

APPENDIX I

ACCOUNTANTS’ REPORT

The following is the text of a report set out on pages I-1 to I-91, received from the Company’s reporting accountants, [Deloitte Touche Tohmatsu], Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.

[TO INSERT THE FIRMS’ LETTERHEAD]

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

Introduction

We report on the historical financial information of DeepWay Technology Co., Ltd.* (“深向科技股份有限公司”) (formerly known as Beijing Jingshen DeepWay Technology Co., Ltd.* (“北京京深深向科技有限公司”), Anhui DeepWay Technology Co., Ltd.* (“安徽深向科技有限公司”) and Anhui DeepWay Technology Co., Ltd.* (“安徽深向科技股份有限公司”)) (the “**Company**”) and its subsidiaries (together, the “**Group**”) set out on pages I-3 to I-91, which comprises the consolidated statements of financial position of the Group as at December 31, 2023, 2024 and 2025, the statements of financial position of the Company as at December 31, 2023, 2024 and 2025 and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the three years ended December 31, 2025 (the “**Track Record Period**”) and material accounting policy information and other explanatory information (together, the “**Historical Financial Information**”). The Historical Financial Information set out on pages I-3 to I-91 forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [REDACTED] (the “**Document**”) in connection with the [REDACTED] of H shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

Directors’ responsibility for the Historical Financial Information

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

Reporting accountants’ responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 “Accountants’ Reports on Historical Financial Information in Investment Circulars” issued by the Hong Kong Institute of Certified Public Accountants (the “**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.

* English name is for identification purpose only.

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Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants’ judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity’s preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion

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

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

Adjustments

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

Dividends

We refer to Note 13 to the Historical Financial Information which states that no dividends was declared or paid by the Company during the Track Record Period.

[Deloitte Touche Tohmatsu]

Certified Public Accountants

Hong Kong

[REDACTED]

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HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

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

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with IFRS Accounting Standards issued by the International Accounting Standards Board (the “**IASB**”) and were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA (“**Underlying Financial Statements**”).

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

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CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended December 31,		
		2023	2024	2025
		RMB’000	RMB’000	RMB’000
Revenue	6	425,640	1,968,562	3,961,106
Cost of sales		(423,818)	(1,958,777)	(3,766,211)
Gross profit		1,822	9,785	194,895
Other income	7	5,957	12,916	23,700
Other gains and losses, net	8	65,242	(55,792)	(63,581)
Selling and marketing expenses		(30,736)	(119,676)	(223,263)
Administrative expenses		(75,124)	(120,794)	(135,470)
Research and development expenses		(351,968)	(364,760)	(386,619)
Impairment losses on financial assets		(2,615)	(10,701)	(4,713)
[REDACTED] expenses		—	(9,761)	(27,231)
Finance costs	9	(1,565)	(16,412)	(26,721)
Loss before tax	10	(388,987)	(675,195)	(649,003)
Income tax expenses	11	—	—	(63)
Loss for the year		(388,987)	(675,195)	(649,066)
Other comprehensive expense				
<i>Item that may be reclassified subsequently</i>				
<i>to profit or loss:</i>				
Exchange differences arising on translation of				
foreign operations		—	(11)	(29)
Total comprehensive expenses for the year		(388,987)	(675,206)	(649,095)
Loss per share (RMB yuan)				
— Basic and diluted	14	(6.08)	(10.55)	(10.14)

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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		At December 31,		
	Notes	2023	2024	2025
		RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment	15	314,572	344,901	546,575
Right-of-use assets	16	21,201	55,717	52,552
Intangible assets	17	169,756	154,492	141,365
Time deposits	21	20,000	—	—
Other assets	19	11,711	12,800	12,523
		537,240	567,910	753,015
CURRENT ASSETS				
Inventories	18	148,930	157,672	578,681
Trade and other receivables	19	321,234	1,175,278	1,583,052
Financial assets at fair value through profit or loss (“FVTPL”)	20	13,366	—	—
Amount due from a related party.	35	10	—	—
Restricted bank balances	21	200,000	341,400	1,249,272
Cash and cash equivalents.	21	126,963	313,851	1,612,348
		810,503	1,988,201	5,023,353
CURRENT LIABILITIES				
Trade and other payables	22	196,213	1,093,038	3,194,006
Contract liabilities	23	10,060	34,807	76,772
Tax payable		—	—	63
Bank borrowings	24	20,000	590,210	1,084,986
Lease liabilities	25	9,866	11,784	12,836
Financial liabilities at FVTPL	27	1,389,872	1,896,218	3,035,159
Amounts due to related parties	35	175,798	68,086	8,041
Provisions	26	2,251	10,670	35,972
		1,804,060	3,704,813	7,447,835
NET CURRENT LIABILITIES.		(993,557)	(1,716,612)	(2,424,482)
TOTAL ASSETS LESS CURRENT LIABILITIES		(456,317)	(1,148,702)	(1,671,467)
NON-CURRENT LIABILITIES				
Bank borrowings	24	—	59,780	150,796
Lease liabilities	25	11,239	11,921	9,797
Provisions	26	4,779	27,173	64,611
Amounts due to related parties	35	100,035	—	—
		116,053	98,874	225,204
NET LIABILITIES		(572,370)	(1,247,576)	(1,896,671)
CAPITAL AND RESERVES				
Share capital	28	—	130,584	153,438
Paid-in capital	28	104,184	—	—
Reserves		(676,554)	(1,378,160)	(2,050,109)
TOTAL DEFICITS		(572,370)	(1,247,576)	(1,896,671)

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STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		At December 31,		
	Notes	2023	2024	2025
		RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment	15	314,570	310,029	297,777
Right-of-use assets	16	21,201	22,341	20,583
Intangible assets	17	169,756	154,187	138,222
Time deposits	21	20,000	—	—
Other assets	19	11,711	12,340	10,367
Investments in subsidiaries	36	90,000	331,459	811,459
		627,238	830,356	1,278,408
CURRENT ASSETS				
Inventories	18	146,757	102,986	516,844
Trade and other receivables	19	314,714	158,253	257,217
Financial assets at FVTPL	20	13,366	—	—
Amounts due from subsidiaries	35	233,972	1,804,893	1,964,165
Amount due from a related party	35	10	—	—
Restricted bank balances	21	—	68,900	522,925
Cash and cash equivalents	21	107,988	148,177	600,340
		816,807	2,283,209	3,861,491
CURRENT LIABILITIES				
Trade and other payables	22	194,967	647,223	2,001,170
Contract liabilities	23	8,756	6,438	11,962
Bank borrowings	24	20,000	590,210	809,986
Lease liabilities	25	9,866	10,859	11,726
Financial liabilities at FVTPL	27	1,389,872	1,896,218	3,035,159
Amounts due to subsidiaries	35	94,321	637,750	265,805
Amounts due to related parties	35	175,798	50,939	763
Provisions	26	2,251	10,670	35,972
		1,895,831	3,850,307	6,172,543
NET CURRENT LIABILITIES		(1,079,024)	(1,567,098)	(2,311,052)
TOTAL ASSETS LESS CURRENT LIABILITIES		(451,786)	(736,742)	(1,032,644)
NON-CURRENT LIABILITIES				
Bank borrowings	24	—	59,780	150,796
Lease liabilities	25	11,239	10,964	9,797
Provisions	26	4,779	27,173	64,611
Amounts due to related parties	35	100,035	—	—
		116,053	97,917	225,204
NET LIABILITIES		(567,839)	(834,659)	(1,257,848)
CAPITAL AND RESERVES				
Share capital	28	—	130,584	153,438
Paid-in capital	28	104,184	—	—
Reserves	36	(672,023)	(965,243)	(1,411,286)
TOTAL DEFICITS		(567,839)	(834,659)	(1,257,848)

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CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Paid-in capital	Share capital	Capital reserves	Share premium	Translation reserve	Other reserve	Accumulated losses	Total
	RMB'000	RMB'000	RMB'000 (note a)	RMB'000	RMB'000	RMB'000 (note b)	RMB'000	RMB'000
At January 1, 2023	78,723	—	507,840	—	—	(458,563)	(311,383)	(183,383)
Loss for the year	—	—	—	—	—	—	(388,987)	(388,987)
Loss and total comprehensive expenses for the year	—	—	—	—	—	—	(388,987)	(388,987)
Issue of Series A+ Shares	20,839	—	748,384	—	—	—	—	769,223
Issue of Series B1 Shares	4,622	—	195,378	—	—	—	—	200,000
Recognition of liabilities on Series A+ and B1 Shares	—	—	—	—	—	(969,223)	—	(969,223)
At December 31, 2023	104,184	—	1,451,602	—	—	(1,427,786)	(700,370)	(572,370)
Loss for the year	—	—	—	—	—	—	(675,195)	(675,195)
Other comprehensive expense for the year	—	—	—	—	(11)	—	—	(11)
Total comprehensive expenses for the year	—	—	—	—	(11)	—	(675,195)	(675,206)
Issue of Series B1 and B2 Shares	4,391	—	185,609	—	—	—	—	190,000
Recognition of liabilities on Series B1 and B2 Shares	—	—	—	—	—	(190,000)	—	(190,000)
Allotment to employee incentive platforms (“Employee Incentive Platforms”)	16,000	—	—	(16,000)	—	—	—	—
Conversion into a joint stock company (Note 28)	(124,575)	124,575	(1,637,211)	861,427	—	—	775,784	—
Issue of Series B3 Shares	—	6,009	—	253,991	—	—	—	260,000
Recognition of liabilities on Series B3 Shares	—	—	—	—	—	(260,000)	—	(260,000)
At December 31, 2024	—	130,584	—	1,099,418	(11)	(1,877,786)	(599,781)	(1,247,576)
Loss for the year	—	—	—	—	—	—	(649,066)	(649,066)
Other comprehensive expense for the year	—	—	—	—	(29)	—	—	(29)
Total comprehensive expenses for the year	—	—	—	—	(29)	—	(649,066)	(649,095)
Issue of Series B3 Shares	—	1,618	—	68,382	—	—	—	70,000
Issue of Series Pre-[REDACTED] Round I, II and III Shares	—	21,236	—	990,764	—	—	—	1,012,000
Recognition of liabilities on Series B3 and Pre-[REDACTED] Round I, II and III Shares	—	—	—	—	—	(1,082,000)	—	(1,082,000)
At December 31, 2025	—	153,438	—	2,158,564	(40)	(2,959,786)	(1,248,847)	(1,896,671)

Notes:

- Capital reserves comprise of the excess of the net contributions from the shareholders of the Company over the total paid-in capital issued.
- Other reserve mainly comprises recognition of financial liabilities at FVTPL on ordinary shares as disclosed in Note 27.

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CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
OPERATING ACTIVITIES			
Loss before tax	(388,987)	(675,195)	(649,003)
Adjustments for:			
Finance costs	1,565	16,412	26,721
Bank interest income.	(5,751)	(2,187)	(9,105)
Depreciation of property, plant and equipment	10,815	25,940	64,049
Amortisation of intangible assets	18,142	20,275	22,717
Depreciation of right-of-use assets	5,997	9,929	9,504
Impairment losses on financial assets	2,615	10,701	4,713
Net loss on disposal of property, plant and equipment	282	676	5,404
Net gain on termination of right-of-use assets	—	(272)	(405)
Gain on fair value change of financial assets at FVTPL	(366)	(129)	—
Transaction costs attributable to issue of certain Investors’ Shares	4,700	6,000	5,000
(Gain) loss on fair value change of financial liabilities at FVTPL.	(44,776)	56,346	56,941
Operating cash flows before movements in working capital.	(395,764)	(531,504)	(463,464)
Increase in inventories.	(144,880)	(8,742)	(421,009)
Increase in trade and other receivables	(284,908)	(864,804)	(407,163)
(Increase) decrease in other assets	(2,792)	(2,294)	208
Increase in trade and other payables	96,935	913,257	2,032,808
Decrease in deferred income	(3,000)	—	—
Increase in provisions	7,030	30,813	62,740
Increase in contract liabilities.	10,060	24,747	41,965
Increase (decrease) in amounts due to related parties	2,706	8,900	(10,843)
Cash (used in) from operations.	(714,613)	(429,627)	835,242
PRC enterprise income tax paid	(2)	—	—
NET CASH (USED IN) FROM OPERATING ACTIVITIES	(714,615)	(429,627)	835,242
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	(164,250)	(79,235)	(225,149)
Proceeds on disposal of property, plant and equipment	—	2,058	9,883
Purchase of intangible assets	(71,302)	(40,916)	(50,024)
Payments for acquisitions of leasehold land	—	(31,652)	(80)
Interest received	5,751	2,187	9,105
Purchase of financial assets at FVTPL.	(10,000)	—	—
Proceeds from disposal of financial assets at FVTPL	—	13,495	—
Acquisition of a subsidiary	—	216	—
Placement of time deposits	(20,000)	—	—
Withdrawal of time deposits	10,000	20,000	—
Placement of pledged bank deposits	(200,000)	(341,400)	(2,220,508)
Withdrawal of pledged bank deposits	—	200,000	1,312,636
Payments for rental deposits	(2,480)	(971)	(654)
Withdrawal of rental deposits.	599	742	1,219
NET CASH USED IN INVESTING ACTIVITIES.	(451,682)	(255,476)	(1,163,572)

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	Year ended December 31,		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
FINANCING ACTIVITIES			
New bank borrowings raised	20,000	679,990	1,212,902
Repayment of bank borrowings	(100)	(50,000)	(627,110)
Interest paid	(782)	(10,356)	(26,815)
Payments of lease liabilities	(6,096)	(9,921)	(6,926)
Proceeds from paid-in capital/issue of shares	969,223	450,000	1,082,000
Payments for transaction costs attributable to issue of certain Investors’ Shares	—	—	(4,300)
Issue costs paid	—	—	(3,984)
Advance from third party	—	—	9,782
Advance from related parties	200,070	16,000	7,278
Repayment of advance from a related party	(2,264)	(203,722)	(16,000)
NET CASH FROM FINANCING ACTIVITIES	1,180,051	871,991	1,626,827
NET INCREASE IN CASH AND CASH EQUIVALENTS	13,754	186,888	1,298,497
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR . . .	113,209	126,963	313,851
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	126,963	313,851	1,612,348

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NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company was incorporated and registered in the People’s Republic of China (the “PRC”) on July 30, 2020 as a limited liability company. On December 23, 2024, the Company was converted from a limited liability company into a joint stock limited liability company. The respective address of the registered office and the principal place of business of the Company are set out in the section headed “Corporate Information” to the document dated [REDACTED] (the “Document”).

The Group is principally engaged in the research, development and sale of new energy heavy-duty trucks and intelligent road freight technologies.

The Historical Financial Information is presented in Renminbi (“RMB”), which is also the functional currency of the Company.

2. BASIS OF PREPARATION OF HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information has been prepared based on the accounting policies which conform with IFRS Accounting Standards issued by the IASB.

In preparing the Historical Financial Information, the directors of the Company have given careful consideration to the future liquidity of the Group in light of the fact that as at December 31, 2025, it carried a net current liabilities of approximately RMB2,424,482,000, a total deficits of approximately RMB1,896,671,000, primarily due to the financial liabilities at FVTPL of RMB3,035,159,000 arising from the redemption feature attached in the Investors’ Shares as disclosed in Note 27 to the Historical Financial Information. The directors of the Company are of the opinion that the Company does not expect to settle the financial liabilities in next twelve months from the date of this report.

The directors of the Company have also reviewed the Group’s cash flows projections prepared by the management of the Company, which factored in but not limited to the RMB1 billion new financing obtained in April 2026 as disclosed in Note 37 to the Historical Financial Information as well as all the banking facilities available to the Group up to twelve months from the date of this report. They are of the opinion that the Group will have sufficient working capital to fund its operations and to meet its financial obligations as and when they fall due within twelve months from the date of this report. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare the Historical Financial Information on a going concern basis.

The statutory financial statements of the Company were prepared in accordance with PRC generally accepted accounting standards for each of the three years ended December 31, 2025. The statutory financial statements of the Company for the year ended December 31, 2023 and 2024 were audited by 東審會計師事務所(特殊普通合夥)/Dongshen Certified Public Accountants LLP* registered in the PRC and the statutory financial statements of the Company for the year ended December 31, 2025 were audited by 容誠會計師事務所(特殊普通合夥)/Rongcheng Certified Public Accountants LLP* registered in the PRC.

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3. APPLICATION OF AMENDMENTS TO IFRS ACCOUNTING STANDARDS

For the purpose of preparing and presenting the Historical Financial Information for the Track Record Period, the Group has consistently applied accounting policies which conform with IFRS Accounting Standards, which are effective for the period beginning on January 1, 2025 throughout the Track Record Period.

New and Amendments to IFRS Accounting Standards in issue but not yet effective

At the date of this report, the Group has not early adopted the following new and amendments to IFRS Accounting Standards that have been issued but are not yet effective:

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity ²
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards — Volume 11 ²
IFRS 18	Presentation and Disclosure in Financial Statements ³

¹ Effective for annual periods beginning on or after a date to be determined.

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

³ Effective for annual periods beginning on or after January 1, 2027.

Except for the IFRS 18 mentioned below, the directors of the Company anticipate that the application of these amendments to IFRS Accounting Standards will have no material impact on the Group’s consolidated financial statements in the foreseeable future.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 *Presentation and Disclosure in Financial Statements*, which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 *Presentation of Financial Statements*. This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* (the title of which will be changed to *Basis of Preparation of Financial Statements* upon effective of IFRS 18) and IFRS 7. Minor amendments to IAS 7 *Statement of Cash Flows* and IAS 33 *Earnings per Share* are also made.

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after January 1, 2027, with early application permitted. IFRS 18 requires retrospective application with specific transition provisions. The application of the new standard is not expected to have significant impact on the financial performance and position of the Company in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the consolidated statement of profit or loss.

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4. MATERIAL ACCOUNTING POLICY INFORMATION

The Historical Financial Information has been prepared in accordance with the following accounting policies which conform with IFRS Accounting Standards. For the purpose of preparation of the Historical Financial Information, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the Historical Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) and by the Hong Kong Companies Ordinance.

The Historical Financial Information has been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the relevant accounting policies set out below.

* *English name is for identification purpose only.*

Basis of consolidation

The Historical Financial Information incorporates the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

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 listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the Track Record Period are included in the consolidated statements of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group’s accounting policies.

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.

Investments in subsidiaries

Investments in subsidiaries are included in the statement of financial position of the Company at cost less any identified impairment losses, if any.

Revenue from contracts with customers

Information about the Group’s accounting policies relating to contracts with customers is provided in Note 6.

