expire in one to ten years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses as it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

27. REDEMPTION LIABILITIES

Group and Company

The Redemption Liabilities are initially the capital contributions with preferred rights made by certain equity holders of the Company to the Company. There are in general three series of the Redemption Liabilities, namely Series A, Series B and Series B+, of which Series A with an aggregate principal amount of RMB120,000,000 was issued prior to the beginning of the Relevant Periods, and Series B and Series B+ with aggregate amounts of RMB80,000,000 and RMB30,000,000 (note 29) were issued during the years ended 31 December 2023 and 2024, respectively. The Series A, Series B and Series B+ equity holders are collectively referred to as the Redemption Liabilities' Investors.

According to the Company's equity holders' agreements, certain of the key features of the Redemption Liabilities, including redemption rights, liquidation preferences and anti-dilution rights, are summarised as follows:

Redemption rights

Upon the occurrence of any triggering events, including the Company's failure to complete a qualified [REDACTED] as of 31 December 2025, and any material breach of the equity holders' agreements, capital increase agreements and memorandum and articles of association of the Company by the Group companies or the Company's founding shareholders, the Redemption Liabilities' Investors have the right to request the Company and/or the controlling owner of the Company to pay the redemption price. The redemption price is the higher of (i) the appraisal value of the equity of the Company as determined by a valuer, multiplied by the effective equity percentage in the Company held by such equity holder, on an as-converted basis; and (ii) the original investment amount paid by the Series A, and Series B and Series B+ investors for the Redemption Liabilities they requested to repurchase, plus the interest accrued on the original investment amount at the annual compound interest rate of 8% and 10%, respectively, calculated from the payment date of the original investment amount to the date on which the redemption price is fully paid, deducted by the paid dividends.

Liquidation preferences

In the event of (i) any statutory liquidation, including liquidation and dissolution, of the Company, (ii) any merger, acquisition or reorganisation of the Company which results in the change of the control of the Company, (iii) trade sale of assets or businesses, i.e., the sale of 50% or more of the assets or business of the Company, to a third party, or (iv) trade sale of equities, i.e., the sale of 50% or more of the Company's equity interest or voting right to a third party, the Redemption Liabilities' Investors can receive liquidation preference amounts equal to their respective redemption price as calculated above (note). The full payment of liquidation preference amount is in the priority order of (i) Series B+ investor, (ii) Series B investors, and (iii) Series A investors. If there are remaining distributable liquidated assets after the full payment of liquidated preference amount to the Redemption Liabilities' Investors, the amount of such remaining assets is distributed among all the Company's equity holders in proportion to their respective effective equity percentage in the Company, on an as-converted basis.

Note: prior to the issuance of redemption liabilities of Series B and Series B+, the liquidation preference amounts of Series A are equal to 150% of the original investment amounts paid by the Series A investors.

Anti-dilution rights

If the Company increases its capital, other than for the purpose of implementing employee incentive plan, at the price lower than the unit price of the original investment paid by the Redemption Liabilities' Investors, the Redemption Liabilities' Investors have the right to request (i) the effective equity interest of the Company of the Redemption Liabilities' Investors to be adjusted in accordance with a pre-determined formula to the extent that the effective equity percentage is consistent before and after the Company's capital increase, through the Company's issuance of equity interests to the Redemption Liabilities' Investors at the lowest price permitted by laws, or (ii) monetary compensation amounts calculated based on a pre-determined formula to reduce their original investment amount to the amount calculated based on the aforementioned lower unit price (note).

Note: prior to the issuance of redemption liabilities of Series B and Series B+, there was no monetary compensation option available but the Series A investors have the right to request for additional equity interests transferred from the controlling owner of the Company, the calculation details of which are set out at (i) above.

