The following is the text of a report set out on pages I-1 to I-[74], received from the Company's reporting accountants, [●], Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.

[To insert the firm's letterhead]

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF SUZHOU CALMCAR ELECTRONICS TECHNOLOGY CO., LIMITED AND HSBC CORPORATE FINANCE (HONG KONG) LIMITED AND HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED

Introduction

We report on the historical financial information of Suzhou Calmcar Electronics Technology Co., Limited* (蘇州天瞳威視電子科技股份有限公司), previously known as Suzhou Tiantong Weishi Electronic Technology Co., Ltd.* (蘇州天瞳威視電子科技有限公司) (the "Company") and its subsidiaries (together, the "Group") set out on pages I-[3] to I-[74], 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-[74] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [●] (the "Document") in connection with the initial [**REDACTED**] of 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

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 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 preparation 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 [14] to the Historical Financial Information which states that no dividend was declared or paid by the Company in respect of the Track Record Period.

[●]
Certified Public Accountants
Hong Kong
[●]

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 International Accounting Standards Board (the "IASB") and were audited by us in accordance with the 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.

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*	203,604	482,949	547,910
Cost of revenues		(131,723)	(338,267)	(375,684)
Gross profit		71,881	144,682	172,226
Other income	*8*	4,020	7,852	2,572
Impairment losses (including reversals of impairment losses or impairment gains) on financial assets		(290)	1,363	(4,835)
Loss on fair value changes of financial liabilities at fair value through profit or losses ("FVTPL")	*29*	(143,082)	(458,398)	(176,905)
Other gains and losses	*10*	(416)	(267)	(8,280)
Selling and marketing expenses		(8,547)	(5,534)	(12,627)
Administrative expenses		(42,600)	(29,292)	(49,159)
Research and development expenses		(105,538)	(117,186)	(92,314)
[**REDACTED**] expenses		–	–	[REDACTED]
Finance costs	*9*	(6,607)	(5,996)	(18,438)
Loss before tax		(231,179)	(462,776)	(207,887)
Income tax expense	*12*	–	–	–
Loss and total comprehensive expense for the year	*11*	(231,179)	(462,776)	(207,887)
Loss per share	*15*			
Basic and diluted (RMB)		(2.35)	(4.70)	(1.39)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	notes	At December 31, 2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Non-current Assets				
Property, plant and equipment	*16*	59,635	73,226	75,005
Right-of-use assets	*17*	835	2,329	21,856
Intangible assets	*18*	6,557	5,179	116,765
Other non-current assets	*20*	268	67	46,340
Financial assets at FVTPL	*19*	–	–	16,904
Financial assets at fair value through other comprehensive income ("FVTOCI")		–	–	2,000
		67,295	80,801	278,870
Current Assets				
Trade and other receivables and prepayment	*21*	110,753	362,665	613,684
Contract costs	*22*	103,557	11,794	29,366
Inventories	*23*	4,218	4,108	7,235
Amounts due from related parties	*34*	69,817	94,257	14,051
Restricted bank deposits	*24*	–	294	1,000
Cash and cash equivalents	*24*	103,315	41,016	234,907
		391,660	514,134	900,243
Current Liabilities				
Trade, bills and other payables	*25*	230,647	248,813	220,942
Contract liabilities	*26*	78,654	10,878	8,253
Borrowings	*28*	170,003	321,010	398,733
Lease liabilities	*27*	1,290	749	5,537
Financial liabilities at FVTPL	*29*	873,604	1,300,002	–
Deferred income		–	33	–
		1,354,198	1,881,485	633,465
Net Current (Liabilities) Assets		(962,538)	(1,367,351)	266,778
Total Assets less Current Liabilities		(895,243)	(1,286,550)	545,648
Non-current Liabilities				
Lease liabilities	*27*	–	1,541	7,788
Financial liabilities at FVTPL	*29*	–	70,000	–
Deferred income		72	–	–
		72	71,541	7,788
Net (Liabilities) Assets		(895,315)	(1,358,091)	537,860
Capital and Reserves				
Share capital	*30*	–	–	20,167
Paid-in capital	*30*	5,512	5,512	–
Reserves		(900,827)	(1,363,603)	517,693
Total (Deficit) Equity		(895,315)	(1,358,091)	537,860