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Leases

The Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Non-lease components are separated from lease component and are accounted for applying other applicable standards.

Short-term leases

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Right-of-use assets

The cost of right-of-use assets includes the amount of the initial measurement of the lease liability.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a separate line item on the consolidated statements of financial position.

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. The incremental borrowing rate depends on the

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term, currency and start date of the lease and is determined based on a series of inputs including: the risk-free rate based on government bond rates and an entity-specific adjustment whether the risk profile of the entity that enters into the lease is different to that of the Group and whether the lease benefit from a guarantee from the Group.

The lease payments include fixed payments.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever

- the lease term has changed, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- a lease contract is modified and the lease modification is not accounted for as a separate lease (see below for the accounting policy for “**lease modifications**”).

The Group presents lease liabilities as a separate line item on the consolidated statements of financial position.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability, less any lease incentives receivable, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use assets. When the modified contract contains one or more additional lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component. The associated non-lease components are included in the respective lease components.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

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Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purpose of presenting the Historical Financial Information, the assets and liabilities of the Group’s operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expenses are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of transaction reserve.

Borrowing costs

All borrowing costs not directly attributable to the acquisition, construction or production of qualifying assets are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under “other income”.

Employee benefits

Retirement benefit costs

Payments to government managed retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries) after deducting any amount already paid.

Equity-settled share-based payment transactions

Restricted shares/Share options granted to employees

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date.

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The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group’s estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payments reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve.

When share options are exercised, the amount previously recognised in share-based payments reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share-based payments reserve will continue to be held in share-based payments reserve.

When restricted shares granted are vested, the amount previously recognised in share-based payments reserve will be transferred to share premium.

Modification to the terms and conditions of the share-based payment arrangements

When the terms and conditions of an equity-settled share-based payment arrangement are modified, the Group recognises, as a minimum, the services received measured at the grant date fair value of the equity instruments granted, unless those equity instruments do not vest because of failure to satisfy a vesting condition (other than a market condition) that was specified at grant date. In addition, if the Group modifies the vesting conditions (other than a market condition) in a manner that is beneficial to the employees, for example, by reducing the vesting period, the Group takes the modified vesting conditions into consideration over the remaining vesting period.

The incremental fair value granted, if any, is the difference between the fair value of the modified equity instruments and that of the original equity instruments, both estimated as at the date of modification.

If the modification occurs during the vesting period, the incremental fair value granted is included in the measurement of the amount recognised for services received over the period from modification date until the date when the modified equity instruments are vested, in addition to the amount based on the grant date fair value of the original equity instruments, which is recognised over the remainder of the original vesting period.

If the modification occurs after vesting period, the incremental fair value granted is recognised immediately, or over the vesting period if additional period of service is required before the modified equity instruments are vested. If the modification reduces the total fair value of the share-based arrangement, or is not otherwise beneficial to the employee, the Group continues to account for the original equity instruments granted as if that modification had not occurred.

Taxation

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

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Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary difference. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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 profits will be available to allow all or part of the asset to be recovered.

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of each reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss.

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Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress as described below). Property, plant and equipment are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Property, plant and equipment in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets are functioning properly and, for qualifying assets, borrowing costs capitalised in accordance with the Group’s accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets other than construction in progress less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Internally-generated intangible assets – research and development expenditure

Expenditure on research activities is recognised as an expense in the year in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;

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- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

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

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount of property, plant and equipment, right-of-use assets and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit (“CGU”) to which the asset belongs.

In testing a CGU for impairment, corporate assets are allocated to the relevant CGU when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the CGU or group of CGUs to which the corporate asset belongs, and is compared with the carrying amount of the relevant CGU or group of CGUs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a CGU) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a CGU, the Group compares the carrying amount of a group of CGUs, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of CGUs, with the recoverable amount of the group of CGUs. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit of the group of CGUs. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of CGUs. An impairment loss is recognised immediately in profit or loss.

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Where an impairment loss subsequently reverses, the carrying amount of the asset (or a CGU or a group of CGUs) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a CGU or a group of CGUs) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statements of financial position include:

- (a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and
- (b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statements of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale, including costs to be incurred in marketing, selling and distribution.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Provisions for the expected cost of assurance-type warranty obligations under the relevant contracts with customers are recognised at the date of sale of the relevant products, at the directors of the Company’s best estimate of the expenditure required to settle the Group’s obligation.

Financial instruments

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

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Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets and financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established generally by regulation or convention in the market place concerned.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

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

All other financial assets of the Group are subsequently measured at FVTPL.

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

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Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or fair value through other comprehensive income (“**FVTOCI**”) or designated at FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss includes any interest earned on the financial asset and is included in the “other gains and losses” line item.

Impairment of financial assets subject to impairment assessment under IFRS 9

The Group performs impairment assessment under expected credit loss (“**ECL**”) model on financial assets (including trade and other receivables, amount due from a related party, amounts due from subsidiaries, restricted bank balances, time deposits and cash and cash equivalents) which are subjected to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL (“**12m ECL**”) represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of past events and the current conditions at the reporting date as well as the forecast of future economic conditions.

The Group always recognises lifetime ECL for trade receivables.

For all other instruments, the Group measures the impairment loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, 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. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group’s debtors operate, as well as consideration of various external sources of actual and forecast economic information that relate to the Group’s core operations.

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

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

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

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

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower’s financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

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- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group’s recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a deregistration event. Any subsequent recoveries are recognised in profit or loss.

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the original effective interest rate determined at initial recognition.

Lifetime ECL for certain trade receivables are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by the management of the Group to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade and other receivables where the corresponding adjustment is recognised through a loss allowance account.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

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Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire.

On derecognition of a financial asset measured at amortised cost, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities or equity

Classification as debt or equity

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

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination to which IFRS 3 applies, (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability is held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

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- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed, and its performance is evaluated on a fair value basis, in accordance with the Group’s documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire combined contract to be designated as at FVTPL.

For financial liabilities that are designated as at FVTPL, the amount of changes in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability’s credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.

Financial liabilities at amortised cost

Financial liabilities including trade and other payables, amounts due to related parties, amounts due to subsidiaries, bank borrowings and lease liabilities are subsequently measured at amortised cost, using the effective interest method.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments. These foreign exchange gains and losses are recognised in the ‘Other gains and losses, net’ line item in profit or loss (Note 8) as part of net foreign exchange gains for financial liabilities that are not part of a designated hedging relationship.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group’s obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group’s accounting policies, which are described in Note 4, the management of the Group is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the management of the Group has made in the process of applying the Group’s accounting policies and that have the most significant effect on the amounts recognised in the Historical Financial Information.

Revenue recognition

The Group recognises revenue from sales of new energy heavy-duty trucks at a point in time when the trucks are accepted by the direct buyers which is evidenced by the customers’ signed off on the standard acceptance form of vehicle inspection and handover of, among others, truck keys, user manuals and warranty cards. Based on historical experience, the trucks were delivered soon following the acceptance given the transportation requires special vehicles transportation arrangement across the country, thus the Group concludes it is reasonable to recognise this sales revenue based on customer acceptance which is also in line with the point in time when the Group passes control of the goods to the customers under the related contract terms.

For the sale of new energy heavy-duty trucks to dealers, on the other hand, revenue is recognised at a point in time when the trucks have been delivered to the dealers and the full payments of the sales have been settled by the dealers; since this is the point in time when the Group passes control of the goods to the customers under the related contract terms.

For the details of the revenue recognition of the Group, please refer to Note 6.

Principal versus agent consideration

During the Track Record Period, certain battery packs sold to a battery operating leasing company (the “**Battery Operating Leasing Company**”) were originally procured from a battery manufacturer which is an affiliate of that Battery Operating Leasing Company (the “**Overlapping Customer and Supplier Transaction**”). The Group concluded that it acts as the principal for the Overlapping Customer and Supplier Transaction and such sales shall not be construed as a purchase return considering the following reasons:

- The procurement and sales agreements are negotiated separately, the Group is neither obliged to sell the battery packs to the Battery Operating Leasing Company nor the Group is able to require the return of the batteries as a result of the initial procurement contract; and
- The Group maintains control over the battery packs until sales to the Battery Operating Leasing Company and determines whether to sell the battery packs separately or not based on the requirement of end-customers.

Accordingly, upon the Group satisfied the performance obligation, the Group recognises revenue in the gross amount of consideration to which the Group expects to be entitled as specified in the contracts.

During the year ended December 31, 2023, 2024 and 2025, the Group recognised revenue relating to the “Overlapping Customer and Supplier Transaction” amounted to RMB147,949,000, RMB504,863,000 and RMB440,490,000 respectively.

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Capitalisation of research and development expenditure

Development expenditure incurred on research activities are capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible assets so that it will be available for use or sale, the Group’s intention to complete and the Group’s ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the research and development projects and the ability to measure reliably the expenditure during the development. Development expenditures which do not meet these criteria are expensed when incurred. The management of the Group will assess the progress of each of the research and development projects and determine the criteria are met for capitalisation.

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

Property, plant and equipment, intangible assets with finite useful life and right-of-use assets are stated at costs less accumulated depreciation/amortisation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: whether an event has occurred or any indicators that may affect the asset value. During the Track Record Period, the Management assessed that the Group did not identify any impairment indicator for property, plant and equipment, intangible assets and right-of-use assets as the Group’s performance and operation results were consistent with its expectation and budget for given years as a growth company.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period that has a significant risk of causing a material adjustment to the carrying amounts of assets within the next twelve months.

Fair value of other financial liabilities

The Company has issued several series of shares to certain investors during the Track Record Period as set out in Note 27. The Group accounted for these financial instruments as financial liabilities at FVTPL. The fair value of these financial instruments is determined using valuation techniques, namely back-solve method, discounted cash flow method and option pricing model involving various parameters and inputs. Valuation techniques are certified by an independent qualified professional valuer before being implemented for valuation and are calibrated to ensure that outputs reflect market conditions. However, it should be noted that some inputs, such as possibilities under different scenarios such as liquidation event which require management estimates. Management estimates and assumptions are reviewed periodically and are adjusted if necessary. Should any of the estimates and assumptions changed, it may lead to a change in the fair value of the financial liabilities at FVTPL. The fair value of the financial liabilities at FVTPL of the Group as at December 31, 2023, 2024 and 2025 are RMB1,389,872,000, RMB1,896,218,000 and RMB3,035,159,000 respectively.

Provision of ECL for trade receivables

Except for trade receivables with significant balances or credit impaired which are assessed for ECL individually, for trade receivables which are individually insignificant, collective assessment is performed by grouping debtors based on the Group’s internal credit ratings. Management estimates the amount of lifetime ECL of trade receivables based on collective assessment through grouping of various

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debtors that have similar loss patterns, after considering internal credit ratings of trade debtors, aging and/or past due status of respective trade receivables. Estimated loss rates are based on default rates over the expected life of the debtors and are adjusted for forward-looking information.

The provision of ECL is sensitive to changes in estimates. The information about the Group’s trade receivables and the ECL are disclosed in Note 19 and Note 34 respectively.

Estimation of provision for warranty claims

The Group provides product warranties on all new energy heavy-duty trucks based on the contracts with its customers at the time of sale of the trucks. The Group accrues a warranty reserve for the trucks sold by multiplying the expected unit costs for warranty services with the sales volume, which includes the best estimate of projected costs to repair or replace items under warranties. These estimates are primarily based on the estimates of the nature, frequency and average costs of future claims. These estimates are inherently uncertain given the Group’s relatively short history of sales, and changes to the historical or projected warranty experience may cause material changes to the warranty provisions in the future. The portion of the warranty reserve expected to be incurred within the next 12 months is included within provisions under current liabilities while the remaining balance is included within provisions under other non-current liabilities on the consolidated statements of financial position. Warranty cost is recorded as a component of cost of sales in the consolidated statements of profit or loss and other comprehensive income. The Group re-evaluates the adequacy of the warranty provisions on a regular basis.

6. REVENUE AND SEGMENT INFORMATION

(i) Disaggregation of revenue

Revenue represents the amounts received and receivable from the sale of new energy heavy-duty trucks and spare parts, net of sales related taxes and recognised at a point in time, during the Track Record Period.

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Types of goods			
Sale of trucks and spare parts			
— Sale of new energy heavy-duty trucks	425,196	1,961,182	3,927,491
— Sale of spare parts	444	7,380	32,358
— Others	—	—	1,257
	<u>425,640</u>	<u>1,968,562</u>	<u>3,961,106</u>
Timing of revenue recognition			
A point in time	<u>425,640</u>	<u>1,968,562</u>	<u>3,961,106</u>

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(ii) Performance obligations for contracts with customers and revenue recognition policies

Sale of new energy heavy-duty trucks

The Group generates revenue from sale of new energy heavy-duty trucks and related products by way of direct sales to trucks buyers (the “**direct buyers**”) or distributorship to dealers.

The Group recognises revenue from sale of trucks (integrated with battery packs) at a point in time when the trucks are accepted by the direct buyers, and for the sales to dealers, at a point in time when the trucks have been delivered to the dealers and the full payments of the sales have been settled by the dealers; since these are the respective points in time when the Group passes control of the goods to the customers under the respective contract terms.

To cater for the financing needs of certain of the truck buyers, the Group also has established strategic partnerships with battery operating leasing companies (the “**Battery Operating Leasing Companies**”) which allows direct buyers to purchase the Group’s new energy heavy-duty truck bodies and subscribe for the usage of battery packs separately. Under this arrangement, the Group sells new energy heavy-duty truck bodies to truck buyers, while simultaneously selling the corresponding battery packs to the Battery Operating Leasing Companies as the Group’s customers. The truck buyers separately enter into battery leasing contracts with the Battery Operating Leasing Companies, under which they pay a monthly rental fee to subscribe for the usage of the battery packs.

The promise to transfer the control of battery packs to the Battery Operating Leasing Companies is the only performance obligation in the contract with the Battery Operating Leasing Companies for the sale of battery packs. The Group recognises revenue from sale of new energy heavy-duty truck bodies when the trucks are accepted by the direct buyers, which is a point in time when control of new energy heavy-duty truck bodies is transferred to the direct buyers. The Group recognises revenue from the sale of battery packs to the Battery Operating Leasing Companies at the same point in time when the trucks are accepted by the direct buyers as described above, which is also in line with the point in time when the Group passes control of the battery packs to the Battery Operating Leasing Companies under the related contract terms.

Direct buyers and dealers are generally required to make advance payment of deposit whereas the Battery Operating Leasing Companies are generally not required to make advance payment of the consideration of the goods purchase upon entering the respective sales contract. Contract liabilities are recognised when such consideration and deposits are received while associated revenue has yet to be recognised.

Warranty

The Group generally grants a 6-months to 8-years or 60,000 to 400,000-kilometer assurance type warranty in relation to the sales to customers. The sales-related warranties serve as an assurance that the products sold comply with agreed-upon specifications. Accordingly, the Group accounts for provisions in accordance with IAS 37. Provisions are disclosed in Note 26.

Sale of spare parts

Spare parts sales revenue is recognised at a point in time when the goods are accepted by the customers, since only by that time the Group passes control of the goods to the customers.

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Customers are generally required to make full payment of the total consideration upon placing the orders. Contract liabilities are recognised when consideration is received while associated revenue has yet to be recognised.

(iii) Transaction price allocated to the remaining performance obligations for contracts with customers

The Group applies the practical expedient of not disclosing the transaction price allocated to performance obligations that were unsatisfied as the Group’s contracts have an original expected duration of less than one year.

Segment information

For the purpose of resource allocation and assessment of segment performance, the chief executive officer of the Company, being the chief operating decision makers, focus and review on the overall results and financial position of the Group as a whole which are prepared based on the same accounting policies set out in Note 4. Accordingly, the Group has only one single operating segment and no further analysis of the single segment is presented.

Entity-wide disclosures

Geographical information

The majority of the Group’s business and operations are conducted in Chinese Mainland and currently, the Group’s principal market, majority of revenue, operating loss and non-current assets are derived from/located in the PRC. Accordingly, no geographical segment information is presented.

Revenue from customer contributing over 10% of the total revenue of the Group during the Track Record Period is as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Customer A*	147,949	504,863	440,490
Customer B*	108,125	N/A	N/A
Customer C	N/A	323,014	N/A
Customer D	55,908	N/A	N/A
Customer E	N/A	N/A	501,408

* Being the Battery Operating Lease Companies as the Group’s customers on sale of battery packs separately.

N/A: Not disclosed as amounts less than 10% of total revenue.

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7. OTHER INCOME

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Bank interest income.	5,751	2,187	9,105
Government grants (<i>note</i>).	206	10,691	12,164
Others	—	38	2,431
	<u>5,957</u>	<u>12,916</u>	<u>23,700</u>

Note: The amount represents unconditional government grants received from local government in connection with the enterprise relocation and other incentives.

8. OTHER GAINS AND LOSSES, NET

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Gain on fair value change of financial assets at FVTPL	366	129	—
Gain (loss) on fair value change of financial liabilities at FVTPL.	44,776	(56,346)	(56,941)
Net loss on disposal of property, plant and equipment	(282)	(676)	(5,404)
Net gain on termination of right-of-use assets	—	272	405
Net foreign exchange gains (losses)	20,111	36	(38)
Others	271	793	(1,603)
	<u>65,242</u>	<u>(55,792)</u>	<u>(63,581)</u>

9. FINANCE COSTS

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Interest on borrowings from related parties	757	5,639	938
Interest on lease liabilities	654	812	650
Interest on bank borrowings.	154	9,961	25,133
	<u>1,565</u>	<u>16,412</u>	<u>26,721</u>

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10. LOSS BEFORE TAX

Loss before tax has been arrived at after charging:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Depreciation of property, plant and equipment	10,815	25,940	64,049
Depreciation of right-of-use assets	5,997	9,929	9,504
Amortisation of intangible assets	18,142	20,275	22,717
Total depreciation and amortisation	34,954	56,144	96,270
Capitalised in inventories	345	251	1,795
Auditor’s remuneration	50	266	396
Cost of inventories recognised as cost of sales	416,483	1,920,374	3,667,425
[REDACTED] expenses	—	9,761	27,231
Staff costs, including directors’ remuneration (<i>Note 12</i>)			
— Salaries and allowances	263,353	318,724	418,336
— Retirement benefit scheme contributions	25,047	30,241	34,466
Total staff costs	288,400	348,965	452,802

11. INCOME TAX EXPENSES

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
PRC Enterprise Income Tax (“EIT”)			
Current tax	—	—	63

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the Company and its PRC subsidiaries is 25% except for certain small profit-making PRC subsidiaries which are entitled to a preferential income tax rate of 2.5% up to December 31, 2027.