Conditional suspension of preferred rights

The above redemption rights shall suspense with effect from one day prior to the Company's qualified [REDACTED] and certain other preferred rights shall suspense with effect from the Company's completion of a qualified [REDACTED] according to a supplemental agreement dated 24 April 2026. However, if the Company is unable to submit its [REDACTED] by 30 August 2026 or is unable to complete its [REDACTED] by 31 December 2027, or the [REDACTED] is rejected or cancelled, the aforementioned preferred rights granted by the parties other than the Company and the Group companies shall be automatically restored, and shall be deemed to continue to be effective from the effective date of the equity holders' agreement.

Accounting implications of key features of the Redemption Liabilities

The Group does not bifurcate any embedded derivatives from the Redemption Liabilities and has designated the entire instruments as financial liabilities at fair value through profit or loss. Subsequent to the initial recognition, the changes in fair value of the Redemption Liabilities are recognised in profit or loss except for the portion attributable to credit risk change which shall be recognised in other comprehensive income, of which the directors of the Company consider insignificant. The movements in the Redemption Liabilities during the Relevant Periods are as follows:

The movements of the Redemption Liabilities during the Relevant Periods are as follows:

	Year ended 31 December 2023	Year ended 31 December 2024	Year ended 31 December 2025
	RMB'000	*RMB'000*	*RMB'000*
At beginning of year	147,625	236,716	281,814
Fair value changes recognised in profit or loss	9,091	15,098	39,101
New redemption liabilities *(note 29)*	80,000	30,000	—
At end of year	236,716	281,814	320,915

The carrying amounts of the Redemption Liabilities at the end of each of the Relevant Periods are analysed into:

	31 December 2023	31 December 2024	31 December 2025
	RMB'000	*RMB'000*	*RMB'000*
Current portion			
repayable within one year or on demand	—	281,814	320,915
Non-current portion			
repayable in the second year	236,716	—	—

The Company has engaged an independent valuer to determine the fair value of the Redemption Liabilities. The discounted cash flow method was used to determine the total equity value of the Group and then equity value allocation model based on the hybrid method, i.e., hybrid between the probability-weighted expected return method and the option pricing method, was adopted to determine the fair values of the Redemption Liabilities. The following table lists the key inputs used:

	31 December 2023	31 December 2024	31 December 2025
Discount rate	15.2%	14.6%	15.3%
Risk-free interest rate	2.2%	1.1%	1.4%
Expected volatility	52.6%	57.6%	53.0%
Discount for lack of marketability	16.2%	12.9%	12.4%
Probability under:			
[REDACTED] scenario	25.0%	35.0%	40.0%
Liquidation scenario	37.5%	32.5%	30.0%
Redemption scenario	37.5%	32.5%	30.0%

Discount rate was estimated by weighted average cost of capital as of each valuation date. The Group estimated the risk-free interest rate based on the yield of the China Government Bonds with maturities close to period from the respective valuation dates to the expected liquidation, redemption or conversion dates. Volatility was estimated on each valuation date based on average of historical volatilities of share prices of the comparable companies for a period from the respective valuation dates to expected liquidation, redemption or conversion dates. The discount for lack of marketability ("**DLOM**") refers to the illiquidity discount that market participants would take into account when pricing the investments. DLOM was estimated based on the Merton model.

Below is a summary of significant unobservable inputs to the fair values of the Redemption Liabilities together with a quantitative sensitivity analysis as at the end of each of the Relevant Periods:

		Sensitivity of fair value to the inputs		
	Sensitivity	**31 December 2023**	**31 December 2024**	**31 December 2025**
		RMB'000	*RMB'000*	*RMB'000*
Discount rate	1% increase	(12,199)	(16,367)	(21,288)
	1% decrease	13,755	19,584	24,593
Risk-free interest rate	0.5% increase	(1,190)	(740)	(2,734)
	0.5% decrease	1,634	843	1,365
Expected volatility	5% increase	(3,679)	(1,629)	(7,028)
	5% decrease	3,535	1,461	4,860
Discount for lack of marketability	1% increase	(2,340)	(2,959)	(4,270)
	1% decrease	2,773	3,056	2,879
Probability under [REDACTED] scenario	10% increase	(16,624)	(18,881)	(20,218)
	10% decrease	17,058	18,980	18,826