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	notes	At December 31, 2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Non-current Assets				
Property, plant and equipment	*16*	7,334	2,415	2,300
Right-of-use assets	*17*	–	571	8,889
Intangible assets	*18*	5,826	4,551	114,987
Other non-current assets	*20*	–	–	10,073
Investments in subsidiaries	*38*	343,610	431,277	442,988
Financial assets at FVTOCI		–	–	2,000
		356,770	438,814	581,237
Current Assets				
Trade and other receivables and prepayment	*21*	137,588	249,142	546,305
Contract costs	*22*	37,044	6,043	22,088
Inventories	*23*	3,769	3,517	4,699
Amounts due from related parties	*34*	175,889	209,724	248,302
Restricted bank deposits	*24*	–	294	1,000
Cash and cash equivalents	*24*	54,019	30,347	56,421
		408,309	499,067	878,815
Current Liabilities				
Trade, bills and other payables	*25*	205,606	206,604	102,927
Contract liabilities	*26*	68,452	99,861	94,154
Amounts due to related parties	*34*	110,911	82,009	77,401
Borrowings	*28*	137,054	241,210	330,585
Lease liabilities	*27*	–	163	3,890
Financial liabilities at FVTPL	*29*	873,604	1,300,002	–
Deferred income		–	33	–
		1,395,627	1,929,882	608,957
Net Current (Liabilities) Assets		(987,318)	(1,430,815)	269,858
Total Assets less Current Liabilities		(630,548)	(992,001)	851,095
Non-current Liabilities				
Lease liabilities	*27*	–	366	5,832
Financial liabilities at FVTPL	*29*	–	70,000	–
Deferred income		72	–	–
		72	70,366	5,832
Net (Liabilities) Assets		(630,620)	(1,062,367)	845,263
Capital and Reserves				
Share capital	*30*	–	–	20,167
Paid-in capital	*30*	5,512	5,512	–
Reserves	*39*	(636,132)	(1,067,879)	825,096
Total (Deficit) Equity		(630,620)	(1,062,367)	845,263

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Paid-in capital	Share capital	Capital and other reserve	Share premium	Accumulated losses	Total
	RMB'000	*RMB'000*	*RMB'000* (note a)	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023	5,512	–	–	–	(669,648)	(664,136)
Loss and total comprehensive expense for the year	–	–	–	–	(231,179)	(231,179)
At December 31, 2023	5,512	–	–	–	(900,827)	(895,315)
Loss and total comprehensive expense for the year	–	–	–	–	(462,776)	(462,776)
At December 31, 2024	5,512	–	–	–	(1,363,603)	(1,358,091)
Loss and total comprehensive expense for the year	–	–	–	–	(207,887)	(207,887)
Capital injection by new investors	500	–	502,680	–	–	503,180
Conversion of convertible loans to redeemable preferred equity	81	–	82,466	–	–	82,547
Recognition of capital contribution as financial liability at FVTPL	–	–	(585,727)	–	–	(585,727)
Derecognition of financial liability at FVTPL as equity	–	–	2,050,087	–	–	2,050,087
Conversion into a joint stock company	(6,093)	20,000	(2,049,506)	767,557	1,268,042	–
Issuance of ordinary shares	–	37	–	11,963	–	12,000
Conversion of convertible loans to ordinary shares	–	130	–	41,621	–	41,751
At December 31, 2025	–	20,167	–	821,141	(303,448)	537,860

note:

a. Capital and other reserve represents: 1) the balance other than the amount of paid-in capital recognized arising from capital contribution from owners of the Company; and 2) recognition and derecognition of capital contribution with preferential rights as financial liability at FVTPL as disclosed in note 29.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
OPERATING ACTIVITIES			
Loss before tax	(231,179)	(462,776)	(207,887)
Adjustments for:			
Loss on fair value changes of financial assets at FVTPL	–	–	15
Loss on fair value changes of financial liabilities at FVTPL	143,082	458,398	176,905
Interest income	(16)	(28)	(361)
Depreciation of property, plant and equipment	10,960	16,675	14,724
Depreciation of right-of-use assets	873	902	3,166
Amortization of intangible assets	1,439	1,419	6,473
Loss (gain) on disposal/write-off of property, plant and equipment and intangible assets	69	(80)	486
Impairment losses under ECL model, net of reversal	290	(1,363)	4,835
Amortization of deferred income	(87)	(39)	(33)
Net foreign exchange (gain) loss	(209)	335	105
Finance costs	6,607	5,996	18,438
Operating cash flows before movements in working capital	(68,171)	19,439	16,866
Decrease (increase) in inventories	1,565	112	(3,127)
Decrease (increase) in contract costs	1,914	91,763	(17,572)
Decrease (increase) in trade and other receivables and prepayment	76,252	(250,884)	(252,407)
Increase (decrease) in contract liabilities	28,444	(67,776)	(2,625)
Increase (decrease) in trade, bills and other payables	74,550	18,166	(34,326)
NET CASH FROM (USED IN) OPERATING ACTIVITIES	**114,554**	**(189,180)**	**(293,191)**

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
INVESTING ACTIVITIES			
Interest received	16	28	361
Purchase of financial assets at FVTPL	–	–	(17,300)
Proceeds from return of capital of financial assets at FVTPL	–	–	381
Purchase of financial assets at FVTOCI	–	–	(2,000)
Purchases of property, plant and equipment	(2,697)	(30,666)	(17,524)
Payment of right-of-use assets	–	–	(9,605)
Prepayment for purchases of property, plant and equipment	–	–	(44,780)
Purchases of intangible assets	(97)	(41)	(112,682)
Proceeds on disposal of property, plant and equipment	326	480	535
Withdraw of restricted bank deposits	1,733	–	13,958
Placement of restricted bank deposits	–	(294)	(14,664)
Prepayment for right-of-use assets	–	–	(56)
Payments for rental deposits	–	–	(1,491)
Refund of rental deposits	7	200	–
Advance to related parties	(42,000)	(34,891)	(17,114)
Repayment from related parties	53,463	10,450	97,320
NET CASH FROM (USED IN) INVESTING ACTIVITIES	**10,751**	**(54,734)**	**(124,661)**
FINANCING ACTIVITIES			
Interest paid	(6,607)	(5,996)	(18,438)
Proceeds of borrowings	90,720	195,920	428,733
Repayments of borrowings	(79,300)	(82,939)	(351,010)
Proceeds on issuance of convertible loans	–	120,025	41,751
Proceeds from capital injection by new investors	–	–	503,180
Proceeds from issuance of ordinary shares	–	–	12,000
Repayment of lease liabilities	(1,306)	(1,395)	(1,997)
Payment of accrued issue costs	–	–	(2,476)
Redemption of convertible loans	(32,500)	(44,000)	–
NET CASH (USED IN) FROM FINANCING ACTIVITIES	**(28,993)**	**181,615**	**611,743**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**96,312**	**(62,299)**	**193,891**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**7,003**	**103,315**	**41,016**
TOTAL CASH AND CASH EQUIVALENTS AT END OF YEAR	**103,315**	**41,016**	**234,907**

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Company, previously known as Suzhou Tiantong Weishi Electronic Technology Co., Ltd.* (蘇州天瞳威視電子科技有限公司), was established and registered in the People's Republic of China (the "PRC") as a company with limited liability in March, 2016, under the Company Law of the PRC. The addresses of the registered office and the principal place of business of the Company are disclosed in the section headed "Corporate Information" of the Document.

In October 2025, the Company was converted into a joint stock company with limited liability, and its name was formally changed to Suzhou Calmcar Electronics Technology Co., Limited* (蘇州天瞳威視電子科技股份有限公司).

The Group is principally engaged in providing a suite of vehicle automation solutions and services to the global market that span the full spectrum of automation from L2 to L4.

The Historical Financial Information is presented in RMB, which is also the functional currency of the Company.

No audited statutory financial statements of the Company have been prepared since its date of incorporation.

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. Further details of the material accounting policy information are set out in note 4.

The directors of the Company have, at the time of approving the consolidated financial statements of the Group, on which the Historical Financial Information is based, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they consider it is appropriate to adopt the going concern basis of accounting in preparing the Historical Financial Information.