DeepWay Automobile Sales Co., Ltd., a subsidiary incorporated in Hong Kong, had no assessable profits subject to Hong Kong Profits Tax during the Track Record Period.

The Company obtained the “High and New Technical Enterprise” certification in October 2023, and has therefore entitled to a preferential tax rate of 15% for a term of three years from 2023 to 2025.

According to a policy promulgated by the State Tax Bureau of the PRC and effective from 2018 onwards, enterprises engaged in research and development (“R&D”) activities are entitled to claim an additional tax deduction amounting to 75% of the qualified R&D expenses incurred in determining its tax assessable profits for that year (“Super Deduction”). Starting from October 1, 2022, the additional deduction ratio increased to 100%.

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Income tax expenses during the Track Record Period can be reconciled to loss before tax per the consolidated statements of profit or loss and other comprehensive income as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Loss before tax	(388,987)	(675,195)	(649,003)
Tax at PRC EIT rate of 25%	(97,247)	(168,799)	(162,251)
Tax effect of expense not deductible for tax purpose	328	9,502	9,278
Tax effect of income not taxable for tax purpose	(6,717)	—	—
Tax effect of additional tax deduction for R&D expenses.	(48,688)	(16,299)	(28,779)
Tax effect of tax losses not recognised	112,121	137,496	128,856
Tax effect of deductible temporary differences not recognised	1,764	9,705	11,245
Tax effect of concessions granted to the Company and PRC subsidiaries. . . .	38,439	28,395	41,714
Income tax expense	—	—	63

As at December 31, 2023, 2024 and 2025, the Group has unused tax losses of RMB1,224,880,000, RMB1,889,249,000 and RMB2,598,737,000, respectively, and deductible temporary differences of RMB14,849,000, RMB71,373,000 and RMB143,870,000, respectively. No deferred tax assets has been recognised in respect of the tax losses or temporary differences due to the unpredictability of future profit streams.

The unused tax losses will be carried forward and expire in years as follows:

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
2026	44,574	44,574	44,574
2027	435,409	435,409	435,409
2028	744,897	744,897	744,897
2029	—	664,369	664,369
2030	—	—	709,488
Total	1,224,880	1,889,249	2,598,737

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12. DIRECTORS’, SUPERVISORS’, CHIEF EXECUTIVE’S AND EMPLOYEES’ EMOLUMENTS

(A) Directors’, Supervisors’ and the chief executive’s emoluments

During the Track Record Period, directors’, supervisors’ and chief executive’s remuneration disclosed pursuant to the applicable Listing Rules and Hong Kong Companies Ordinance are as follows:

	Date of appointment	Fees	Salaries and allowances	Retirement benefit scheme contributions	Discretionary performance based bonus	Share-based payments	Total
		RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Year ended December 31, 2023							
Chief executive officer and executive director							
Mr. Wan Jun (萬鈞) (“Mr. Wan Jun”) . . .	July 31, 2020	—	—	—	—	—	—
Executive directors							
Mr. Xu Shangshang (徐上上) (“Mr. Xu”)	June 8, 2022	—	820	63	565	—	1,448
Mr. Tian Shan (田山) (“Mr. Tian”) (note iv)	June 8, 2022	—	1,396	63	565	—	2,024
Mr. Wang Jia (王甲) (“Mr. Wang J.”) (note v)	December 23, 2022	—	1,200	63	912	—	2,175
Non-executive directors							
Mr. Feng Hailong (馮海龍) (“Mr. Feng”) (note iii)	August 16, 2022	—	—	—	—	—	—
Mr. Wang Yunpeng (王雲鵬) (“Mr. Wang Y.”) (note ix)	September 22, 2020	—	—	—	—	—	—
Mr. Niu Haotian (牛昊天) (“Mr. Niu”) (note i)	June 8, 2022	—	—	—	—	—	—
Mr. Zhou Zhifeng (周志峰) (“Mr. Zhou”)	June 8, 2022	—	—	—	—	—	—
Mr. Hua Xin (華欣) (“Mr. Hua”) (note ii)	February 1, 2023	—	—	—	—	—	—
Mr. Zhang Yuepeng (張嶽鵬) (“Mr. Zhang Y.”) (note v)	December 23, 2022	—	—	—	—	—	—
Supervisor							
Mr. Zhang Lei (張磊) (“Mr. Zhang L.”) . .	July 31, 2020	—	—	—	—	—	—
		—	3,416	189	2,042	—	5,647

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	Date of appointment	Fees	Salaries and allowances	Retirement benefit scheme contributions	Discretionary performance based bonus	Share-based payments	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended December 31, 2024							
Chief executive officer and executive director							
Mr. Wan Jun	July 31, 2020	—	2,118	50	1,791	—	3,959
Executive directors							
Mr. Xu	June 8, 2022	—	1,044	66	1,063	—	2,173
Mr. Tian (note iv)	June 8, 2022	—	1,417	66	565	—	2,048
Mr. Wang J. (note v)	December 23, 2022	—	1,246	66	1,518	—	2,830
Non-executive directors							
Mr. Feng (note iii)	August 16, 2022	—	—	—	—	—	—
Mr. Wang Y. (note ix)	September 22, 2020	—	—	—	—	—	—
Mr. Zhou	June 8, 2022	—	—	—	—	—	—
Mr. Hua (note ii)	February 1, 2023	—	—	—	—	—	—
Mr. Zhang Y. (note v)	December 23, 2022	—	—	—	—	—	—
Mr. Chen Quan (陳銓) (“Mr. Chen”) (note vi)	February 4, 2024	—	—	—	—	—	—
Mr. Lian Wentian (練聞天) (“Mr. Lian”) (note vii)	August 8, 2024	—	—	—	—	—	—
Supervisors							
Mr. Zhang L.	July 31, 2020	—	—	—	—	—	—
Mr. Zhang Song (張松) (“Mr. Zhang S.”) (note viii)	December 2, 2024	—	450	60	60	—	570
Mr. Guo Lei (郭雷) (“Mr. Guo”) (note viii)	December 2, 2024	—	538	40	114	—	692
		—	6,813	348	5,111	—	12,272

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	Date of appointment	Fees	Salaries and allowances	Retirement benefit scheme contributions	Discretionary performance based bonus	Share-based payments	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended December 31, 2025							
Chief executive officer and executive director							
Mr. Wan Jun	July 31, 2020	—	2,760	68	1,791	—	4,619
Executive directors							
Mr. Xu	June 8, 2022	—	1,003	68	1,245	—	2,316
Mr. Tian (note iv)	June 8, 2022	—	1,428	68	1,609	—	3,105
Mr. Wang J. (note v)	December 23, 2022	—	1,310	68	1,791	—	3,169
Non-executive directors							
Mr. Wang Y. (note ix)	September 22, 2020	—	—	—	—	—	—
Mr. Zhou	June 8, 2022	—	—	—	—	—	—
Mr. Zhang Y. (note v)	December 23, 2022	—	—	—	—	—	—
Mr. Chen (note vi)	February 4, 2024	—	—	—	—	—	—
Mr. Lian (note vii)	Aug 8, 2024	—	—	—	—	—	—
Mr. Li Tao (李濤) (“Mr. Li T.”) (note x) . .	March 20, 2025	—	—	—	—	—	—
Mr. Li Longfei (李龍飛) (“Mr. Li L.”) (note xi)	October 16, 2025	—	—	—	—	—	—
Supervisors							
Mr. Zhang L.	July 31, 2020	—	—	—	—	—	—
Mr. Zhang S. (note viii)	December 2, 2024	—	471	65	63	—	599
Mr. Guo (note viii)	December 2, 2024	—	543	41	133	—	717
		—	7,515	378	6,632	—	14,525

Notes:

- (i) Mr. Niu was appointed as non-executive director of the Company on June 8, 2022 and resigned as non-executive director of the Company with effect from February 1, 2023.
- (ii) Mr. Hua was appointed as non-executive director of the Company on February 1, 2023 and resigned as non-executive director of the Company with effect from August 8, 2024.
- (iii) Mr. Feng was appointed as non-executive director of the Company on August 16, 2022 and resigned as non-executive director of the Company with effect from February 4, 2024.
- (iv) Mr. Xu and Mr. Tian were appointed as executive directors of the Company on June 8, 2022, Mr. Zhou was appointed as non-executive director of the Company on June 8, 2022. And Mr. Tian resigned as executive director of the Company with effect from November 6, 2025.
- (v) Mr. Wang J. was appointed as executive director of the Company on December 23, 2022. Mr. Zhang Y. was appointed as non-executive director of the Company on December 23, 2022 and resigned as non-executive director of the Company with effect from October 16, 2025.
- (vi) Mr. Chen was appointed as non-executive director of the Company on February 4, 2024 and resigned as non-executive director of the Company with effect from November 6, 2025.

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- (vii) Mr. Lian was appointed as non-executive director of the Company on August 8, 2024 and resigned as non-executive director of the Company with effect from November 6, 2025.
- (viii) Mr. Zhang S. and Mr. Guo were appointed as supervisors of the Company on December 2, 2024.
- (ix) Mr. Wang Y. was appointed as non-executive director of the Company on September 22, 2020 and resigned as non-executive director of the Company with effect from March 20, 2025.
- (x) Mr. Li T. was appointed as non-executive director of the Company on March 20, 2025.
- (xi) Mr. Li L. was appointed as non-executive director of the Company on October 16, 2025.

The directors’ emoluments shown above were paid for their services in connection with the management of the affairs of the Group and the Company during the Track Record Period.

The supervisors’ emoluments shown above were for their services as supervisors of the Group and the Company during the Track Record Period.

Discretionary performance related bonus is determined based on their duties and responsibilities of the relevant individuals within the Group and the Group’s performance.

During the Track Record Period, there was no arrangement under which directors or supervisors or the chief executive officer waived or agreed to waive any emolument, and no emoluments were paid by the Group to any of the directors or supervisors of the Company as an inducement to join or upon joining the Group or as compensation for loss of office.

(B) Five highest paid employees

The five highest paid employees of the Group include 3, 4 and 4 directors of the Company whose emoluments, are set out above for the Track Record Period. The emoluments of the remaining 2, 1 and 1 employees for each of the years ended December 31, 2023, 2024 and 2025, respectively, are as follows:

	Year ended December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Salaries and allowances	1,903	1,153	1,181
Retirement benefit scheme contributions	126	66	68
Discretionary performance based bonus	918	758	912
	<u>2,947</u>	<u>1,977</u>	<u>2,161</u>

No emoluments were paid by the Group to any of five highest paid employees of the Company as an inducement to join or upon joining the Group or as compensation for loss of office.

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The number of the five highest paid individuals are within the following bands presented in Hong Kong Dollar (“HK\$”):

	Year ended December 31,		
	2023	2024	2025
HK\$1,000,001 to HK\$1,500,000	1	—	—
HK\$1,500,001 to HK\$2,000,000	2	—	—
HK\$2,000,001 to HK\$2,500,000	2	3	1
HK\$2,500,001 to HK\$3,000,000	—	—	1
HK\$3,000,001 to HK\$3,500,000	—	1	1
HK\$3,500,001 to HK\$4,000,000	—	—	1
HK\$4,000,001 to HK\$4,500,000	—	1	—
HK\$5,000,001 to HK\$5,500,000	—	—	1
Total	5	5	5

13. DIVIDENDS

No dividend was declared or paid by the Company during the Track Record Period.

14. LOSS PER SHARE

The calculation of the basic and diluted loss per share is based on the following data:

	Year ended December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Loss for the purpose of calculating basic and diluted loss per share:			
Loss for the year	(388,987)	(675,195)	(649,066)

	Year ended December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Number of shares ('000):			
Ordinary shares (deemed to be) in issue at January 1	78,723	104,184	130,584
Effect of ordinary shares in issue or deemed to be issued	16,145	13,024	3,924
Effect of ordinary shares with redemption rights and repurchase obligations.	(30,868)	(53,208)	(70,508)
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share (<i>note i</i>)	64,000	64,000	64,000
Basic and diluted loss per share (<i>RMB yuan</i>) (<i>note ii</i>).	(6.08)	(10.55)	(10.14)

Notes:

- i On December 23, 2024, the Company was converted from a limited liability company into a joint stock limited liability company, 124,575,000 ordinary shares with par value of RMB1.00 each were issued and allotted to the respective shareholders of the Company according to the paid-in capital registered under these shareholders on that day. This capitalisation of share capital is applied retrospectively for the purpose of calculating basic loss per share, as adjusted for the capital contributions by the then shareholders and the number of ordinary shares. Certain Investors’ Shares, which are recorded as financial liabilities at FVTPL in *Note 27* and shares held on Employee Incentive Platforms of the Company, are not treated as outstanding shares and thus are excluded in the calculation of basic loss per share.

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- ii Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. During the Track Record Period, certain Investors’ Shares, which are recorded as financial liabilities at FVTPL and shares held on Employee Incentive Platforms of the Company were not included in the calculation of dilutive loss per share, as their inclusion would have been anti-dilutive. Accordingly, diluted loss per share were the same as basic loss per share for the respective years.

15. PROPERTY, PLANT AND EQUIPMENT

The Group

	Electronic equipment	Office equipment	Plant and machinery	Motor vehicles	Molds	Buildings	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
COST									
At January 1, 2023	15,690	541	1,244	9,127	12,697	—	1,299	140,205	180,803
Additions	8,098	740	5,316	39,301	—	—	2,020	93,224	148,699
Transfers from									
construction in progress.	3,502	491	3,204	—	183,528	—	—	(190,725)	—
Disposals	(335)	—	(12)	—	—	—	(1,299)	—	(1,646)
At December 31, 2023 . .	26,955	1,772	9,752	48,428	196,225	—	2,020	42,704	327,856
Additions	7,840	772	—	24,130	—	—	18	26,243	59,003
Transfers from									
construction in progress.	—	—	8,048	—	4,627	—	—	(12,675)	—
Disposals	(23)	—	—	(3,170)	—	—	—	—	(3,193)
At December 31, 2024 . .	34,772	2,544	17,800	69,388	200,852	—	2,038	56,272	383,666
Additions	1,816	433	3,104	45,170	—	—	—	230,487	281,010
Transfers from									
construction in progress.	5,324	794	41,710	—	51,643	109,028	6,684	(215,183)	—
Disposals	(6)	—	—	(34,341)	—	—	—	—	(34,347)
At December 31, 2025 . .	41,906	3,771	62,614	80,217	252,495	109,028	8,722	71,576	630,329
ACCUMULATED DEPRECIATION									
At January 1, 2023	1,751	147	60	1,093	—	—	782	—	3,833
Provided for the year . . .	4,335	183	207	4,039	1,169	—	882	—	10,815
Eliminated on disposals . .	(59)	—	(6)	—	—	—	(1,299)	—	(1,364)
At December 31, 2023 . .	6,027	330	261	5,132	1,169	—	365	—	13,284
Provided for the year . . .	6,150	403	1,539	11,320	5,762	—	766	—	25,940
Eliminated on disposals . .	(12)	—	—	(447)	—	—	—	—	(459)
At December 31, 2024 . .	12,165	733	1,800	16,005	6,931	—	1,131	—	38,765
Provided for the year . . .	6,311	756	5,336	20,584	25,274	—	5,788	—	64,049
Eliminated on disposals . .	(3)	—	—	(19,057)	—	—	—	—	(19,060)
At December 31, 2025 . .	18,473	1,489	7,136	17,532	32,205	—	6,919	—	83,754
CARRYING VALUE									
At December 31, 2023 . .	20,928	1,442	9,491	43,296	195,056	—	1,655	42,704	314,572
At December 31, 2024 . .	22,607	1,811	16,000	53,383	193,921	—	907	56,272	344,901
At December 31, 2025 . .	23,433	2,282	55,478	62,685	220,290	109,028	1,803	71,576	546,575

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The Company

	Electronic equipment	Office equipment	Plant and machinery	Motor vehicles	Molds	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
COST								
At January 1, 2023	15,690	541	1,244	9,127	12,697	1,299	140,205	180,803
Additions	8,098	738	5,316	39,301	—	2,020	93,224	148,697
Transfers from construction in progress.	3,502	491	3,204	—	183,528	—	(190,725)	—
Disposals	(335)	—	(12)	—	—	(1,299)	—	(1,646)
At December 31, 2023	26,955	1,770	9,752	48,428	196,225	2,020	42,704	327,854
Additions	7,728	306	—	310	—	18	13,440	21,802
Transfers from construction in progress.	—	—	8,048	—	4,627	—	(12,675)	—
Disposals	(23)	—	—	(3,170)	—	—	—	(3,193)
At December 31, 2024	34,660	2,076	17,800	45,568	200,852	2,038	43,469	346,463
Additions	1,789	433	2,017	16,014	—	—	40,155	60,408
Transfers from construction in progress.	4,117	794	12,028	—	51,643	6,684	(75,266)	—
Disposals	(6)	—	—	(39,504)	—	—	—	(39,510)
At December 31, 2025	40,560	3,303	31,845	22,078	252,495	8,722	8,358	367,361
ACCUMULATED DEPRECIATION								
At January 1, 2023	1,751	147	60	1,093	—	782	—	3,833
Provided for the year	4,335	183	207	4,039	1,169	882	—	10,815
Eliminated on disposals	(59)	—	(6)	—	—	(1,299)	—	(1,364)
At December 31, 2023	6,027	330	261	5,132	1,169	365	—	13,284
Provided for the year	6,145	358	1,539	9,040	5,762	766	—	23,610
Eliminated on disposals	(12)	—	—	(448)	—	—	—	(460)
At December 31, 2024	12,160	688	1,800	13,724	6,931	1,131	—	36,434
Provided for the year	6,149	668	3,253	5,735	25,273	5,788	—	46,866
Eliminated on disposals	(3)	—	—	(13,713)	—	—	—	(13,716)
At December 31, 2025	18,306	1,356	5,053	5,746	32,204	6,919	—	69,584
CARRYING VALUE								
At December 31, 2023	20,928	1,440	9,491	43,296	195,056	1,655	42,704	314,570
At December 31, 2024	22,500	1,388	16,000	31,844	193,921	907	43,469	310,029
At December 31, 2025	22,254	1,947	26,792	16,332	220,291	1,803	8,358	297,777

The above items of property, plant and equipment, other than construction in progress and molds, are depreciated on a straight-line basis over the following estimated useful lives after taking into account their estimated residual values. Molds are depreciated on a units-of-production method.