28. PROVISION

Group and Company

	31 December 2023	**31 December 2024**	**31 December 2025**
	RMB'000	*RMB'000*	*RMB'000*
At beginning of year	4,485	8,960	14,428
Additional provision	5,838	10,085	20,949
Amounts utilised during the year	(1,363)	(4,617)	(8,774)
At end of year	8,960	14,428	26,603
Analysed into:			
Current portion	3,822	4,715	8,611
Non-current portion	5,138	9,713	17,992

The Group provides warranties ranging from one to five years on certain of its products for general repairs and defect occurring during the warranty period. The amount of the provision for the warranties is estimated based on past experiences of the expenses incurred in the Group's product repairs and returns. The estimation basis is reviewed on an ongoing basis and revised where appropriate.

29. PAID-UP CAPITAL

	31 December 2023	**31 December 2024**	**31 December 2025**
	RMB'000	*RMB'000*	*RMB'000*
At beginning of year	33,789	35,592	36,185
Contributions from equity holders	1,803	593	—
At end of year	35,592	36,185	36,185

During the year ended 31 December 2023, the Company received cash contributions with an aggregate amount of RMB80,000,000, comprising paid-up capital of RMB1,803,000 and capital reserve of RMB78,197,000. The aggregate amount of RMB80,000,000 was transferred to and classified as the Redemption Liabilities.

During the year ended 31 December 2024, the Company received cash contribution of RMB30,000,000, comprising paid-up capital of RMB593,000 and capital reserve of RMB29,407,000. The amount of RMB30,000,000 was transferred to and classified as the Redemption Liabilities.

30. SHARE INCENTIVE SCHEME

In recognition of the contributions made by and provision of incentives and rewards to the Company's directors and other employees of the Group, the Company has a share incentive scheme (the "**Scheme**") through Shanghai Changyan Corporate Management Partnership (Limited Partnership) (上海長硯企業管理合夥企業(有限合夥)), which was established in the PRC in 4 July 2019. The Scheme comprises share options and/or restricted shares granted in 2020 and 2025, respectively. The share options issued to the grantees under the Scheme are generally subject to certain non-market vesting conditions as well as service conditions which are to be satisfied when the grantees continue to be the employees of the Group from the respective grant dates to the later of the corresponding vesting dates and the date of [REDACTED] of the Company's shares on a recognised stock exchange. The restricted shares issued to the grantees under the Scheme are vested as granted with no service conditions.

	Year ended 31 December 2023 *RMB'000*	Year ended 31 December 2024 *RMB'000*	Year ended 31 December 2025 *RMB'000*
Share-based payment expense attributable to the share options and restricted shares granted in:			
current year	—	—	11,768
prior years	112	31	—
Total	112	31	11,768

Share options

A summary of movements of the number of share options outstanding during the Relevant Periods are as follows:

	Year ended 31 December 2023	Year ended 31 December 2024	Year ended 31 December 2025
At beginning of year	512,840	293,052	146,526
Expired during the year	(219,788)	(146,526)	(146,526)
At end of year	293,052	146,526	—
Exercisable at end of year	51,790	51,790	—

The exercise periods and exercise prices of the share options outstanding, and their estimated weighted average remaining contractual life, at 31 December 2023, 2024 and 2025 are as follows:

		Share options outstanding as at		
Exercise period	**Exercise price per share** *RMB*	**31 December 2023**	**31 December 2024**	**31 December 2025**
January 2024	6.00	51,790	—	—
March 2024	8.00	94,736	—	—
January 2025	6.00	51,790	51,790	—
March 2025	8.00	94,736	94,736	—
Total		293,052	146,526	—
Estimated weighted average contractual life (years)		0.69	0.19	—

Restricted shares

A summary of movements of the number of restricted shares outstanding, and the fair value of restricted shares granted, during the Relevant Periods are as follows:

	Year ended 31 December 2023	**Year ended 31 December 2024**	**Year ended 31 December 2025**
At beginning of year	—	—	—
Granted during the year	—	—	431,507
Vested during the year	—	—	(431,507)
At end of year	—	—	—
Fair value of restricted shares granted:			
Total amount *(RMB'000)*	N/A	N/A	11,768
Per share amount *(RMB)*	N/A	N/A	27.27

The Group has engaged an independent valuer to determine the fair value of the restricted shares using the discounted cash flow method. The inputs to the model used to estimate the fair values of restricted shares granted during the Relevant Periods are same as those used in determining the fair values of the Redemption Liabilities, details of which are set out in note 27 to the Historical Financial Information.