3. ADOPTION OF IFRS ACCOUNTING STANDARDS

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

At the date of this report, the following new and amendments to IFRS Accounting Standards have been issued which 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	Preparation and Disclosure in Financial Statements[3]
Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency[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 new IFRS Accounting Standard mentioned below, the directors of the Company anticipate that the application of all the amendments to IFRS Accounting Standards will have no material impact on the Historical Financial Information of the Group in the foreseeable future.

* English name is for identification purpose

IFRS 18 Preparation and Disclosure in Financial Statements

IFRS 18 *Preparation and Disclosure in Financial Statements*, which sets out requirements on preparation and disclosures in financial statements, will replace IAS 1 *Preparation 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 *Financial Instruments: Disclosures*. 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 Group in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the consolidated statement of profit or loss.

4. MATERIAL ACCOUNTING POLICY INFORMATION

The Historical Financial Information has been prepared in accordance 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.

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 year 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 intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Revenue from contracts with customers

Information about the Group's accounting policies relating to revenue from contracts with customers is provided in note 6.

Leases

Definition of a lease

The Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 *Leases* at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract 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 by applying other applicable standards.

Short-term leases

The Group applies the short-term lease recognition exemption to lease warehouses 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 recognized 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 amounts of the initial measurement of the lease liabilities; and
- any lease payments made at or before the commencement date, less any lease incentives received; and

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 *Financial Instruments* 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 recognizes 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 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 a credit risk adjustment based on bond yields.

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 asset.

When the modified contract contains a lease component and one or more additional lease or non-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 and the aggregate stand-alone price of the non-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 recognized 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. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

Borrowing costs

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

Government grants

Government grants are not recognized 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 are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred income in the consolidated statements of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

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 recognized 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 recognized as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

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

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

Share-based payments

Equity-settled share-based payment transactions

Share awards granted to employees

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

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 recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve. For shares that vest immediately at the date of grant, the fair value of the shares granted is expensed immediately to profit or loss.

When share awards granted are vested, the amount previously recognized in the share-based payments reserve will remain in that reserve.

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 loss 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.

Deferred tax is recognized 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 recognized for all taxable temporary differences. Deferred tax assets are generally recognized 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 utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) 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 differences. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, 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 recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize 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 realized, 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 recognizes 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 *Income Taxes* requirements to the lease liabilities and the related assets separately. The Group recognizes 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 utilized 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 recognized in profit or loss.

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. 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.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statements of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is recognized so as to write off the cost of assets other than properties under construction 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 derecognized 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 recognized 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 amortization and any accumulated impairment losses. Amortization for intangible assets with finite useful lives is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization 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 recognized as an expense in the period in which it is incurred. An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognized 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 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;
- 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 recognized 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 recognized, development expenditure is recognized in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortization and accumulated impairment losses (if any), on the same basis as intangible assets that are acquired separately.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

Impairment on property, plant and equipment, right-of-use assets, contract costs 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, intangible assets with finite useful lives and contract costs 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, contract costs 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 to which the asset belongs.

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

Before the Group recognizes an impairment loss for assets capitalized as contract costs under IFRS 15 *Revenue from Contracts with Customers*, the Group assesses and recognizes any impairment loss on other assets related to the relevant contracts in accordance with applicable standards. Then, impairment loss, if any, for assets capitalized as contract costs is recognized to the extent the carrying amounts exceeds the remaining amount of consideration that the Group expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services that have not been recognized as expenses. The assets capitalized as contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

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 cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) 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 cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated to the assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. 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 cash-generating units. An impairment loss is recognized immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) 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 recognized for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost less impairment. Cost includes the direct attributable costs of investment. The results of the subsidiaries are accounted for by the Company on the basis of dividends received and receivable.

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, and

(b) cash equivalents, which comprises of short-term deposits (generally with original maturity of three months or less). 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.

Financial instruments

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

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 or 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 or financial liabilities at FVTPL are recognized immediately in profit or loss.