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	Useful lives	Estimated residual values
	<i>Years</i>	
Electronic equipment	3–10	5%
Office equipment	3–5	5%
Plant and machinery	8–10	5%
Motor vehicles	3–10	5%
Buildings	20	5%
Leasehold improvements	the term of the lease	0%

As at December 31, 2023, certain motor vehicles of the Group with an aggregate carrying amount of RMB40,763,000 were pledged as securities for the Group’s advance from a related party as set out in Note 29.

16. RIGHT-OF-USE ASSETS

The Group

	Leased properties	Leased machinery	Leasehold land	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
COST				
At January 1, 2023	4,006	—	—	4,006
Additions	26,470	136	—	26,606
Lease modification	(4,006)	—	—	(4,006)
At December 31, 2023	26,470	136	—	26,606
Additions	18,685	—	31,652	50,337
Lease modification	(5,892)	—	—	(5,892)
At December 31, 2024	39,263	136	31,652	71,051
Additions	13,992	—	80	14,072
Lease modification	(19,789)	—	—	(19,789)
Lease termination	(1,848)	(136)	—	(1,984)
At December 31, 2025	31,618	—	31,732	63,350
ACCUMULATED DEPRECIATION				
At January 1, 2023	3,414	—	—	3,414
Provided for the year	5,969	28	—	5,997
Lease modification	(4,006)	—	—	(4,006)
At December 31, 2023	5,377	28	—	5,405
Provided for the year	9,808	68	53	9,929
At December 31, 2024	15,185	96	53	15,334
Provided for the year	8,830	40	634	9,504
Lease modification	(12,056)	—	—	(12,056)
Lease termination	(1,848)	(136)	—	(1,984)
At December 31, 2025	10,111	—	687	10,798

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	Leased properties	Leased machinery	Leasehold land	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
CARRYING VALUE				
At December 31, 2023	21,093	108	—	21,201
At December 31, 2024	24,078	40	31,599	55,717
At December 31, 2025	21,507	—	31,045	52,552

The Company

	Leased properties	Leased machinery	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
COST			
At January 1, 2023	4,006	—	4,006
Additions	26,470	136	26,606
Lease modification	(4,006)	—	(4,006)
At December 31, 2023	26,470	136	26,606
Additions	16,125	—	16,125
Lease modification	(5,892)	—	(5,892)
At December 31, 2024	36,703	136	36,839
Additions	13,992	—	13,992
Lease modification	(19,789)	—	(19,789)
Lease termination	(1,848)	(136)	(1,984)
At December 31, 2025	29,058	—	29,058
ACCUMULATED DEPRECIATION			
At January 1, 2023	3,414	—	3,414
Provided for the year	5,969	28	5,997
Lease modification	(4,006)	—	(4,006)
At December 31, 2023	5,377	28	5,405
Provided for the year	9,025	68	9,093
At December 31, 2024	14,402	96	14,498
Provided for the year	7,977	40	8,017
Lease modification	(12,056)	—	(12,056)
Lease termination	(1,848)	(136)	(1,984)
At December 31, 2025	8,475	—	8,475
CARRYING VALUE			
At December 31, 2023	21,093	108	21,201
At December 31, 2024	22,301	40	22,341
At December 31, 2025	20,583	—	20,583

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The Group

	Year ended December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Expenses relating to short-term leases	1,469	5,489	6,801
Total cash outflow for leases	8,219	47,874	14,457

During the Track Record Period, the Group leases properties and machinery from independent third parties for its operations. Lease contract is entered into for a fixed term from 15 months to 10 years. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The Group has obtained the land use right certificates for all leasehold lands.

The Company

	Year ended December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Expenses relating to short-term leases	1,469	5,072	6,336
Total cash outflow for leases	8,219	15,062	13,097

During the Track Record Period, the Company leases properties and machinery from independent third parties for its operations. Lease contract is entered into for a fixed term from 15 months to 10 years. In determining the lease term and assessing the length of the non-cancellable period, the Company applies the definition of a contract and determines the period for which the contract is enforceable.

Restrictions or covenants on leases

The Group

In addition, lease liabilities of RMB21,105,000, RMB23,705,000 and RMB22,633,000 are recognised by the Group with related right-of-use assets of RMB21,201,000, RMB55,717,000 and RMB52,552,000 at December 31, 2023, 2024 and 2025, respectively. The lease agreements do not impose any other covenants other than the security interests in the leased assets that are held by the lessor.

As at December 31, 2025, the Group’s leasehold land with an aggregate carrying amount of RMB31,045,000 were pledged to secure bank borrowings granted to the Group as set out in Note 29.

The Company

In addition, lease liabilities of RMB21,105,000, RMB21,823,000 and RMB21,523,000 are recognised by the Company with related right-of-use assets of RMB21,201,000, RMB22,341,000 and RMB20,583,000 at December 31, 2023, 2024 and 2025, respectively. The lease agreements do not impose any other covenants other than the security interests in the leased assets that are held by the lessor.

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17. INTANGIBLE ASSETS

The Group

	Non-patent technology	Software	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
COST			
At January 1, 2023	152,080	18,145	170,225
Additions	—	29,388	29,388
At December 31, 2023	152,080	47,533	199,613
Additions	—	4,706	4,706
Acquired on acquisition of a subsidiary	—	305	305
At December 31, 2024	152,080	52,544	204,624
Additions	—	9,590	9,590
At December 31, 2025	152,080	62,134	214,214
ACCUMULATED AMORTISATION			
At January 1, 2023	10,137	1,578	11,715
Provided for the year	15,208	2,934	18,142
At December 31, 2023	25,345	4,512	29,857
Provided for the year	15,208	5,067	20,275
At December 31, 2024	40,553	9,579	50,132
Provided for the year	15,208	7,509	22,717
At December 31, 2025	55,761	17,088	72,849
CARRYING VALUE			
At December 31, 2023	126,735	43,021	169,756
At December 31, 2024	111,527	42,965	154,492
At December 31, 2025	96,319	45,046	141,365

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The Company

	Non-patent technology	Software	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
COST			
At January 1, 2023	152,080	18,145	170,225
Additions	—	29,388	29,388
At December 31, 2023	152,080	47,533	199,613
Additions	—	4,706	4,706
At December 31, 2024	152,080	52,239	204,319
Additions	—	6,643	6,643
At December 31, 2025	152,080	58,882	210,962
ACCUMULATED AMORTISATION			
At January 1, 2023	10,137	1,578	11,715
Provided for the year	15,208	2,934	18,142
At December 31, 2023	25,345	4,512	29,857
Provided for the year	15,208	5,067	20,275
At December 31, 2024	40,553	9,579	50,132
Provided for the year	15,208	7,400	22,608
At December 31, 2025	55,761	16,979	72,740
CARRYING VALUE			
At December 31, 2023	126,735	43,021	169,756
At December 31, 2024	111,527	42,660	154,187
At December 31, 2025	96,319	41,903	138,222

The above intangible assets have finite useful lives. Such intangible assets are amortised on a straight-line basis over the following estimated useful lives:

Non-patent technology	10 years
Software	5–10 years

18. INVENTORIES

The Group

	At December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Raw materials	4,986	75,530	355,340
Finished goods	143,944	82,142	223,341
	148,930	157,672	578,681

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The Company

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Raw materials	4,985	74,584	298,408
Finished goods	141,772	28,402	218,436
	146,757	102,986	516,844

As at December 31, 2023, certain inventories of the Group with an aggregate carrying amount of RMB110,181,000 were pledged as securities for the Group’s advance from a related party as set out in Note 29.

19. TRADE AND OTHER RECEIVABLES/OTHER ASSETS

The Group

	At December 31		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current			
Trade receivables	168,924	999,633	1,343,720
Bills receivables	—	2,141	8,512
Less: Impairment loss allowance for trade receivables	(2,615)	(13,316)	(18,029)
	166,309	988,458	1,334,203
Other receivables and prepayments:			
Prepayments to suppliers	115,415	129,350	105,060
Deposits to suppliers	1,185	909	20,835
Rental deposits	822	760	2,167
Value-added tax recoverable	29,130	44,509	73,975
Supplier rebate receivables	2,846	797	34,886
Staff advances	159	32	166
Deferred issue cost	—	1,459	5,405
Other prepayments and receivables	5,368	9,004	6,355
	154,925	186,820	248,849
	321,234	1,175,278	1,583,052
Non-Current			
Other assets:			
Prepayments for acquisition of property, plant and equipment	3,814	672	2,141
Prepayments for acquisition of intangible assets	962	2,608	3,042
Rental deposits	2,366	2,657	685
Deposits to suppliers	1,929	5,000	5,000
Other prepayments	2,640	1,863	1,655
	11,711	12,800	12,523

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The Company

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current			
Trade receivables	168,924	22,760	24,888
Bills receivables	—	2,141	3,759
Less: Impairment loss allowance for trade receivables	(2,615)	(1,700)	(2,793)
	166,309	23,201	25,854
Other receivables and prepayments:			
Prepayments to suppliers	109,455	122,885	104,520
Deposits to suppliers	1,185	534	20,450
Rental deposits	742	681	2,088
Value-added tax recoverable	29,152	—	58,984
Supplier rebate receivables	2,846	797	34,886
Staff advances	159	32	161
Deferred issue cost	—	1,459	5,405
Other prepayments and receivables	4,866	8,664	4,869
	148,405	135,052	231,363
	314,714	158,253	257,217
Non-Current			
Other assets:			
Prepayments for acquisition of property, plant and equipment	3,814	662	435
Prepayments for acquisition of intangible assets	962	2,608	3,042
Rental deposits	2,366	2,207	235
Deposits to suppliers	1,929	5,000	5,000
Other prepayments	2,640	1,863	1,655
	11,711	12,340	10,367

At January 1, 2023, the Group and the Company does not have trade receivables arising from contracts with customers.

The Group generally allows credit period ranging from 0 to 90 days. The Group will assess the credit quality of each potential customer and define rating and credit limit for each customer.

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The following is an aged analysis of trade receivables presented based on the revenue recognition dates at the end of each reporting period:

The Group

	At December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
0 to 90 days	162,848	855,016	1,133,535
91 to 180 days	—	81,060	158,313
181 to 365 days	6,076	46,956	48,242
Over 365 days	—	16,601	3,630
Less: Impairment loss allowance for trade receivables	(2,615)	(13,316)	(18,029)
	<u>166,309</u>	<u>986,317</u>	<u>1,325,691</u>

The Company

	At December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
0 to 90 days	162,848	3,263	22,541
91 to 180 days	—	750	13
181 to 365 days	6,076	2,146	—
Over 365 days	—	16,601	2,334
Less: Impairment loss allowance for trade receivables	(2,615)	(1,700)	(2,793)
	<u>166,309</u>	<u>21,060</u>	<u>22,095</u>

Details of the assessment on the provision of ECL of trade receivables of the Group and the Company as at December 31, 2023, 2024 and 2025 are set out in Note 34.

As of December 31, 2023, 2024 and 2025, total bills received amounting to RMB nil, RMB2,141,000, RMB8,512,000, respectively, are held by the Group for future settlement of trade receivables. The Group continues to recognise their full carrying amounts at the end of the reporting period and details are disclosed in Note 34. All bills received by the Group are with a maturity period of less than one year.

As of December 31, 2023, 2024 and 2025, total bills received amounting to RMB nil, RMB2,141,000, RMB3,759,000, respectively, are held by the Company for future settlement of trade receivables. The Company continues to recognise their full carrying amounts at the end of the reporting period and details are disclosed in Note 34. All bills received by the Company are within a maturity period of less than one year.

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20. FINANCIAL ASSETS AT FVTPL

The Group and the Company

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Wealth management products	13,366	—	—

As at December 2023, the Group entered into several contracts to purchase wealth management products from financial institutions amounting to RMB13,366,000, and accounted for such investments as financial assets at FVTPL at initial recognition. The return of the wealth management products is not guaranteed and determined by reference to the performance of the underlying debt and equity instruments and the expected return rate stated in the contracts. All the products are matured during the year of 2024. A fair value gain of RMB366,000, RMB129,000 and RMB nil were recognised in profit or loss for each of the year ended December 31, 2023, 2024 and 2025. The basis of the valuation of the assets are disclosed in Note 34.

21. TIME DEPOSITS/RESTRICTED BANK BALANCES/CASH AND CASH EQUIVALENTS

As at December 31, 2023, 2024 and 2025, the Group and the Company had fixed-term time deposits in banks with carrying amount of approximately RMB20,000,000, RMB nil and RMB nil, which carry interest rate of 2.5%, 0.0% and 0.0% per annum respectively.

As at December 31, 2023, the Group had a restricted bank account as the capital account of a subsidiary with carrying amount of RMB 200,000,000 and was subsequently released in 2024. As at December 31, 2024 and December 31, 2025, the Group pledged certain of its bank balances with carrying amount of RMB341,400,000 and RMB1,249,272,000 to banks as security for bills payables and bank borrowings and these restricted bank balances carry fixed-rate interest rates ranging from 1.00% to 1.95% and from 0.10% to 1.30% per annum respectively. The restricted bank balances are classified as current assets as they will be released upon the settlement of the relevant bills payables and bank borrowings.

As at December 31, 2024 and 2025, the Company pledged certain of its bank balances with carrying amount of RMB68,900,000 and RMB522,925,000 to banks as security for bills payables and bank borrowings and these restricted bank balances carry fixed-rate interest rates ranging from 1.25% to 1.95% and from 0.10% to 1.30% per annum respectively. The restricted bank balances are classified as current assets as they will be released upon the settlement of the relevant bills payables and bank borrowings.

As at December 31, 2023, 2024 and 2025, the remaining bank balances, which are presented as cash and cash equivalents, carry fixed-rate interest rates ranging from 0.05% to 3.00%, from 0.01% to 2.30% and from 0.01% to 1.60% per annum, respectively.

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The Group’s time deposits, restricted bank balances, cash and cash equivalents that are denominated in currencies other than RMB are set out below:

	At December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
United States Dollars (“US\$”)	74	157	555
HK\$	—	69	290
	74	226	845

The Company’s time deposits, restricted bank balances, cash and cash equivalents that are denominated in currencies other than RMB are set out below:

	At December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
US\$	74	8	8

22. TRADE AND OTHER PAYABLES

The Group

	At December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Trade payables	23,785	438,147	1,214,305
Bill payables	—	469,088	1,658,152
	23,785	907,235	2,872,457
Other payables:			
Payables for acquisition of property, plant and equipment	47,974	24,590	81,920
Payable for sales commission	20,113	26,884	28,191
Salary and welfare payables	66,938	71,792	116,590
Payable due to withdrawal of government grants	3,000	—	—
Accrued interest	26	443	829
Accrued transaction costs attributable to issue of certain Investors’ Shares	4,700	10,700	11,400
Advance from third parties	—	—	9,782
Other tax payables	—	2,358	4,116
Accrued expenses	15,093	25,420	41,730
Accrued [REDACTED] expenses	—	11,219	10,927
Other payables	14,584	12,397	16,064
	172,428	185,803	321,549
	196,213	1,093,038	3,194,006

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The Company

	At December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	23,785	340,011	878,300
Bill payables	—	194,000	975,694
	<u>23,785</u>	<u>534,011</u>	<u>1,853,994</u>
Other payables:			
Payables for acquisition of property, plant and equipment	47,974	24,576	9,985
Payable for sales commission	20,113	12,956	—
Salary and welfare payables	66,022	15,052	64,467
Payable due to withdraw of government grants	3,000	—	—
Accrued interest	26	443	753
Accrued transaction costs attributable to issue of certain Investors’ Shares	4,700	10,700	11,400
Other tax payables	—	2,358	1,951
Accrued expenses	15,093	25,420	41,730
Accrued [REDACTED] expenses	—	11,219	10,927
Other payables	14,254	10,488	5,963
	<u>171,182</u>	<u>113,212</u>	<u>147,176</u>
	<u>194,967</u>	<u>647,223</u>	<u>2,001,170</u>

The Group’s trade payables mainly relate to purchase of inventories. A credit period not exceeding 90 days is generally granted by certain suppliers to the Group for the purchase of inventories.

The following is an aged analysis of trade payables presented based on the invoice dates at the end of each reporting period:

The Group

	At December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
0 to 90 days	23,775	437,892	1,094,215
91 days to 180 days	10	—	118,203
181 days to 365 days	—	255	1,887
	<u>23,785</u>	<u>438,147</u>	<u>1,214,305</u>

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The Company

	At December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
0 to 90 days	23,775	339,756	760,715
91 days to 180 days	10	—	116,233
181 days to 365 days	—	255	1,352
	<u>23,785</u>	<u>340,011</u>	<u>878,300</u>

23. CONTRACT LIABILITIES

The Group

	At December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Advances and deposits from customers	<u>10,060</u>	<u>34,807</u>	<u>76,772</u>

The Company

	At December 31,		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Advances and deposits from customers	<u>8,756</u>	<u>6,438</u>	<u>11,962</u>

The balance of contract liabilities as at January 1, 2023 is RMB nil.

Contract liabilities represent the Group’s and the Company’s obligations to transfer goods to customers for which the Group has received considerations (or amount of considerations are due) from the customers.

Contract liabilities that were expected to be settled within the Group’s and the Company’s normal operating cycle are classified as current liabilities. All the contract liabilities at the beginning of the period have been realised to revenue in the reporting period and no revenue recognised in the reporting period from the performance obligations satisfied in prior periods.

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24. BANK BORROWINGS

The Group

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Secured and unguaranteed bank borrowings . .	—	100,000	225,000
Unsecured and unguaranteed bank borrowings	20,000	549,990	1,010,782
	20,000	649,990	1,235,782
The carrying amounts of the above borrowings are repayable:			
Within one year	20,000	590,210	1,084,986
More than one year, but not exceeding two years	—	10,180	150,796
More than two years, but not exceeding three years	—	49,600	—
	20,000	649,990	1,235,782
Less: amounts due within one year shown under current liabilities	20,000	590,210	1,084,986
Amounts shown under non-current liabilities .	—	59,780	150,796

The exposure of the Group’s borrowings are as follows:

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Fixed-rate borrowings	20,000	649,990	1,043,486
Variable-rate borrowings	—	—	192,296
	20,000	649,990	1,235,782

The Group’s variable-rate bank borrowings carry interest at the loan prime rate (“LPR”) plus a upward or downward percentage.