31. RESERVES

Group

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

Capital reserve

Capital reserve mainly includes (i) the excess of the capital contribution received by the Company over the paid-in capital amount of the Company, net of the amount of the capital contribution transferred to the Redemption Liabilities, and (ii) the accumulated equity-settled share-based payment expense attributable to (a) the share options; and (b) the excess of the fair value of restricted shares of the Company granted to the Group's employees over their respective grant prices, as further explained in the accounting policy for share-based payment in note 2.3 to the Historical Financial Information.

Company

	Capital reserve	Accumulated losses	Total reserves
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2023	3,078	(144,875)	(141,797)
Loss and total comprehensive loss for the year	—	(69,728)	(69,728)
Contributions from equity holders	78,197	—	78,197
Recognition of redemption liabilities	(80,000)	—	(80,000)
Equity-settled share-based payment arrangement	112	—	112
At 31 December 2023 and 1 January 2024	1,387	(214,603)	(213,216)
Loss and total comprehensive loss for the year	—	(120,902)	(120,902)
Contributions from equity holders	29,407	—	29,407
Recognition of redemption liabilities	(30,000)	—	(30,000)
Equity-settled share-based payment arrangement	31	—	31
At 31 December 2024 and 1 January 2025	825	(335,505)	(334,680)
Loss and total comprehensive loss for the year	—	(30,149)	(30,149)
Equity-settled share-based payment arrangement	11,323	—	11,323
At 31 December 2025	12,148	(365,654)	(353,506)

32. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

	Year ended 31 December 2023	Year ended 31 December 2024	Year ended 31 December 2025
	RMB'000	*RMB'000*	*RMB'000*
Lease modifications	—	—	5,001
Receipt of financial investments at fair value through profit or loss for partial settlement of trade receivables *(note)*	—	—	8,143
Reclassification of trade payables to interest-bearing bank and other borrowings in respect of the supplier finance arrangements	—	—	67,083

Note: In November 2024, the Group's trade receivables amounting to RMB11,695,000 were agreed to be settled in the forms of (i) cash of RMB680,000, (ii) long-term receivable of RMB1,159,000 and (iii) listed shares of the debtor's holding company of RMB9,856,000, which were transferred to the Group in March 2025. The fair value of such listed shares at the date of transfer was RMB8,143,000 and the proceeds from their disposal amounted to RMB10,256,000, giving rise to a disposal gain of RMB2,113,000 during the year ended 31 December 2025.

(b) Changes in liabilities arising from financing activities

	Year ended 31 December 2023 *RMB'000*	Year ended 31 December 2024 *RMB'000*	Year ended 31 December 2025 *RMB'000*
Lease liabilities			
At beginning of year	16,323	10,605	4,641
Changes from financing activities	(6,253)	(6,253)	(5,960)
Interest expenses	535	289	89
Lease modifications	—	—	5,001
At end of year	10,605	4,641	3,771
Interest-bearing bank and other borrowings			
At beginning of year	101,057	115,898	250,120
Changes from financing activities	11,326	127,619	5,355
Increase arising from supplier finance arrangements	—	—	67,083
Interest expense	3,515	6,603	9,476
At end of year	115,898	250,120	332,034

The charges in liabilities arising from financing activities with respect to the Redemption Liabilities are set out in note 27 to the Historical Financial Information.

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

	Year ended 31 December 2023 *RMB'000*	Year ended 31 December 2024 *RMB'000*	Year ended 31 December 2025 *RMB'000*
Within operating activities	834	83	100
Within financing activities	6,253	6,253	5,960
Total	7,087	6,336	6,060

33. CONTINGENT LIABILITIES

There are no material contingent liabilities as at 31 December 2023, 2024 and 2025.