The effective interest method is a method of calculating the amortized 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 recognized and derecognized 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 recognized financial assets are measured subsequently in their entirety at either amortized 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 amortized 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 are subsequently measured at FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 *Business Combinations* applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or

- on initial recognition it is a 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 designated and effective hedging instrument.

Amortized cost and interest income

Interest income is recognized using the effective interest method for debt instruments measured subsequently at amortized cost. For financial assets other than purchased or originated credit-impaired financial assets, interest income 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 recognized by applying the effective interest rate to the amortized 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 recognized 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.

Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in the reserve; and are not subject to impairment assessment. The cumulative gain or loss is not reclassified to profit or loss on disposal of the equity investments, and continues to be held in the reserve.

Dividends from these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income" line item in profit or loss.

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortized cost or FVTOCI or designated as 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 recognized in profit or loss. The net gain or loss recognized in profit or loss includes any dividend or 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 ECL model on financial assets (including trade receivables, bills receivables, other receivables, restricted bank deposits, amounts due from related parties and cash and cash equivalents) which are subject 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 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 recognizes lifetime ECL for trade receivables.

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

(i) 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, obtained from financial analyst, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

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.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (i) it has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

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.

(ii) Definition of default

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

(iii) 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

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

(iv) 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 derecognition event. Any subsequent recoveries are recognized in profit or loss.

(v) 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 effective interest rate determined at initial recognition.

Lifetime ECL for 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 management 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 amortized cost of the financial asset.

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. Specifically, for financial assets measured at amortized cost, exchange differences are recognized in profit or loss in the 'Other gains and losses' line item as part of the net foreign exchange gains/(losses).

Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group retains substantially all the risks and rewards of ownership of a transferred asset, the Group continues to recognize the financial asset and also recognizes a collateralised borrowing for the proceeds received.

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

Financial liabilities and 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 recognized at the proceeds received, net of direct issue costs. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are subsequently measured at amortized 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 held for trading.

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.

Financial liabilities at amortized cost

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

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.

Convertible loans

At the date of issue, both the debt component and derivative components are recognized at fair value and the convertible loans notes are designated as at FVTPL. In subsequent period, changes in fair value are recognized in profit or loss as fair value gain or loss except for changes in the fair value that is attributable to changes in the credit risk (excluding changes in fair value of the derivatives component) is recognized in other comprehensive income, unless the recognition of the effects of changes in the credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to the credit risk that are recognized in other comprehensive income are not subsequently reclassified to profit or loss, they are transferred to accumulated losses upon derecognition.

The net gain or loss recognized in profit or loss includes interest incurred on the convertible loans notes and is included in "Loss on fair value changes of financial liabilities at FVTPL" line item.

Transaction costs relating to the issue of the convertible loans notes are charged to profit or loss immediately.

Redeemable preferred equity

The Group's certain issued investors' redeemable preferred equity are initially recognized at fair value. The Group does not account for the embedded derivatives separately from the host contract and designates the entire investments as financial liabilities at FVTPL with fair value change recognized in "Loss on fair value changes of financial liabilities at FVTPL" in profit or loss except for changes in the fair value that is attributable to changes in the credit risk (excluding changes in fair value of the derivatives component) is recognized in other comprehensive income, unless the recognition of the effects of changes in the credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to the credit risk that are recognized in other comprehensive income are not subsequently reclassified to profit or loss, they are transferred to accumulated losses upon derecognition.

Given that the investors' redeemable preferred equity include counterparty preferential rights that do not meet equity instruments classification by applying IAS 32 *Financial Instruments: Presentation*, and the preferential rights are exercisable by the holders anytime, such investors' redeemable preferred equity designated at FVTPL are classified as current liabilities when the holders have the options to exercise within twelve months after the reporting period.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortized cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortized cost of the instruments. These foreign exchange gains and losses are recognized in the 'Other gains and losses' line item in profit or loss as part of net foreign exchange gains/(losses) for financial liabilities.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognized in profit or loss.

Derecognition of financial liabilities

The Group derecognizes 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 derecognized and the consideration paid and payable is recognized in profit or loss.

5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the directors of the Company are 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 underlying assumptions are based on historical experience and other factors that 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 recognized 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.