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group’s borrowings are as follows:

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Fixed-rate borrowings	4.00% to 4.90%	2.70% to 4.60%	2.20% to 3.90%
Variable-rate borrowings	N/A	N/A	2.25% to 2.70%

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The Company

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Secured and unguaranteed bank borrowings . .	—	100,000	—
Unsecured and unguaranteed bank borrowings	20,000	549,990	960,782
	20,000	649,990	960,782
The carrying amounts of the above borrowings are repayable:			
Within one year	20,000	590,210	809,986
More than one year, but not exceeding two years	—	10,180	150,796
More than two years, but not exceeding three years	—	49,600	—
	20,000	649,990	960,782
Less: amounts due within one year shown under current liabilities	20,000	590,210	809,986
Amounts shown under non-current liabilities .	—	59,780	150,796

The exposure of the Company’s borrowings are as follows:

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Fixed-rate borrowings	20,000	649,990	768,486
Variable-rate borrowings	—	—	192,296
	20,000	649,990	960,782

The Company’s variable-rate bank borrowings carry interest at the loan prime rate (“LPR”) plus a upward or downward percentage.

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Company’s borrowings are as follows:

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Fixed-rate borrowings	4.00% to 4.90%	2.70% to 4.60%	2.20% to 3.90%
Variable-rate borrowings	N/A	N/A	2.25% to 2.70%

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25. LEASE LIABILITIES

The Group

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Lease liabilities payable:			
Within one year	9,866	11,784	12,836
Within a period of more than one year but not exceeding two years	8,950	7,752	8,428
Within a period of more than two years but not exceeding five years	2,289	2,929	645
Within a period of more than five years.	—	1,240	724
	21,105	23,705	22,633
Less: amounts due for settlement within 12 months shown under current liabilities	9,866	11,784	12,836
Amounts due for settlement after 12 months shown under non-current liabilities.	11,239	11,921	9,797

The Company

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Lease liabilities payable:			
Within one year	9,866	10,859	11,726
Within a period of more than one year but not exceeding two years	8,950	6,795	8,428
Within a period of more than two years but not exceeding five years	2,289	2,929	645
Within a period of more than five years.	—	1,240	724
	21,105	21,823	21,523
Less: amounts due for settlement within 12 months shown under current liabilities	9,866	10,859	11,726
Amounts due for settlement after 12 months shown under non-current liabilities.	11,239	10,964	9,797

The incremental borrowing rates applied to lease liabilities ranged from 4.20% to 4.30%, 3.35% to 4.30% and 3.09% to 4.30% per annum for the years ended December 31, 2023 and 2024 and 2025, respectively.

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26. PROVISIONS

The Group and the Company

	Warranty provisions
	<i>RMB’000</i>
At January 1, 2023	—
Provisions for the year	7,169
Warranty cost incurred for the year	(139)
At December 31, 2023	7,030
Provisions for the year	36,457
Warranty cost incurred for the year	(5,644)
At December 31, 2024	37,843
Provisions for the year	87,768
Warranty cost incurred for the year	(25,028)
At December 31, 2025	100,583

	At December 31,		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Analysed for reporting purposes as:			
Current liabilities	2,251	10,670	35,972
Non-current liabilities	4,779	27,173	64,611
	7,030	37,843	100,583

The warranty provision represents management’s best estimate of the Group’s liabilities for the rectification work under 6-months to 8-years or 60,000 to 400,000-kilometer assurance-type warranty granted on new energy heavy-duty trucks. These amounts have not been discounted for the purposes of measuring the provision for rectification work, because the effect is not material.

27. FINANCIAL LIABILITIES AT FVTPL

The Group and the Company

In April, June, July, August and September 2022, the Company entered into investment agreements with several independent investors, pursuant to which the investors made a total investment of RMB458,563,000 in the Company as consideration for subscription of the Company’s paid-in capital of RMB14,723,000 (“**Series A Shares**”). In November 2022, the Company completed the Series A financing and recorded RMB14,723,000 as the Company’s paid-in capital and the remaining balance of RMB443,840,000 as capital reserves.

In December 2022, the Company entered into an investment agreement with several independent investors, pursuant to which the investors made a total investment of RMB769,223,000 in the Company as consideration for subscription of the Company’s paid-in capital of RMB20,839,000 (“**Series A+ Shares**”). In May 2023, the Company completed the Series A+ financing and recorded RMB20,839,000 as the Company’s paid-in capital and the remaining balance of RMB748,384,000 as capital reserves.

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In December 2023, the Company entered into investment agreements with several independent investors, pursuant to which the investors made a total investment of RMB300,000,000 in the Company as consideration for subscription of the Company’s paid-in capital of RMB6,933,000 (“**Series B1 Shares**”). In the same month, the Company had received RMB200,000,000 out of the total Series B1 financing and therefore recorded RMB4,622,000 as the Company’s paid-in capital and the difference of RMB195,378,000 as capital reserves for the year ended December 31, 2023. In April 2024, the Company had received the remaining RMB100,000,000 Series B1 financing and therefore recorded RMB2,311,000 as the Company’s paid-in capital and the difference of RMB97,689,000 as capital reserves for the year ended December 31, 2024.

In May 2024, the Company entered into investment agreements with several independent investors, pursuant to which the investors made a total investment of RMB90,000,000 in the Company as consideration for subscription of the Company’s paid-in capital of RMB2,080,000 in total (“**Series B2 Shares**”). In the same month, the Company had completed the Series B2 financing and recorded RMB2,080,000 as the Company’s paid-in capital and the remaining balance of RMB87,920,000 as capital reserves.

In December 2024, the Company entered into investment agreements with several independent investors, pursuant to which the investors made a total investment of RMB330,000,000 in the Company as consideration for subscription of the Company’s share capital of RMB7,627,000 in total (“**Series B3 Shares**”). In the same month, the Company had received RMB260,000,000 out of the total Series B3 financing and therefore recorded RMB6,009,000 as the Company’s share capital and the difference of RMB253,991,000 as share premium for the year ended December 31, 2024. In January 2025, the Company had received the remaining RMB70,000,000 Series B3 financing and therefore recorded RMB1,618,000 as the Company’s share capital and the difference of RMB68,382,000 as share premium in 2025.

In June 2025, the Company entered into investment agreements with several independent investors, pursuant to which the investors made a total investment of RMB150,000,000 in the Company as consideration for subscription of the Company’s share capital of RMB3,148,000 in total (“**Series Pre-[REDACTED] Round I Shares**”). In the same month, the Company had completed the Series Pre-[REDACTED] Round I financing and recorded RMB3,148,000 as the Company’s share capital and the remaining balance of RMB146,852,000 as share premium.

In October 2025, the Company entered into investment agreements with several independent investors, pursuant to which the investors made a total investment of RMB170,000,000 in the Company as consideration for subscription of the Company’s share capital of RMB3,567,000 in total (“**Series Pre-[REDACTED] Round II Shares**”). In December 2025, the Company had completed the Series Pre-[REDACTED] Round II financing and recorded RMB3,567,000 as the Company’s share capital and the remaining balance of RMB166,433,000 as share premium.

In December 2025, the Company entered into investment agreements with several independent investors, pursuant to which the investors made a total investment of RMB855,876,000 in the Company as consideration for subscription of the Company’s share capital of RMB17,991,000 in total (“**Series Pre-[REDACTED] Round III Shares**”). The Company had received RMB692,000,000 of the Series Pre-[REDACTED] Round III financing and recorded RMB14,521,000 as the Company’s share capital and the remaining balance of RMB677,479,000 as share premium for the year ended December 31, 2025. In January 2026, the Company had received the remaining RMB163,876,000 Series Pre-[REDACTED] Round III financing and therefore recorded RMB3,470,000 as the Company’s share capital and the difference of RMB160,406,000 as share premium in 2026.

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The key terms of the Series A Shares, Series A+ Shares, Series B1 Shares, Series B2 Shares, Series B3 Shares and Series Pre-[REDACTED] Round I, II and III Shares (together as “**Investors’ Shares**”) are summarised as follows:

Voting rights

All shareholders, including the holders of ordinary shares and holders of Investors’ Shares, are entitled to vote together as a single class on a pro-rata basis.

Dividend rights

The Group’s capital reserve, surplus reserve and undistributed reserve (if any) are shared by all shareholders in proportion to their shareholding.

Liquidation preferences

In the event of any liquidation including dissolution or winding up of the Group (the “**Liquidation Event**”), the holders of Investors’ Shares shall be entitled to receive the amount equal to 100% share price plus the dividends announced but not undistributed and all proceeds derived from the Liquidation Event shall be distributed in the following order: (1) Series Pre-[REDACTED] Round I, II and III Shares; (2) Series B1 Shares, Series B2 Shares and Series B3 Shares (collectively, the “**Series B Shares**”); (3) Series A+ Shares; (4) Series A Shares. In a sale event (as defined below), all consideration received by the Group or its shareholders as a result of the sale event shall also be distributed in accordance with the above scheme. Sale event refers to an equity sale event or asset sale event. Equity sale event means a merger, acquisition or other similar transaction of the Group resulting in a change in control of the Group such that the shareholders prior to the occurrence of such event have less than 50% of their shares or voting rights in the surviving entity after the occurrence of such event. Asset sale event means that all or substantially all of the Group’s assets are sold, or disposed of, or all or substantially all of the Group’s intellectual property rights are exclusively licensed, sold or transferred to a third party.

Anti-dilution rights

If the Company increases its paid-in capital at a price lower than the price paid by the investors of Investors’ Shares on a per paid-in capital basis before the [REDACTED] (share incentive schemes mentioned in Note 30 excluded), the holders of the Investors’ Shares have a right to require the Company to issue more paid-in capital for nil consideration (or any other minimum price permitted by law) to them, so that: For Series A, Series A+, Series B1, Series B2, Series B3, Series Pre-[REDACTED] Round I, II and III investors, the total amount paid by the holders of the Investors’ Shares divided by the total amount of paid-in capital obtained is equal to the price per paid-in capital in the new issuance.

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Redemption rights

The investors of Series A, Series A+, Series B and Series Pre-[REDACTED] Round I, II and III Shares shall be redeemed by the Company, at the option of the investors, upon the occurrence of certain contingent events, including: (i) the Company failed to complete [REDACTED] before April 24, 2029 or submit [REDACTED] application before June 30, 2028; (ii) major violations of capital increase agreement of Series A Shares, Series A+ Shares, Series B Shares, Series Pre-[REDACTED] Round I, II and III Shares and regulations by the Group, Employee Incentive Platforms or ordinary shareholders of the Company; (iii) major violations of law by the chief executive officer of the Group, failure to perform management functions for the Group over 90 days and the Group was unable to find an alternative solution within the aforesaid time, leading to operational difficulties for the Group; (iv) for specific investors, the Company failed to complete the property investment before December 31, 2027; (v) for specific investor, the Company changed the registered address of its subsidiaries out of certain area; (vi) for specific investors, the Company failed to complete the property investment before certain dates or (vii) other repurchase documents or agreements agreed with investors. The repurchase price is the amount equal to the higher of (i) the original investment from the investors plus a yield at 8% per annum plus the dividends announced but not undistributed; and (ii) the fair value of the shares. The redemption amount shall be distributed in the following order: (1) Series Pre-[REDACTED] Round I, II and III Shares investors, (2) Series B Shares investors; (3) Series A+ Shares investors; (4) certain Series A Shares investors.

Termination of preferred rights

In December 2025, pursuant to the agreement entered into between the Company and the investors of the Investors’ Shares, the redemption rights have ceased to be effective from the date on which the first submission of [REDACTED] and shall be automatically resumed upon the occurrence of the earliest of the following events: (i) the [REDACTED] of the [REDACTED] to the Stock Exchange (the “[REDACTED]”) not being accepted (including being rejected or returned); (ii) the [REDACTED] was returned, cancelled or withdrawn; (iii) the Company did not complete the [REDACTED] within 18 months from the date of first submission of the [REDACTED]; or (iv) the Company did not complete the [REDACTED] within 12 months from the date of receiving the [REDACTED] approval from the Stock Exchange, unless otherwise agreed by the parties.

According to the agreement, all the other preferred rights granted to the investors of Investors’ Shares shall be automatically terminated upon the completion of the [REDACTED].

Presentation and classification

As at December 31, 2023, 2024 and 2025, the Company recognised the Investors’ Shares issued to investors as financial liabilities at FVTPL and classified as current liabilities, because not all triggering payment events mentioned in the key terms above were within the control of the Company and these financial instruments did not meet the definition of equity of the Company. Financial liabilities are measured at fair value and any changes in the fair value of the financial liabilities were recorded in “gain or loss on fair value change of financial liabilities at FVTPL” in the consolidated statements of profit or loss and other comprehensive income. The directors of the Company considered that the changes in the fair value of the Investors’ Shares attributable to the change in credit risk of the Group is minimal.

The Company used back-solve method in 2023 and 2025 and discounted cash flow method in 2024 to determine the underlying share value of the Company and performed an equity allocation based on option pricing model (“OPM model”) to arrive the fair value of the Investors’ Shares as of the end of each reporting period with reference to valuation reports carried out by ValueLink Management

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Consultants Limited (“ValueLink”), an independent qualified valuer. The address of ValueLink is Room 511, SOHO Jiasheng Center, No. 19, North East Third Ring Road, Chaoyang District, Beijing, PRC. The Company adopted the back-solve method in 2023 and 2025 mainly due to financing activity occurred around the valuation date. Given that no financing activity was undertaken around 2024, the Group adopted discounted cash flow method to determine the underlying share value of the Company.

In addition to the underlying share value of the Company determined by back-solve method in 2023 and 2025 and discounted cash flow method in 2024, other key valuation assumptions used to determine the fair value are as follows:

	At December 31,		
	2023	2024	2025
Time to liquidation	5.32 years	4.32 years	3.32 years
Time to redemption	5.32 years	4.32 years	3.32 years
Time to conversion to [REDACTED]	5.32 years	1.50 years	0.50 years
Risk-free interest	2.43%	1.34%	1.45%
Possibilities under occurrence of liquidation scenario	28%	25%	25%
Possibilities under occurrence of redemption scenario	28%	25%	25%
Possibilities under [REDACTED] scenario	45%	50%	50%
Volatility	46%	46%	40%

The directors of the Company estimated the risk-free interest rate based on the yield of the PRC Treasury Bonds with a maturity life close to period from the respective valuation dates to the expected liquidation dates. Volatility was estimated on each valuation date based on average of historical volatilities of the comparable companies in the same industry for a period from the respective valuation dates to expected liquidation dates.

The movements of the financial liabilities at FVTPL are set out below:

	Series A	Series A+	Series B1	Series B2	Series B3	Series Pre- [REDACTED] Round I	Series Pre- [REDACTED] Round II	Series Pre- [REDACTED] Round III	Financial liabilities at FVTPL
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2023	465,425	—	—	—	—	—	—	—	465,425
Additions during the year	—	769,223	200,000	—	—	—	—	—	969,223
Changes in fair value	(30,480)	(14,296)	—	—	—	—	—	—	(44,776)
At December 31, 2023	434,945	754,927	200,000	—	—	—	—	—	1,389,872
Additions during the year	—	—	100,000	90,000	260,000	—	—	—	450,000
Changes in fair value	28,080	13,668	6,738	2,021	5,839	—	—	—	56,346
At December 31, 2024	463,025	768,595	306,738	92,021	265,839	—	—	—	1,896,218
Additions during the year	—	—	—	—	70,000	150,000	170,000	692,000	1,082,000
Changes in fair value	32,593	27,082	(1,794)	(538)	(402)	—	—	—	56,941
At December 31, 2025	495,618	795,677	304,944	91,483	335,437	150,000	170,000	692,000	3,035,159

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28. SHARE CAPITAL AND PAID-IN CAPITAL

As disclosed in Note 1, the Company was converted from a limited liability company into a joint stock limited liability company upon approval by the Company’s shareholders meeting held on November 29, 2024, the balance as at January 1, 2023 and during the year ended December 31, 2023 represented the paid-in capital of the Company prior to the conversion of the Company. Share capital as at December 31, 2024 and 2025 represented the issued share capital of the Company.

Paid-in capital

	<i>RMB’000</i>
Issued and paid:	
At 1 January 2023	78,723
Issue of Series A+ Shares (<i>note i</i>)	20,839
Issue of Series B1 Shares (<i>note i</i>)	4,622
At December 31, 2023	104,184
Allotment to Employee Incentive Platforms (<i>note ii</i>).	16,000
Issue of Series B1 Shares (<i>note i</i>)	2,311
Issue of Series B2 Shares (<i>note i</i>)	2,080
Conversion into a joint stock company (<i>note iii</i>)	(124,575)
At December 31, 2024	

Share capital

	<u>Number of shares</u>	<u>Amounts</u>
		<i>RMB’000</i>
Ordinary shares of RMB1.00 each		
Authorised and issued		
As at January 1, 2023 and December 31, 2023	—	—
Issue of ordinary shares upon conversion into a joint stock company (<i>note iii</i>).	124,575,238	124,575
Issue of Series B3 Shares (<i>note i</i>)	6,009,196	6,009
As at December 31, 2024	130,584,434	130,584
Issue of Series B3 Shares (<i>note i</i>)	1,617,861	1,618
Issue of Series Pre-[REDACTED] Round I Shares (<i>note i</i>).	3,147,674	3,148
Issue of Series Pre-[REDACTED] Round II Shares (<i>note i</i>)	3,567,365	3,567
Issue of Series Pre-[REDACTED] Round III Shares (<i>note i</i>)	14,521,270	14,521
As at December 31, 2025		

Notes:

- i. For the issue of Series A+, B1, B2, B3 and Pre-[REDACTED] Round I, II and III Shares, please refer to the Note 27.
- ii. For the allotment of paid-in capital to Employee Incentive Platforms, please refer to Note 30.
- iii. On December 23, 2024, the Company was converted into a joint stock company with limited liability under the Company Law of the PRC. Upon completion of the stock conversion, a portion of the Company’s net assets as of May 31, 2024 was converted into 124,575,238 shares with a nominal value of RMB1.00 each. The excess of net assets converted over nominal value of the ordinary shares was credited to the Company’s share premium.