34. PLEDGE OF ASSETS

Details of the Group's and the Company's assets pledged for the Group's and the Company's bank and other borrowings are included in note 25 to the Historical Financial Information.

35. COMMITMENTS

Group and Company

The Group and the Company had the following contractual commitments at the end of the reporting periods:

	31 December 2023 *RMB'000*	31 December 2024 *RMB'000*	31 December 2025 *RMB'000*
Purchase of equipment	11,087	1,195	995

36. RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

Deposit paid to a shareholding company

On 20 November 2025, the Company made a payment of RMB16,640,000 to Shanghai Zhangjiang Torch Venture Capital Co., Ltd. ("**Shanghai Zhangjiang**"), a then shareholding company of the Company, as a guarantee deposit that the equity interest of the Company with redemption rights held by Shanghai Zhangjiang, of which the original investment amount was RMB20,000,000, could be transferred to investors to be identified by the Company and considered appropriate by Shanghai Zhangjiang. The deposit was unsecured and interest-free. Subsequent to the end of the Relevant Periods, the deposit was fully returned to the Company on 25 March 2026 and the equity interest of the Company held by Shanghai Zhangjiang was transferred to three new investors on 24 March 2026. This transaction and the corresponding balance at 31 December 2025 are non-trade in nature.

Other borrowing from a company wholly-owned by a director of the Company

According to a loan agreement and a supplemental agreement entered into between the Company and a company wholly-owned by a director on 15 November 2022 and 20 October 2023, respectively, the Company obtained an aggregate loan of RMB10,000,000 during the year ended 31 December 2023, details of which are set out in note 25 to the Historical Financial Information. This transaction and the corresponding balances at 31 December 2023 and 2024 are non-trade in nature.

Personal guarantees from two directors of the Company

Two directors of the Company provided personal guarantees to certain banks in relation to their borrowings to the Group as at the end of each of the Relevant Periods, details of which are set out in note 25 to the Historical Financial Information.

(b) Compensation of key management personnel of the Group

	Year ended 31 December 2023 *RMB'000*	Year ended 31 December 2024 *RMB'000*	Year ended 31 December 2025 *RMB'000*
Short-term employee benefits	2,917	3,522	4,372
Post-employment benefits	225	282	280
Equity-settled share-based payment expense	10	4	4,934
Total compensation paid to key management personnel	3,152	3,808	9,586

Further details of directors', supervisors' and the chief executive's emoluments are included in note 8 to the Historical Financial Information.

37. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting periods are as follows:

	31 December 2023	31 December 2024	31 December 2025
	RMB'000	*RMB'000*	*RMB'000*
Financial assets			
Financial assets at amortised cost			
Trade and bills receivables	150,654	266,606	570,553
Financial assets included in prepayments, other receivables and other assets	2,739	3,024	18,726
Restricted cash	5,544	1,307	6,514
Cash and cash equivalents	9,917	15,834	34,326
Subtotal	168,854	286,771	630,119
Financial assets at fair value through other comprehensive income			
Bills receivable measured at fair value through other comprehensive income	11,238	25	26,381
Total financial assets	180,092	286,796	656,500
Financial liabilities			
Financial liabilities at amortised cost			
Trade and bills payables	130,448	236,771	501,826
Financial liabilities included in other payables and accruals	25,985	26,890	14,325
Interest-bearing bank and other borrowings	115,898	250,120	332,034
Lease liabilities	10,605	4,641	3,771
Subtotal	282,936	518,422	851,956
Financial liabilities at fair value through profit or loss			
Redemption liabilities	236,716	281,814	320,915
Total financial liabilities	519,652	800,236	1,172,871

38. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	31 December 2023	31 December 2024	31 December 2025
	RMB'000	*RMB'000*	*RMB'000*
Financial assets			
Bills receivable measured at fair value through other comprehensive income			
Carrying amounts	11,238	25	26,381
Fair values	11,238	25	26,381
Financial assets included in prepayments, other receivables and other assets, non-current portion			
Carrying amounts	547	—	—
Fair values	529	—	—
Total			
Carrying amounts	11,785	25	26,381
Fair values	11,767	25	26,381
Financial liabilities			
Redemption liabilities			
Carrying amounts	236,716	281,814	320,915
Fair values	236,716	281,814	320,915
Interest-bearing bank and other borrowings, non-current portion			
Carrying amounts	10,063	10,000	10,000
Fair values	9,723	9,620	9,620
Total			
Carrying amounts	246,779	291,814	330,915
Fair values	246,439	291,434	330,535

Management has assessed that the fair values of trade and bills receivables and trade and bills payables at amortised cost, the current portion of financial assets included in prepayments, other receivables and other assets as well as financial liabilities included in other payables and accruals, restricted cash, cash and cash equivalents, and the current portion of interest-bearing bank and other borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department headed by the chief financial officer is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

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

The fair values of bills receivable measured at fair value through other comprehensive income, non-current portion of financial assets included in prepayments, other receivables and other assets and non-current portion of interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank and other borrowings as at the end of reporting periods were assessed to be insignificant.

The details of the methods and assumptions used to estimate the fair values of the Redemption Liabilities and a quantitative sensitivity analysis are set out in note 27 to the Historical Financial Information.

The fair value hierarchies of the Group's financial instruments measured at fair value, i.e., bills receivable measured at fair value through other comprehensive income and the Redemption Liabilities, or for which fair values are disclosed, i.e., non-current portion of financial assets included in prepayments, other receivables and other assets and non-current portion of interest-bearing bank and other borrowings, are categorised as Level 2, except for the Redemption Liabilities whose fair value hierarchy is Level 3. There were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities during the Relevant Periods.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise bank and other borrowings and cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on ageing information unless other information is available without undue cost or effort, and year-end staging classification as at the end of the reporting periods.

31 December 2023

	12-month ECLs	**Lifetime ECLs**			
	Stage 1	**Stage 2**	**Stage 3**	**Simplified approach**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables*	—	—	—	124,402	124,402
Bills receivable*	34,013	—	—	3,610	37,623
Contract assets*	—	—	—	14,192	14,192
Financial assets included in prepayments, other receivables and other assets					
— Normal**	2,739	—	—	—	2,739
— Doubtful**	—	—	63	—	63
Restricted cash					
— Not yet past due	5,544	—	—	—	5,544
Cash and cash equivalents					
— Not yet past due	9,917	—	—	—	9,917
Total	52,213	—	63	142,204	194,480

31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1	**Stage 2**	**Stage 3**	**Simplified approach**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables*	—	—	—	237,526	237,526
Bills receivable*	30,400	—	—	3,051	33,451
Contract assets*	—	—	—	24,931	24,931
Financial assets included in prepayments, other receivables and other assets					
— Normal**	3,024	—	—	—	3,024
— Doubtful**	—	—	93	—	93
Restricted cash					
— Not yet past due	1,307	—	—	—	1,307
Cash and cash equivalents					
— Not yet past due	15,834	—	—	—	15,834
Total	50,565	—	93	265,508	316,166

31 December 2025

	12-month ECLs	Lifetime ECLs			
	Stage 1	**Stage 2**	**Stage 3**	**Simplified approach**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables*	—	—	—	537,644	537,644
Bills receivable	68,254	—	—	3,000	71,254
Contract assets*	—	—	—	52,467	52,467
Financial assets included in prepayments, other receivables and other assets					
— Normal**	18,726	—	—	—	18,726
— Doubtful**	—	—	42	—	42
Restricted cash					
— Not yet past due	6,514	—	—	—	6,514
Cash and cash equivalents					
— Not yet past due	34,326	—	—	—	34,326
Total	127,820	—	42	593,111	720,973

* For trade and bills receivables and contract assets to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 18 and note 19 to the Historical Financial Information, respectively.