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29. PLEDGE OF ASSETS

Save as disclosed Note 15, Note 16, Note 18 and Note 21 in the Historical Financial Information, the Group had pledged the following assets to banks and a related party for obtaining line of credit and securing the liabilities of the Group, including bank borrowings, bills payables and amounts due to a related party at the end of each reporting period:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Leasehold land	—	—	31,045
Inventories	110,181	—	—
Property, plant and equipment	40,763	—	—
Restricted bank balances	—	341,400	1,249,272
	<u> </u>	<u> </u>	<u> </u>

30. SHARE-BASED PAYMENT

Equity-settled share option scheme of the Group

In March 2022, the Company adopted an employee share incentive plan (the “**2022 Incentive Plan**”) for the purpose of rewarding participants for their services and contribution to the Group. Pursuant to the 2022 Incentive Plan, share options will be granted to participants under the Employee Incentive Platforms, which enables the participants have an opportunity to have indirect equity interest in the Company. The Employee Incentive Platforms, namely Shanghai Junsheng Hechuang Enterprise Management Partnership (Limited Partnership)* (“**上海鈞盛禾創企業管理合夥企業(有限合伙)**”) (“**Shanghai Junsheng**”) and Shanghai Junyuan Shicheng Enterprise Management Partnership (Limited Partnership)* (“**上海鈞遠世誠企業管理合夥企業(有限合伙)**”) (“**Shanghai Junyuan**”), each of which was established in January 2022 and holds the Company’s paid-in capital of RMB8,000,000, to implement the 2022 Incentive Plan. Eligible participants of the 2022 Incentive Plan include the Group’s directors, other key management personnel and other key employees who contribute directly to the overall business performance and sustainable development of the Group.

The vesting of the share options granted is subject to the eligible person remain in the Group at the vesting date. If the grantees terminate the labor relationship with the Group before the date of [REDACTED], the Company or the entity designated by the Company has the right to buy back the granted options from the grantees at original consideration. Share options granted under 2022 Incentive Plan consist of first-granted share options and reserved share options, and the validity period of the share options shall be maximum 5 years from the date of grant and the share options shall lapse at the expiry of the validity period, respectively, of different batches. The share options shall have the vesting periods based on the achievement level of the performance target of each relevant grantee set by the board of directors of the Company for different batches as follows:

For the directors and other key management personnel, 20%, 20%, 40% and 20% of the share options shall vest each time on the later date of vesting start date or date of one year service, 12 months, 24 months, 36 months date from the vesting start date for 2022 Incentive Plan respectively.

* English name is for identification purpose only.

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For the other key employees, 20%, 20%, 40% and 20% of the share options shall vest each time on 6 months, 12 months, 24 months, 36 months from the vesting start date for 2022 Incentive Plan respectively.

The following summaries the movements of the share options held by grantees for the Track Record Period:

For the year ended December 31, 2023

Option	Name of grantee	Date of grant	Exercise price	Outstanding at January 1, 2023	Granted during the year	Forfeited during the year	Outstanding at December 31, 2023
2022 Incentive Plan	Directors	November 1, 2022	RMB1.00	1,072,464	—	—	1,072,464
		September 30, 2023	RMB1.00	—	1,747,885	—	1,747,885
	Other key management personnel	November 1, 2022	RMB1.00	927,536	—	—	927,536
		September 30, 2023	RMB1.00	—	231,884	—	231,884
	Other key employees	November 1, 2022	RMB1.00	1,956,800	—	(480,800)	1,476,000
		September 30, 2023	RMB1.00	—	2,061,734	(130,049)	1,931,685
Total.				<u>3,956,800</u>	<u>4,041,503</u>	<u>(610,849)</u>	<u>7,387,454</u>
Exercisable at the end of the year							<u>2,160,881</u>
Weighted average exercise price				<u>RMB1.00</u>	<u>RMB1.00</u>	<u>RMB1.00</u>	<u>RMB1.00</u>

For the year ended December 31, 2024

Option	Name of grantee	Date of grant	Exercise price	Outstanding at January 1, 2024	Granted during the year	Forfeited during the year	Outstanding at December 31, 2024
2022 Incentive Plan	Directors	November 1, 2022	RMB1.00	1,072,464	—	—	1,072,464
		September 30, 2023	RMB1.00	1,747,885	—	—	1,747,885
	Other key management personnel	November 1, 2022	RMB1.00	927,536	—	—	927,536
		September 30, 2023	RMB1.00	231,884	—	—	231,884
	Other key employees	November 1, 2022	RMB1.00	1,476,000	—	(471,200)	1,004,800
		September 30, 2023	RMB1.00	1,931,685	—	(223,746)	1,707,939
Total.				<u>7,387,454</u>	<u>—</u>	<u>(694,946)</u>	<u>6,692,508</u>
Exercisable at the end of the year							<u>5,910,347</u>
Weighted average exercise price				<u>RMB1.00</u>	<u>RMB1.00</u>	<u>RMB1.00</u>	<u>RMB1.00</u>

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For the year ended December 31, 2025

Option	Name of grantee	Date of grant	Exercise price	Outstanding at	Granted	Forfeited		Transfer to	Outstanding at
				January 1, 2025	during the year	during the year	Reclassification	restricted shares during the year	December 31, 2025
2022 Incentive Plan	Directors	November 1, 2022	RMB1.00	1,072,464	—	—	(405,797)	(666,667)	—
		September 30, 2023	RMB1.00	1,747,885	—	—	(405,797)	(1,342,088)	—
		March 28, 2025	RMB1.00	—	1,747,885	—	(385,655)	(1,362,230)	—
	Other key management personnel	November 1, 2022	RMB1.00	927,536	—	—	405,797	(1,333,333)	—
		September 30, 2023	RMB1.00	231,884	—	—	405,797	(637,681)	—
		March 28, 2025	RMB1.00	—	231,884	—	405,797	(637,681)	—
	Other key employees	November 1, 2022	RMB1.00	1,004,800	—	(25,600)	—	(979,200)	—
		September 30, 2023	RMB1.00	1,707,939	—	(33,569)	—	(1,674,370)	—
		March 28, 2025	RMB1.00	—	2,129,389	(69,510)	(20,142)	(2,039,737)	—
Total				<u>6,692,508</u>	<u>4,109,158</u>	<u>(128,679)</u>	<u>—</u>	<u>(10,672,987)</u>	<u>—</u>
Exercisable at the end of the year									<u><u>—</u></u>
Weighted average exercise price				<u>RMB1.00</u>	<u>RMB1.00</u>	<u>RMB1.00</u>	<u>RMB1.00</u>	<u>RMB1.00</u>	<u>RMB1.00</u>

The Black-Scholes option pricing model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the best estimate of the directors of the Company. Changes in variables and assumptions may result in changes in the fair value of the options. These fair values and corresponding inputs into the model were as follows:

Grant date	Grant date option fair value per share	Exercise price	Expected volatility	Expected life	Risk-free rate	Expected dividend yield
November 1, 2022 . . .	RMB12.15	RMB1.00	43.6%–47.6%	4.91–7.42 years	2.44%–2.67%	0.00%
September 30, 2023 . .	RMB20.59	RMB1.00	42.6%–46.6%	5.00–7.50 years	2.52%–2.71%	0.00%
March 28, 2025	RMB23.90	RMB1.00	42.8%–46.1%	6.00–9.00 years	1.69%–1.82%	0.00%

Pre-[REDACTED] incentive scheme of the Group

On July 28, 2025, the board of the directors of the Company resolved to modify the share options under the 2022 Incentive Plan to restricted shares under Pre-[REDACTED] restricted shares incentive plan (“Pre-[REDACTED] Incentive Plan”) which only changed the incentive scheme method from share options to restricted shares with the exercise price change from RMB1.00 to RMB1.07. Pursuant to the scheme rules of the Pre-[REDACTED] Incentive Plan, options granted prior to such modification but yet exercised shall continue to be valid and exercisable in accordance with the same rules of the 2022 Incentive Plan. The incremental fair value arising from the modification will be expensed over the vesting period of the Pre-[REDACTED] Incentive Plan when the vesting condition is probable to satisfy.

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Details of the restricted shares issued under the Pre-[REDACTED] Incentive Plan are as follows:

Grant date	Name of grantee	Number of shares
		'000
July 28, 2025	Directors	3,371
July 28, 2025	Other key management personnel	2,609
July 28, 2025	Other key employees	4,693
August 1, 2025	Director	5,327

The directors of the Company are of the view that it is not probable that there will be a successful [REDACTED] at December 31, 2023, 2024 and 2025, therefore, the number of share options and vestible restricted shares expected to vest is zero. As a result, no share-based compensation expenses are recognised for each of the Track Record Period.

31. CAPITAL COMMITMENTS

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Capital expenditure in respect of acquisition of property, plant and equipment and intangible assets contracted for but not provided in the Historical Financial Information.	15,717	54,042	63,320

32. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group’s liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group’s consolidated statements of cash flows as cash flows from financing activities.

	Amounts due to related parties	Advance from third parties	Lease liabilities	Accrued transaction costs attributable to issue of certain Investors’ Shares	Bank borrowings	Accrued interest	Accrued [REDACTED] expenses	Financial liabilities at FVTPL	Total
	RMB'000 (Note 35)	RMB'000 (Note 22)	RMB'000 (Note 25)	RMB'000 (Note 22)	RMB'000 (Note 24)	RMB'000 (Note 22)	RMB'000 (Note 22)	RMB'000 (Note 27)	RMB'000
At 1 January 2023	—	—	595	—	100	—	—	465,425	466,120
Financing cash flows	197,806	—	(6,750)	—	19,900	(128)	—	969,223	1,180,051
Interest expense	757	—	654	—	—	154	—	—	1,565
New leases entered.	—	—	26,606	—	—	—	—	—	26,606
Transaction costs attributable to of certain Investors’ Shares accrued	—	—	—	4,700	—	—	—	—	4,700

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	Amounts due to related parties	Advance from third parties	Lease liabilities	Accrued transaction costs attributable to issue of certain Investors’ Shares	Bank borrowings	Accrued interest	Accrued [REDACTED] expenses	Financial liabilities at FVTPL	Total
	RMB’000 (Note 35)	RMB’000 (Note 22)	RMB’000 (Note 25)	RMB’000 (Note 22)	RMB’000 (Note 24)	RMB’000 (Note 22)	RMB’000 (Note 22)	RMB’000 (Note 27)	RMB’000
Gain on changes in fair value of financial liabilities at FVTPL	—	—	—	—	—	—	—	(44,776)	(44,776)
At December 31, 2023	198,563	—	21,105	4,700	20,000	26	—	1,389,872	1,634,266
Financing cash flows	(187,722)	—	(10,733)	—	629,990	(9,544)	—	450,000	871,991
Interest expense	5,639	—	812	—	—	9,961	—	—	16,412
Leases modification	—	—	(6,164)	—	—	—	—	—	(6,164)
New leases entered.	—	—	18,685	—	—	—	—	—	18,685
Transaction costs attributable to of certain Investors’ Shares accrued	—	—	—	6,000	—	—	—	—	6,000
[REDACTED] expenses accrued.	—	—	—	—	—	—	1,459	—	1,459
Loss on changes in fair value of financial liabilities at FVTPL	—	—	—	—	—	—	—	56,346	56,346
At December 31, 2024	16,480	—	23,705	10,700	649,990	443	1,459	1,896,218	2,598,995
Financing cash flows	(10,140)	9,782	(7,576)	(4,300)	585,792	(24,747)	(3,984)	1,082,000	1,626,827
Interest expense	938	—	650	—	—	25,133	—	—	26,721
Leases modification	—	—	(8,138)	—	—	—	—	—	(8,138)
New leases entered.	—	—	13,992	—	—	—	—	—	13,992
[REDACTED] expenses accrued.	—	—	—	—	—	—	3,946	—	3,946
Transaction costs attributable to of certain Investors’ Shares accrued	—	—	—	5,000	—	—	—	—	5,000
Loss on changes in fair value of financial liabilities at FVTPL	—	—	—	—	—	—	—	56,941	56,941
At December 31, 2025	7,278	9,782	22,633	11,400	1,235,782	829	1,421	3,035,159	4,324,284

33. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that the group entities will be able to continue as a going concern while maximising the return to owners of the Company through the optimisation of the debt and equity balance. The Group’s overall strategy remains unchanged.

The capital structure of the Group consists of net debt, which includes the bank borrowings, lease liabilities, financial liabilities at FVTPL and amounts due to related parties disclosed in Notes 24, 25, 27 and 35 respectively, net of cash and cash equivalents, time deposits, restricted bank balances and equity of the Group, comprising paid-in/ share capital and reserves.

The management of the Group reviews the capital structure from time to time. As a part of this review, the management of the Group considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management of the Group, the Group will balance its overall capital structure through the payment of dividends, the issue of new shares, new debts or the redemption of existing debts.

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34. FINANCIAL INSTRUMENTS

Categories of financial instruments

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Financial assets			
Amortised cost	523,337	1,658,429	4,260,776
FVTPL	13,366	—	—
	<u>536,703</u>	<u>1,658,429</u>	<u>4,260,776</u>
Financial liabilities			
Amortised cost	407,015	1,700,325	4,264,466
FVTPL	1,389,872	1,896,218	3,035,159
	<u>1,796,887</u>	<u>3,596,543</u>	<u>7,299,625</u>
Lease liabilities	<u>21,105</u>	<u>23,705</u>	<u>22,633</u>

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Financial assets			
Amortised cost	538,248	2,058,704	3,177,061
FVTPL	13,366	—	—
	<u>551,614</u>	<u>2,058,704</u>	<u>3,177,061</u>
Financial liabilities			
Amortised cost	501,006	1,931,853	3,109,445
FVTPL	1,389,872	1,896,218	3,035,159
	<u>1,890,878</u>	<u>3,828,071</u>	<u>6,144,604</u>
Lease liabilities	<u>21,105</u>	<u>21,823</u>	<u>21,523</u>

Financial risk management objectives and policies

The Group’s and the Company’s major financial instruments include trade and other receivables, cash and cash equivalents, time deposits, restricted bank balances, amount due from a related party, amounts due from subsidiaries, financial assets at FVTPL, trade and other payables, bank borrowings, financial liabilities at FVTPL, amounts due to subsidiaries and amounts due to related parties. Details of the financial instruments are disclosed in respective notes.

The risks associated with these financial instruments and lease liabilities and the policies on how to mitigate these risks are set out below. The Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

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Market risk

Currency risk

The carrying amounts of the Group’s monetary assets and monetary liabilities denominated in currencies other than the respective group entities’ functional currency at the end of each reporting period are as follows:

	As at December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Assets			
US\$	74	157	555
HK\$	—	1,469	1,068
	<u> </u>	<u> </u>	<u> </u>
Liabilities			
HK\$	—	(42)	(195)
	<u> </u>	<u> </u>	<u> </u>

The Group currently does not have a foreign currency hedging policy. The Group will consider hedging significant foreign currency exposure should the need arise.

Sensitivity analysis

The following table details the Group’s sensitivity to a 5% increase and decrease in the functional currency (i.e., RMB) of the relevant group entities against the foreign currencies. 5% is the sensitivity rate used in management’s assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. A positive (negative) number below indicates an (decrease) increase in pre-tax loss for the year where RMB weakening against the relevant foreign currencies. For a 5% strengthen of RMB, there would be an equal and opposite impact on the loss before tax.

	As at December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
US\$	4	8	28
HK\$	—	76	44
	<u> </u>	<u> </u>	<u> </u>

The Group’s sensitivity to foreign currency has remained low during the Track Record Period mainly due to the Group’s conversion of its US\$ proceeds from Investors’ Shares into RMB for operational purposes in 2023 and the Group did not hold significant assets or liabilities dominated in foreign currency since then.

Interest rate risk

The Group and the Company is exposed to fair value interest rate risk in relation to bank borrowings, lease liabilities and amounts due to related parties (details are set out in Notes 24, 25 and 35, respectively). The Group is also exposed to cash flow interest rate risk in relation to bank balances and cash, time deposits, restricted bank balances and bank borrowings (details are set out in Notes 21

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and 24). The Group currently does not have formal interest rate hedging policies. The Management monitors the Group’s exposures on an on-going basis and will consider hedging interest rate risk should the need arises.

In the opinion of the Management, the exposure of cash flow interest rate risk arising from fix-rate bank balances and cash, time deposits, restricted bank balances and bank borrowings is insignificant and thus no sensitivity analysis is prepared.

Other price risk

The Group and the Company are exposed to other price risk arising from issue of Investors’ Shares, which were classified as financial liabilities at FVTPL.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risk at the reporting date for financial liabilities at FVTPL.

If the equity value of the Group had been changed based on the 5% higher/lower:

- the pre-tax loss of the Group for the year ended December 31, 2023 would decrease by approximately RMB37,771,000 and increase by approximately RMB42,844,000;
- the pre-tax loss of the Group for the year ended December 31, 2024 would decrease by approximately RMB14,495,000 and increase by approximately RMB14,705,000; and
- the pre-tax loss of the Group for the period ended December 31, 2025 would decrease by approximately RMB38,187,000 and increase by approximately RMB41,726,000.

Credit risk and impairment assessment

Credit risk refers to the risk that a customer or counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group’s and the Company’s credit risk is primarily attributable to its trade and other receivables, amount(s) due from a related party /subsidiaries, bank balances, time deposits and restricted bank balances. The Group considers all elements of credit risk exposure such as counterparty default risk and sector risk for risk management purposes.

The Group’s maximum exposure to credit risk in the event of the counterparties’ failure to perform their obligations at the end of each reporting period in relation to each class of recognised financial assets is the carrying amount of those assets stated in the consolidated statements of financial position.

Trade and bill receivables

In order to minimise the credit risk, the Management has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual receivables at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the Management considers that the Group’s credit risk is significantly reduced.

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The Group has concentration of credit risk as 52.25%, 29.70% and 21.82% of the total trade receivables was due from the Group’s largest customer at December 31, 2023, 2024 and 2025, respectively. Also, the Group has concentration of credit risk as 82.81%, 69.17% and 60.72% of the total trade receivables was due from the Group’s five largest customers at December 31, 2023, 2024 and 2025, respectively.

For trade receivables, the Group has applied the simplified approach in IFRS 9 to measure the impairment loss allowance at lifetime ECL. The Group determines the ECL on these items on an individual basis for customer with significant balances or credit-impaired with different credit period and the remaining is estimated collectively by using internal credit rating, estimated by reference to past due exposure and nature, size and industry for the customers.

The Group writes off trade receivables when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. The ECL of trade receivables as at December 31, 2023, 2024 and 2025 were RMB2,615,000, RMB13,316,000 and RMB18,029,000 respectively.

Other receivables & amount(s) due from a related party/subsidiaries

For other receivables and amount(s) due from a related party/subsidiaries, the Group has applied the general approach in IFRS 9 to measure the impairment loss allowance at 12m ECL, since the directors of the Company assessed that there has not been any significant increase in credit risk.