** The credit quality of the financial assets included in prepayments, other receivables and other assets is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 18 to the Historical Financial Information.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty and by industry sector. At the end of each of the Relevant Period, the Group had certain concentrations of credit risks and the following table summarises the Group's largest debtor and top five debtors as the percentage of the Group's total trade receivable balances:

	31 December 2023	**31 December 2024**	**31 December 2025**
	%	%	%
Largest debtor	16	17	34
Top five debtors	33	49	72

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank and other borrowings.

Due to the Group's supplier finance arrangements, the relevant trade payables are due to a single counterparty rather than individual suppliers. This results in the Group being required to settle a significant amount with a single counterparty, rather than less significant amounts with a number of suppliers. However, the Group's payment terms for trade payables covered by the arrangements are either identical to the payment terms for other trade payables or extended to not more than 180 days. Management does not consider the supplier finance arrangements to result in excessive concentrations of liquidity risk given the payment terms are not significantly extended. Details of the arrangements are disclosed in note 22 to the Historical Financial Information.

The maturity profile of the Group's financial liabilities as at the end of the reporting periods, based on the contractual undiscounted payments, is as follows:

31 December 2023

	On demand or within 12 months	**Over 12 months**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
Trade and bills payables	121,640	8,808	130,448
Financial liabilities included in other payables and accruals	25,985	—	25,985
Interest-bearing bank and other borrowings	108,677	10,593	119,270
Lease liabilities	6,253	4,690	10,943
Redemption liabilities	—	260,458	260,458
Total contractual undiscounted payments	262,555	284,549	547,104

31 December 2024

	On demand or within 12 months	Over 12 months	Total
	RMB'000	*RMB'000*	*RMB'000*
Trade and bills payables	236,771	—	236,771
Financial liabilities included in other payables and accruals	26,890	—	26,890
Interest-bearing bank and other borrowings	245,335	10,560	255,895
Lease liabilities	4,690	—	4,690
Redemption liabilities	294,387	—	294,387
Total contractual undiscounted payments	808,073	10,560	818,633

31 December 2025

	On demand or within 12 months	Over 12 months	Total
	RMB'000	*RMB'000*	*RMB'000*
Trade and bills payables	501,826	—	501,826
Financial liabilities included in other payables and accruals	14,325	—	14,325
Interest-bearing bank and other borrowings	327,004	10,165	337,169
Lease liabilities	3,810	—	3,810
Redemption liabilities	311,488	—	311,488
Total contractual undiscounted payments	1,158,453	10,165	1,168,618

Capital management

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

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

The Group monitors capital using a gearing ratio, which is net debt divided by adjusted capital. Net debt includes interest-bearing bank and other borrowings, less cash and cash equivalents. Adjusted capital includes the Redemption Liabilities and equity attributable to owners of the Company.

The gearing ratios as at the end of the reporting periods were as follows:

	31 December 2023 RMB'000	31 December 2024 RMB'000	31 December 2025 RMB'000
Interest-bearing bank and other borrowings	115,898	250,120	332,034
Less: cash and cash equivalents	9,917	15,834	34,326
Net debt	105,981	234,286	297,708
Redemption liabilities	236,716	281,814	320,915
Equity attributable to owners of the Company	(199,373)	(301,653)	(318,452)
Adjusted capital	37,343	(19,939)	2,463
Gearing ratio	284%	N/A*	12,087%

* As at 31 December 2024, the Group had a negative adjusted capital. As such, no gearing ratio was presented.

40. EVENTS AFTER THE RELEVANT PERIODS

Other than the conversion of the Company into a joint stock company with registered capital of RMB36,184,771 in March 2026 and the issuance of new redemption liabilities of RMB70,000,000 and suspension of redemption rights of the Redemption Liabilities in April 2026 (note 27), the Group had no material subsequent events after the Relevant Periods.

41. SUBSEQUENT FINANCIAL STATEMENTS

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

42. APPROVAL OF THE HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information was approved and authorised for issue by the board of directors on [date].