In determining the ECL, the Management has taken into account industry-specific factors that could impact the credit quality of the Group’s receivables, general economic conditions of the industry in which the counterparty operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

Cash and cash equivalents, restricted bank balances and time deposits

Credit risk on cash and cash equivalents, restricted bank balances and time deposits is limited because the counterparties are reputable banks with high credit ratings assigned by credit agencies. The Group assessed 12m ECL for cash and cash equivalents, restricted bank balances and time deposits by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies. Based on the average loss rates, the 12m ECL on cash and cash equivalents, restricted bank balances and time deposits is considered to be insignificant and therefore no loss allowance was recognised.

The cash and cash equivalents, restricted bank deposits and time deposits are determined to have low credit risk at the end of each reporting period. The credit risk on cash and cash equivalents, restricted bank deposits and time deposits is limited because the counterparties are reputable banks and the risk of inability to pay or redeem at the due date is low.

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The following table shows the Group’s credit risk grading framework in respect of financial assets:

Categories	Description	Basis for recognising ECL
Performing	For financial assets where there has low risk of default or has not been a significant increase in credit risk since initial recognition and that are not credit-impaired	Trade receivables Lifetime ECL — not credit-impaired Other financial assets 12m ECL
Doubtful	For financial assets where there has been a significant increase in credit risk since initial recognition but that are not credit-impaired	Lifetime ECL — not credit-impaired
Loss	Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred	Lifetime ECL — credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off

The tables below detail the credit risk exposures of the Group’s and the Company’s financial assets which are subject to ECL assessment:

The Group

December 31, 2023	Notes	Internal credit ratings	12m or lifetime ECL	Gross carrying amount
				<i>RMB’000</i>
Trade receivables	19	Note	Lifetime ECL	168,924
Other receivables and other non-current assets	19	Performing	12m ECL	10,055
Amount due from a related party . . .	35	Performing	Lifetime ECL	10
Time deposits	21	Performing	12m ECL	20,000
Restricted bank balances	21	Performing	12m ECL	200,000
Cash and cash equivalents	21	Performing	12m ECL	126,963

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December 31, 2024	Notes	Internal credit ratings	12m or lifetime ECL	Gross carrying amount
				<i>RMB’000</i>
Trade receivables	19	Note	Lifetime ECL	999,633
Bills receivables	19	Performing	Lifetime ECL	2,141
Other receivables and other non-current assets	19	Performing	12m ECL	14,720
Restricted bank balances	21	Performing	12m ECL	341,400
Cash and cash equivalents	21	Performing	12m ECL	313,851

December 31, 2025	Notes	Internal credit ratings	12m or lifetime ECL	Gross carrying amount
				<i>RMB’000</i>
Trade receivables	19	Note	Lifetime ECL	1,343,720
Bills receivables	19	Performing	Lifetime ECL	8,512
Other receivables and other non-current assets	19	Performing	12m ECL	64,953
Restricted bank balances	21	Performing	12m ECL	1,249,272
Cash and cash equivalents	21	Performing	12m ECL	1,612,348

The Company

December 31, 2023	Notes	Internal credit ratings	12m or lifetime ECL	Gross carrying amount
				<i>RMB’000</i>
Trade receivables	19	Note	Lifetime ECL	168,924
Other receivables and other non-current assets	19	Performing	12m ECL	9,969
Cash and cash equivalents	21	Performing	12m ECL	107,988
Time deposits	21	Performing	12m ECL	20,000
Amount due from a related party . . .	35	Performing	Lifetime ECL	10
Amounts due from subsidiaries	35	Performing	Lifetime ECL	233,972

December 31, 2024	Notes	Internal credit ratings	12m or lifetime ECL	Gross carrying amount
				<i>RMB’000</i>
Trade receivables	19	Note	Lifetime ECL	22,760
Bills receivables	19	Performing	Lifetime ECL	2,141
Other receivables and other non-current assets	19	Performing	12m ECL	13,533
Restricted bank balances	21	Performing	12m ECL	68,900
Cash and cash equivalents	21	Performing	12m ECL	148,177
Amounts due from subsidiaries	35	Performing	Lifetime ECL	1,804,893

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December 31, 2025	Notes	Internal credit ratings	12m or lifetime ECL	Gross carrying amount
				<i>RMB’000</i>
Trade receivables	19	Note	Lifetime ECL	24,888
Bills receivables	19	Performing	Lifetime ECL	3,759
Other receivables and other non-current assets	19	Performing	12m ECL	63,777
Restricted bank balances	21	Performing	12m ECL	522,925
Cash and cash equivalents	21	Performing	12m ECL	600,340
Amounts due from subsidiaries	35	Performing	Lifetime ECL	1,964,165

Note: For trade receivables, the Group and the Company has applied the simplified approach in IFRS 9 to measure the impairment loss allowance at lifetime ECL. Except for debtors with significant balances or credit-impaired, the Group determines the ECL on those items on a collective basis, grouped by internal credit rating.

Internal credit rating

As part of the Group’s credit risk management, the Group applies internal credit rating for its customers in relation to its business operation. Debtors with significant outstanding balances with gross carrying amounts of RMB88,515,000, RMB295,225,000 and RMB290,923,000 at December 31, 2023, 2024 and 2025, respectively, are assessed individually. The following table provides information about the exposure to credit risk for trade receivables which are assessed on a collective basis within lifetime ECL (not credit-impaired) as at December 31, 2023, 2024 and 2025.

The Group

Gross carrying amounts at December 31, 2023

	Weighted average loss rate	Trade receivables
		<i>RMB’000</i>
Internal credit rating		
Low risk	1.24%	80,409

Gross carrying amounts at December 31, 2024

	Weighted average loss rate	Trade receivables
		<i>RMB’000</i>
Internal credit rating		
Low risk	1.24%	704,408

Gross carrying amounts at December 31, 2025

	Weighted average loss rate	Trade receivables
		<i>RMB’000</i>
Internal credit rating		
Low risk	1.56%	1,052,797

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The Company

Gross carrying amounts as at December 31, 2023

	Weighted average loss rate	Trade receivables
		<i>RMB’000</i>
Internal credit rating		
Lower risk	1.24%	80,409

Gross carrying amounts as at December 31, 2024

	Weighted average loss rate	Trade receivables
		<i>RMB’000</i>
Internal credit rating		
Lower risk	1.37%	6,159

Gross carrying amounts as at December 31, 2025

	Weighted average loss rate	Trade receivables
		<i>RMB’000</i>
Internal credit rating		
Low risk	5.06%	23,272

At December 31, 2023, 2024 and 2025, based on the internal credit rating, the Group’s net impairment loss allowance for trade receivables recognised amounted to RMB2,615,000, RMB13,316,000 and RMB18,029,000, respectively.

Movement of impairment loss allowance at lifetime ECL on trade receivables for the Track Record Period:

The Group

	Lifetime ECL not credit-impaired
	<i>RMB’000</i>
At January 1, 2023	—
Impairment loss, net	(2,615)
At December 31, 2023	(2,615)
Impairment loss, net	(10,701)
At December 31, 2024	(13,316)
Impairment loss, net	(4,713)
At December 31, 2025	(18,029)

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The Company

	Lifetime ECL not credit-impaired
	<i>RMB’000</i>
At January 1, 2023	—
Impairment loss, net	(2,615)
At December 31, 2023	(2,615)
Impairment loss reversed, net	915
At December 31, 2024	(1,700)
Impairment loss, net	(1,093)
At December 31, 2025	(2,793)

Liquidity risk

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

The following table details the Group’s remaining contractual maturity for its financial liabilities based on the agreed repayment terms. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows.

The Group

At December 31, 2025	Weighted average effective interest rate	Within 1 year	1 year to 2 years	2 years to 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	%	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Trade and other payables	—	3,020,643	—	—	—	3,020,643	3,020,643
Lease liabilities	3.80	13,366	8,187	757	757	23,067	22,633
Bank borrowings — fixed rate	1.98	1,005,509	51,000	—	—	1,056,509	1,043,486
Bank borrowings — variable rate	2.46	94,355	101,368	—	—	195,723	192,296
Financial liabilities at FVTPL	8.00	3,361,002	—	—	—	3,361,002	3,035,159
Amounts due to related parties	—	8,041	—	—	—	8,041	8,041
		<u>7,502,916</u>	<u>160,555</u>	<u>757</u>	<u>757</u>	<u>7,664,985</u>	<u>7,322,258</u>

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At December 31, 2024	Weighted average effective interest rate	Within 1 year	1 year to 2 years	2 years to 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and other payables	—	982,249	—	—	—	982,249	982,249
Lease liabilities	3.82	12,057	8,642	3,136	1,312	25,147	23,705
Bank borrowings — fixed rate	3.65	598,119	11,759	51,453	—	661,331	649,990
Financial liabilities at FVTPL	8.00	2,114,663	—	—	—	2,114,663	1,896,218
Amounts due to related parties	—	68,086	—	—	—	68,086	68,086
		<u>3,775,174</u>	<u>20,401</u>	<u>54,589</u>	<u>1,312</u>	<u>3,851,476</u>	<u>3,620,248</u>

At December 31, 2023	Weighted average effective interest rate	Within 1 year	1 year to 2 years	2 years to 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and other payables	—	111,182	—	—	—	111,182	111,182
Lease liabilities	4.28	10,605	9,208	2,919	—	22,732	21,105
Bank borrowings — fixed rate	4.45	20,154	—	—	—	20,154	20,000
Financial liabilities at FVTPL	8.00	1,537,841	—	—	—	1,537,841	1,389,872
Amounts due to related parties	2.58	179,720	107,879	—	—	287,599	275,833
		<u>1,859,502</u>	<u>117,087</u>	<u>2,919</u>	<u>—</u>	<u>1,979,508</u>	<u>1,817,992</u>

The Company

At December 31, 2025	Weighted average effective interest rate	Within 1 year	1 year to 2 years	2 years to 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and other payables	—	1,882,095	—	—	—	1,882,095	1,882,095
Lease liabilities	3.81	12,245	8,187	757	757	21,946	21,523
Bank borrowings — fixed rate	2.05	728,826	51,000	—	—	779,826	768,486
Bank borrowings — variable rate	2.46	94,355	101,368	—	—	195,723	192,296
Financial liabilities at FVTPL	8.00	3,361,002	—	—	—	3,361,002	3,035,159
Amounts due to subsidiaries	—	265,805	—	—	—	265,805	265,805
Amounts due to related parties	—	763	—	—	—	763	763
		<u>6,345,091</u>	<u>160,555</u>	<u>757</u>	<u>757</u>	<u>6,507,160</u>	<u>6,166,127</u>

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At December 31, 2024	Weighted average effective interest rate	Within 1 year	1 year to 2 years	2 years to 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and other payables	—	593,174	—	—	—	593,174	593,174
Lease liabilities	3.85	11,089	7,674	3,136	1,312	23,211	21,823
Bank borrowings — fixed rate	3.65	598,119	11,759	51,453	—	661,331	649,990
Financial liabilities at FVTPL	8.00	2,114,663	—	—	—	2,114,663	1,896,218
Amounts due to subsidiaries	—	637,750	—	—	—	637,750	637,750
Amounts due to related parties	—	50,939	—	—	—	50,939	50,939
		<u>4,005,734</u>	<u>19,433</u>	<u>54,589</u>	<u>1,312</u>	<u>4,081,068</u>	<u>3,849,894</u>

At December 31, 2023	Weighted average effective interest rate	Within 1 year	1 year to 2 years	2 years to 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and other payables	—	110,852	—	—	—	110,852	110,852
Lease liabilities	4.28	10,605	9,208	2,919	—	22,732	21,105
Bank borrowings — fixed rate	4.45	20,154	—	—	—	20,154	20,000
Financial liabilities at FVTPL	8.00	1,537,841	—	—	—	1,537,841	1,389,872
Amounts due to subsidiaries	—	94,321	—	—	—	94,321	94,321
Amounts due to related parties	2.58	179,720	107,879	—	—	287,599	275,833
		<u>1,953,493</u>	<u>117,087</u>	<u>2,919</u>	<u>—</u>	<u>2,073,499</u>	<u>1,911,983</u>

Fair value measurements of financial instruments

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation or uses quoted forward exchange rates derived from quoted exchange rates matching maturities of the contracts at the end of each reporting period. The finance department of the Company works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

Fair values are categorised into different fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable (significant unobservable input).

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(i) *Fair value of the Group’s financial assets and financial liabilities that are not measured at fair value on a recurring basis*

Some of the Group’s and the Company’s financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

The Group and the Company:

	Fair value			Fair value hierarchy	Valuation technique and key input	Significant unobservable inputs	Relationship of unobservable inputs to fair value
	As at December 31,						
	2023	2024	2025				
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>				
Financial asset:							
Financial assets at FVTPL . . .	13,366	—	—	Level 2	Fair value is referenced to the investment statements issued at the reporting date by the financial institutions in which the investments were purchased from.	N/A	N/A
Financial liability:							
Financial liabilities at FVTPL . .	1,389,872	1,896,218	3,035,159	Level 3	Back-solve method, discounted cash flow method and OPM model– the key inputs are: possibilities under different scenarios as disclosed in Note 27, risk free interest rate and volatility.	Volatility 2023: 44% 2024: 46% 2025: 40%	The higher the volatility, the lower the fair value <i>(note)</i> .

Note: A 5% increase or decrease in volatility, while all other variables keep constant, would decrease or increase the carrying amount of financial liabilities are as follows:

- the carrying amount of the Group for the year ended December 31, 2023 would decrease by approximately RMB30,215,000 and increase by approximately RMB35,801,000;
- the carrying amount of the Group for the year ended December 31, 2024 would decrease by approximately RMB22,260,000 and increase by approximately RMB22,691,000; and
- the carrying amount of the Group for the period ended December 31, 2025 would decrease by approximately RMB40,088,000 and increase by approximately RMB48,721,000.

There were no transfers between level 1, 2 and 3 during each of the Track Record Period.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Historical Financial Information approximate to their fair values. Such fair values of financial assets and financial liabilities of the Group are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

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(ii) Reconciliation of Level 3 fair value measurements

Details of reconciliation of Level 3 fair value measurement for Investors’ Shares is set out in Note 27. Fair value gains or losses on financial liabilities at FVTPL are included in “other gains and losses, net”.

35. RELATED PARTY DISCLOSURES

I. List of related parties

Name of the entity	Relationship
Mr. Wan Jun	A shareholder and director
Lionbridge Automobile Service Co., Ltd. <i>(note a)</i>	Entity controlled by a shareholder of the Company
Tianjin Shida Logistics Co., Ltd. <i>(note a)</i>	Entity controlled by a shareholder of the Company
Tianjin Lionbridge International Logistics Co., Ltd. <i>(note a)</i>	Entity controlled by a shareholder of the Company
Apollo Intelligent Techniques (Beijing) Co., Ltd.	Entity controlled by ultimate holding company of a shareholder
Lionbridge Financing Leasing (China) Co., Ltd. <i>(note a)</i>	Entity controlled by ultimate holding company of a shareholder
Beijing Baidu Netcom Science Technology Co., Ltd.	Entity controlled by ultimate holding company of a shareholder
Hebei Shiqian Network Technology Co., Ltd.	Entity controlled by ultimate holding company of a shareholder
Lionbridge Technology (Tianjin) Co., Ltd. <i>(note b)</i>	Entity controlled by ultimate holding company of a shareholder
Feixi DeepWay Automobile Co., Ltd.	Subsidiary of the Company
Hefei DeepWay Automobile Co., Ltd.	Subsidiary of the Company
Jingshen DeepWay (Beijing) Technology Co., Ltd.	Subsidiary of the Company
Tianjin DeepWay Automobile Co., Ltd.	Subsidiary of the Company
Changxing DeepWay Technology Co., Ltd.	Subsidiary of the Company
Tianjin Huichengyuan Road Transport Co., Ltd.	Subsidiary of the Company
Linyi DeepWay International Trade Co., Ltd.	Subsidiary of the Company
Beijing DeepWay New Energy Co., Ltd.	Subsidiary of the Company
Shanghai DeepWay Automobile Co., Ltd.	Subsidiary of the Company
Nantong DeepWay Automobile Co., Ltd.	Subsidiary of the Company
Suzhou DeepWay Automobile Co., Ltd.	Subsidiary of the Company
Xi’an DeepWay Automobile Co., Ltd.	Subsidiary of the Company
Guangzhou DeepWay Automobile Co., Ltd.	Subsidiary of the Company

Notes:

- (a) Lionbridge Automobile Service Co., Ltd., Tianjin Shida Logistics Co., Ltd., Tianjin Lionbridge International Logistics Co., Ltd. and Lionbridge Financing Leasing (China) Co., Ltd. are no longer considered as related parties of the Group with effect from July 2025, as they no longer have the ability to exercise significant influence over the Group’s operations.
- (b) Lionbridge Technology (Tianjin) Co., Ltd., is no longer considered as a related party of the Group with effect from April 2024, as it no longer has the ability to exercise significant influence over the Group’s operations.

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II. Amount(s) due from a related party/subsidiaries

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current			
<i>Non-trade in nature</i>			
Lionbridge Technology (Tianjin) Co., Ltd. . . .	10	—	—
Analysed as:			
Non-trade-related	10	—	—

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current			
<i>Trade in nature</i>			
Feixi DeepWay Automobile Co., Ltd.	—	1,277,445	1,228,088
Tianjin DeepWay Automobile Co., Ltd.	—	17,757	900
Hefei DeepWay Automobile Co., Ltd.	—	136	—
Jingshen DeepWay (Beijing) Technology Co., Ltd.	—	38	1,055
Linyi DeepWay International Trade Co., Ltd. .	—	—	6,418
Changxing DeepWay Technology Co., Ltd. . .	—	—	195,302
Tianjin Huichengyuan Road Transport Co., Ltd.	—	—	38,427
	—	1,295,376	1,470,190
<i>Non-trade in nature</i>			
Lionbridge Technology (Tianjin) Co., Ltd. . . .	10	—	—
Feixi DeepWay Automobile Co., Ltd.	200,000	391,437	149,661
Hefei DeepWay Automobile Co., Ltd.	33,972	3,300	—
Jingshen DeepWay (Beijing) Technology Co., Ltd.	—	104,850	330,747
Changxing DeepWay Technology Co., Ltd. . .	—	6,199	—
Tianjin DeepWay Automobile Co., Ltd.	—	3,524	—
Shanghai DeepWay Automobile Co., Ltd. . . .	—	206	1,969
Beijing DeepWay New Energy Co., Ltd.	—	1	1
Suzhou DeepWay Automobile Co., Ltd.	—	—	11,327
Linyi DeepWay International Trade Co., Ltd. .	—	—	270
	233,982	509,517	493,975
Analysed as:			
Trade-related.	—	1,295,376	1,470,190
Non-trade-related	233,982	509,517	493,975
	233,982	1,804,893	1,964,165

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The following is an aged analysis of the Company’s trade related balances presented based on the revenue recognition dates:

	At December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
0 to 90 days	—	819,450	1,333,982
91 to 180 days	—	276,575	115,051
181 to 365 days	—	199,351	20,219
Over 365 days	—	—	938
	—	1,295,376	1,470,190

Note: Both of the trade and non-trade balances are unsecured, non-interest bearing and repayable on demand.

III. Amounts due to related parties/subsidiaries

The Group

	At December 31,		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Current			
<i>Trade in nature</i>			
Beijing Baidu Netcom Science Technology Co., Ltd.	2,387	1,202	763
Apollo Intelligent Techniques (Beijing) Co., Ltd.	319	184	—
Lionbridge Financing Leasing (China) Co., Ltd. (note b)	—	9,416	—
Tianjin Shida Logistics Co., Ltd.	—	667	—
Hebei Shiqian Network Technology Co., Ltd.	—	137	—
	2,706	11,606	763
<i>Non-trade in nature</i>			
Lionbridge Financing Leasing (China) Co., Ltd. (note c)	98,528	—	—
Apollo Intelligent Techniques (Beijing) Co., Ltd. (note d)	74,564	40,000	—
Lionbridge Automobile Service Co., Ltd. (note d)	—	14,626	—
Mr. Wan Jun (note d)	—	1,854	7,278
	173,092	56,480	7,278
	175,798	68,086	8,041

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	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Non-current			
<i>Non-trade in nature</i>			
Lionbridge Financing Leasing (China) Co., Ltd. (note c)	100,035	—	—
Analysed as:			
Trade-related.	2,706	11,606	763
Non-trade-related	273,127	56,480	7,278
	275,833	68,086	8,041

The following is an aged analysis of the Group’s trade related balances presented based on the invoice dates:

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
0 to 90 days	2,706	1,523	763
91 to 180 days	—	667	—
181 to 365 days	—	9,416	—
Over 365 days	—	—	—
	2,706	11,606	763

Notes:

- (a) All the trade balances are unsecured, non-interest bearing and repayable on demand.
- (b) Lionbridge Financing Leasing (China) Co., Ltd. normally grants a 90 days credit term to the trades with the Group but partial trade balance due to Lionbridge Financing Leasing (China) Co., Ltd. as at December 31, 2024 is more than 180 days due to the administration procedures, but is fully settled within 2025.
- (c) As at December 31, 2023, the non-trade balances due to Lionbridge Financing Leasing (China) Co., Ltd. are secured by certain property, plant and equipment and inventories of the Group with the respective carrying amount of RMB40,763,000 and RMB110,181,000, which is disclosed in Note 29. These non-trade balances carry interest of 8% per annum and have the original repayment periods that fall due either within 2024 or 2025. However, the Group has settled all these non-trade balances in full within 2024.
- (d) The non-trade balances due to Mr. Wan Jun and Lionbridge Automobile Service Co., Ltd. as at December 31, 2024 carry interest at 6% per annum and are fully settled within 2025. The non-trade balance due to Mr. Wan Jun as at December 31, 2025 represents a payable position of repurchase obligations arising from Pre-[REDACTED] Incentive Plan. The rest of non-trade balances are unsecured, non-interest bearing and repayable on demand.

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The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current			
<i>Trade in nature</i>			
Beijing Baidu Netcom Science Technology Co., Ltd.	2,387	1,202	763
Apollo Intelligent Techniques (Beijing) Co., Ltd.	319	184	—
Lionbridge Financing Leasing (China) Co., Ltd.	—	9,416	—
Hebei Shiqian Network Technology Co., Ltd.. . . .	—	137	—
Suzhou DeepWay Automobile Co., Ltd.	—	18,724	—
Hefei DeepWay Automobile Co., Ltd.	—	536	536
Changxing DeepWay Technology Co., Ltd.. . .	—	—	53,226
Feixi DeepWay Automobile Co., Ltd.. . . .	—	—	1,000
	<u>2,706</u>	<u>30,199</u>	<u>55,525</u>
<i>Non-trade in nature</i>			
Apollo Intelligent Techniques (Beijing) Co., Ltd.	74,564	40,000	—
Lionbridge Financing Leasing (China) Co., Ltd.	98,528	—	—
Beijing Baidu Netcom Science Technology Co., Ltd.. . . .	—	—	—
Hefei DeepWay Automobile Co., Ltd.	39,322	102,999	23,837
Feixi DeepWay Automobile Co., Ltd.. . . .	—	397,192	2,700
Jingshen DeepWay (Beijing) Technology Co., Ltd.	—	2	—
Changxing DeepWay Technology Co., Ltd.. . .	—	32,840	19,340
Tianjin Huichengyuan Road Transport Co., Ltd.	—	1,214	—
Tianjin DeepWay Automobile Co., Ltd.	—	—	11,302
Xi'an DeepWay Automobile Co., Ltd.	—	—	79,995
Guangzhou DeepWay Automobile Co., Ltd. . .	—	39,994	39,994
Nantong DeepWay Automobile Co., Ltd. . . .	29,999	29,999	29,999
Suzhou DeepWay Automobile Co., Ltd.	25,000	14,250	3,876
	<u>267,413</u>	<u>658,490</u>	<u>211,043</u>
	<u>270,119</u>	<u>688,689</u>	<u>266,568</u>

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	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Non-current			
<i>Non-trade in nature</i>			
Lionbridge Financing Leasing (China) Co., Ltd.	100,035	—	—
Analysed as:			
Trade-related.	2,706	30,199	55,525
Non-trade-related	367,448	658,490	211,043
	370,154	688,689	266,568

The following is an aged analysis of the Company’s trade related balances presented based on the invoice dates:

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
0 to 90 days	2,706	10,939	54,989
91 to 180 days	—	7,139	—
181 to 365 days	—	12,121	—
Over 365 days	—	—	536
	2,706	30,199	55,525

Note: The trade balances are unsecured, non-interest bearing and repayable on demand.

The non-trade balances due to subsidiaries are unsecured, non-interest bearing and repayable on demand. The terms of the non trade balances due to other than subsidiaries are the same as that disclosed in the respective balances of the Group shown above.

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IV. Related parties transactions

Sale and purchase transactions

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Purchase of property, plant and equipment . . .			
Lionbridge Technology (Tianjin) Co., Ltd. . . .	2,264	—	—
	<u>2,264</u>	<u>—</u>	<u>—</u>
Purchase of R&D materials			
Apollo Intelligent Techniques (Beijing) Co., Ltd.	1,404	—	—
	<u>1,404</u>	<u>—</u>	<u>—</u>
Purchase of service			
Beijing Baidu Netcom Science Technology Co., Ltd.*	7,919	5,668	6,265
Apollo Intelligent Techniques (Beijing) Co., Ltd.	700	300	—
Tianjin Lionbridge International Logistics Co., Ltd.	853	—	—
Hebei Shiqian Network Technology Co., Ltd.	—	777	635
Tianjin Shida Logistics Co., Ltd.	—	667	—
	<u>9,472</u>	<u>7,412</u>	<u>6,900</u>
Interest expense			
Lionbridge Financing Leasing (China) Co., Ltd.	757	5,159	376
Lionbridge Automobile Service Co., Ltd	—	426	493
<i>Shareholder and director</i>			
Mr. Wan Jun.	—	54	69
	<u>757</u>	<u>5,639</u>	<u>938</u>
Sales of battery packs			
Lionbridge Financing Leasing (China) Co., Ltd.	—	53,657	—
	<u>—</u>	<u>53,657</u>	<u>—</u>

* The amounts include Cloud service fee of RMB3,175,000, RMB3,884,000, and RMB4,526,000 and OTA service fee of RMB900,000, RMB nil and RMB460,000 for the years ended December 31, 2023, 2024 and 2025.

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Purchases/sales were made at [REDACTED] discounted to reflect the quantity of goods and/or service purchased/sold and the relationships between the parties.

Compensation of key management personnel

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Salaries and allowances	4,342	6,978	7,681
Retirement benefit scheme contributions	253	316	341
Discretionary performance based bonus	2,702	5,695	7,347
	<u>7,297</u>	<u>12,989</u>	<u>15,369</u>

The remuneration of key management personnel (being directors of the Company and other key management of the Group), is determined with reference to the performance of individuals and market trends.

Saved as disclosed elsewhere in this report, the Group and the Company has no other related party balance and transaction for and at the end of the Track Record Period.

36. FINANCIAL INFORMATION OF THE COMPANY

Investments in subsidiaries

	At December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cost of investments, unlisted.	<u>90,000</u>	<u>331,459</u>	<u>811,459</u>

Movements of the Company’s reserves

	Capital reserves	Share premium	Other reserve	Accumulated losses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2023	507,840	—	(458,563)	(311,442)	(262,165)
Loss for the year	—	—	—	(384,397)	(384,397)
Loss and total comprehensive expenses for the year.	—	—	—	(384,397)	(384,397)
Issue of Series A+ Shares	748,384	—	—	—	748,384
Issue of Series B Shares	195,378	—	—	—	195,378
Recognition of liabilities on Series A, A+ and B Shares (Note 27)	—	—	(969,223)	—	(969,223)
At December 31, 2023	1,451,602	—	(1,427,786)	(695,839)	(672,023)
Loss for the year	—	—	—	(282,820)	(282,820)

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	Capital reserves	Share premium	Other reserve	Accumulated losses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Loss and total comprehensive expenses for the year	—	—	—	(282,820)	(282,820)
Issue of Series B1 and B2 Shares	185,609	—	—	—	185,609
Recognition of liabilities on Series B1 and B2 Shares	—	—	(190,000)	—	(190,000)
Conversion into a joint stock company	(1,637,211)	861,427	—	775,784	—
Issue of Series B3 Shares	—	253,991	—	—	253,991
Recognition of liabilities on Series B3 Shares	—	—	(260,000)	—	(260,000)
At December 31, 2024	—	1,115,418	(1,877,786)	(202,875)	(965,243)
Loss for the year	—	—	—	(423,189)	(423,189)
Loss and total comprehensive expenses for the year	—	—	—	(423,189)	(423,189)
Issue of Series B3 Shares	—	68,382	—	—	68,382
Issue of Series Pre-[REDACTED] Round I, II and III Shares	—	990,764	—	—	990,764
Recognition of liabilities on Series B3 and Series Pre-[REDACTED] Round I, II and III Shares	—	—	(1,082,000)	—	(1,082,000)
At December 31, 2025	—	2,174,564	(2,959,786)	(626,064)	(1,411,286)

PARTICULARS OF SUBSIDIARIES

Details of the subsidiaries directly and indirectly held by the Company are set out below.

Name of subsidiaries	Principal place of operation and incorporation/ establishment, date of incorporation/ establishment	Paid-in capital	Shareholding/ equity interest attributable to the Group			As of the date of this report	Principal activities	Notes
			As at December 31,					
			2023	2024	2025			
Suzhou DeepWay Automobile Co., Ltd.* (蘇州深向汽車有限公司) . . .	Suzhou, October 13, 2022	RMB30,000,000	100%	100%	100%	100%	Business services	a
Nantong DeepWay Automobile Co., Ltd.* (南通深向汽車有限公司) . . .	Nantong, November 25, 2022	RMB30,000,000	100%	100%	100%	100%	Sales of products	a
Wuxi DeepWay Automobile Co., Ltd.* (無錫深向汽車有限公司)	Wuxi, November 25, 2022	RMB0	100%	100%	100%	100%	Business services	b
DeepWay Automobile Sales Co., Ltd. (深向汽車銷售有限公司)	Hong Kong, January 5, 2023	RMB1,458,780	100%	100%	100%	100%	Sales of products	c
Hefei DeepWay Automobile Co., Ltd.* (合肥深向汽車有限公司)	Hefei, July 11, 2023	RMB30,000,000	100%	100%	100%	100%	Sales of products	a
Feixi DeepWay Automobile Co., Ltd.* (肥西深向汽車有限公司)	Feixi, November 9, 2023	RMB300,000,000	100%	100%	100%	100%	Sales and procurement of products	a

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Name of subsidiaries	Principal place of operation and incorporation/ establishment, date of incorporation/ establishment	Paid-in capital	Shareholding/ equity interest attributable to the Group			As of the date of this report	Principal activities	Notes
			As at December 31,					
			2023	2024	2025			
Nanjing DeepWay Automobile Co., Ltd.* (南京深向汽車有限公司) . . .	Nanjing, December 11, 2023	RMB0	100%	100%	100%	100%	Sales of products	d
Jingshen DeepWay (Beijing) Technology Co., Ltd.* (京深深向 (北京)技術有限公司)	Beijing, December 22, 2023	RMB0	100%	100%	100%	100%	Research and development	a
Tianjin DeepWay Automobile Co., Ltd.* (天津深向汽車有限公司) . . .	Tianjin, January 3, 2024	RMB0	N/A	100%	100%	100%	Sales of products	a
Beijing DeepWay New Energy Co., Ltd.* (北京深向新能源有限公司) . . .	Beijing, March 7, 2024	RMB0	N/A	100%	100%	100%	Research and development	b
Guangzhou DeepWay Automobile Co., Ltd.* (廣州深向汽車有限公司) . . .	Guangzhou, April 25, 2024	RMB40,000,000	N/A	100%	100%	100%	Research and development	a
Shanghai DeepWay Automobile Co., Ltd.* (上海深向汽車有限公司) . . .	Shanghai, September 13, 2024	RMB0	N/A	100%	100%	100%	Sales of products	a
Changzhou DeepWay Automobile Co., Ltd.* (常州深向汽車有限公司) . . .	Changzhou, August 20, 2024	RMB0	N/A	100%	100%	100%	Business services	e
Tianjin Huichengyuan Road Transport Co., Ltd.* (天津薈成源道路運輸有限公司)	Tianjin, December 31, 2024	RMB1	N/A	100%	100%	100%	Transportation and related service	b
Changxing DeepWay Technology Co., Ltd.* (長興深向科技有限公司) . . .	Changxing, October 22, 2024	RMB100,000,000	N/A	100%	100%	100%	Research and Development and production of core components	a
Linyi DeepWay International Trade Co., Ltd.* (臨沂深向國際貿易有限公司) .	Linyi February 13, 2025	RMB0	N/A	N/A	100%	100%	Sales of products	b
Xi'an DeepWay Automobile Co., Ltd.* (西安深向汽車有限公司)	Xian April 18, 2025	RMB0	N/A	N/A	100%	100%	Research and development	b
Beijing DeepWay Intelligent Transport Technology Co., Ltd.* (北京京深智運科技有限公司)	Beijing April 11, 2025	RMB0	N/A	N/A	100%	100%	Intelligent driving research and development	b
Shanghai Junsheng.	Shanghai January 29, 2022	RMB0	100%	100%	100%	100%	Employee Incentive Platforms	d
Shanghai Junyuan	Shanghai January 29, 2022	RMB0	100%	100%	100%	100%	Employee Incentive Platforms	d

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Name of subsidiaries	Principal place of operation and incorporation/ establishment, date of incorporation/ establishment	Paid-in capital	Shareholding/ equity interest attributable to the Group			As of the date of this report	Principal activities	Notes
			As at December 31,					
			2023	2024	2025			
Changzhou Chuangpan Energy Technology Co., Ltd.* (常州創磐能源科技有限公司)	Changzhou, July 7, 2025	RMB10,000	N/A	N/A	100%	100%	Research and development	f
DeepWay Hong Kong Sales Co., Ltd.* (深向香港銷售有限公司)	Hong Kong, July 7, 2025	HKD1	N/A	N/A	100%	100%	Sales of products	f
Changxing DeepWay Automobile Co., Ltd.* (長興深向汽車有限公司)	Changxing, November 25, 2025	RMB0	N/A	N/A	100%	100%	Sales of products	f
Changxing DeepWay Intelligent Technology Co., Ltd.* (長興深向智能科技有限公司)	Changxing, January 15, 2026	RMB0	N/A	N/A	N/A	100%	Intelligent driving research and development	d
Changxing DeepWay Zhiyun Technology Service Co., Ltd.* (長興深向智運技術服務有限公司)	Changxing, January 21, 2026	RMB0	N/A	N/A	N/A	100%	Intelligent driving research and development	d
Hangzhou DeepWay Intelligent Technology Co., Ltd.* (杭州深向智能科技有限公司)	Hangzhou, January 23, 2026	RMB0	N/A	N/A	N/A	100%	Intelligent driving research and development	d
Changxing Xingyuan Auto Parts Co., Ltd.* (長興星垣汽車零部件有限公司)	Changxing, February 12, 2026	RMB0	N/A	N/A	N/A	100%	Intelligent driving research and development	d

Notes:

- (a) No audited statutory financial statements were prepared for these entities for the year ended December 31, 2023 as the entities have either not yet been incorporated/established or required to prepare statutory audit report for the respectively reporting period.
- (b) No audited statutory financial statements were prepared for these entities for each of the year ended December 31, 2023 and 2024, as the entities have either not yet been incorporated/established or required to prepare statutory audit report for the respectively reporting period.
- (c) The statutory financial statements which were prepared for the entity for each of the year ended December 31, 2023, 2024 and 2025 are not yet been due to issue.
- (d) No statutory financial statements for each of the year ended December 31, 2023, 2024 and 2025 have been prepared for these entities as there are no statutory audit requirements.
- (e) No statutory financial statements for each of the year ended December 31, 2024 and 2025 have been prepared for these entities as there are no statutory audit requirements.
- (f) No statutory financial statements for the year ended December 31, 2025 have been prepared for these entities as there are no statutory audit requirements.

* *English name is for identification purpose only*

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37. EVENTS AFTER REPORTING PERIOD

In January 2026, the Company has received the remaining investment under “Series Pre-[REDACTED] Round III Shares” scheme of RMB163,876,000 as consideration for subscription of 3,470,111 shares of the Company with a nominal value of RMB1.00 each.

In April 2026, the Company entered into investment agreements with several independent investors, pursuant to which the investors made a total investment of RMB987,044,000 in the Company as consideration for subscription of 21,073,750 shares of the Company with a nominal value of RMB 1.00 each (“Series Pre-[REDACTED] Round IV Shares”). The Series Pre-[REDACTED] Round IV Shares are carrying the same terms as that of the Investors’ Share disclosed in Note 27. In the same month, the Company had completed the Series Pre-[REDACTED] Round IV financing and recorded RMB21,074,000 as the Company’s share capital and the remaining balance of RMB965,970,000 as capital reserves.

38. SUBSEQUENT FINANCIAL INFORMATION

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