Critical judgements in applying accounting policies

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

Impairment of long term assets

The Group evaluates its long term assets including property, plant and equipment, intangible assets and right-of-use assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. When these events occur, the Group evaluates recoverability of cash-generating units to which these assets are allocated by comparing the carrying amount of the relevant cash-generating unit to recoverable amount. 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 for which the estimates of future cash flows have not been adjusted. If the recoverable amount of the asset is estimated to be less than its carrying amount, the Group recognizes an impairment loss equal to the difference between the carrying amount and recoverable amount. The Group assessed indicators of potential impairment for long term assets and determined the following: (i) no significant decrease in the market price of any long term assets was observed; (ii) no material adverse changes were identified in the technological, market, economic or legal environment in which the Group operates or in the market to which the long term asset is dedicated; (iii) notwithstanding the operating losses and net cash operating outflows during the years ended December 31, 2023, 2024 and 2025, the expected commercialization and revenue growth prospects did not indicate impairment; and (iv) there was no expectation that any long term assets would be sold or disposed of significantly prior to the end of their previously estimated useful life. Based on the analysis, the Group did not identify any impairment indicator for its long term assets during the Track Record Period.

Impairment testing of the investments in subsidiaries are required upon receiving a dividend from the investment if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial information of the investee's net assets.

In assessing recoverable amounts of the investments in subsidiaries, the Group considered the long-term strategic role of the subsidiaries, ongoing financial support from the Company and future cashflow projections of the subsidiaries. Based on the impairment assessment as of each year ended December 31, 2023, 2024 and 2025, no impairment loss was recognized for the investments in subsidiaries in the separate financial statements of the 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 may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next twelve months.

Fair value measurement of financial liabilities at FVTPL

As at December 31, 2023 and 2024, the financial liabilities at FVTPL amounting to RMB873,604,000 and RMB1,370,002,000, respectively, are measured at fair value being determined based on unobservable inputs using valuation techniques. Judgement and estimation are required in establishing the relevant unobservable inputs thereof.

Changes in assumptions relating to these unobservable inputs may result in the material adjustments to the fair value of the financial liabilities at FVTPL. Details of information about financial liabilities at FVTPL and the valuation techniques adopted are disclosed in notes 29 and 32, respectively.

Estimated loss allowance of trade receivables

Trade receivables with special risks and credit-impaired are assessed for ECL individually. For trade receivables which are individually insignificant or when the Group does not have reasonable and supportable information that is available without undue cost or effort to measure ECL on individual basis, collective assessment is performed by grouping debtors based on the Group's internal credit ratings and provision matrix.

At each reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. The amount of ECL allowances is sensitive to changes in circumstances and future economic conditions.

The information about the ECL allowances in the Group's trade receivables at the end of each reporting period is disclosed in note 32.

6. REVENUE

(i) Disaggregation of revenue from contracts with customers

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
L2-L2+ solutions			
– Software development and engineering services	152,328	152,699	95,118
– Software royalty	12,090	21,071	31,693
– Software and hardware integrated solutions	19,254	13,510	12,356
Sub-total	**183,672**	**187,280**	**139,167**
L4 solutions			
– Software solution	82	185,606	229,177
– Software and hardware integrated solutions	7,243	57,152	145,355
Sub-total	**7,325**	**242,758**	**374,532**
Engineering services	**12,607**	**52,511**	**33,693**
Others	**–**	**400**	**518**
Total	**203,604**	**482,949**	**547,910**

All of the Group's revenue is recognized at a point in time.

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

Software development and engineering services and software and hardware integrated solutions

The Group provides (1) software development and engineering services, delivering customized software-based products to its customers; and (2) software and hardware integrated solutions, delivering customized integrated hardware products to its customers.

As the customers cannot simultaneous receive and consume the benefits as the Group performs and the Group does not have an enforceable right to payment prior to transfer of the services, revenue is recognized at the point in time when the software-based products or integrated hardware products are accepted by customers, which generally occurs upon delivery of agreed deliverables according to the terms of the underlying contracts.

Customers are generally required to make certain portion of prepayments before the Group deliver such services. Contract liabilities are recognized when consideration is received for which revenue has yet been recognized.

Software royalty

For certain contracts related to software development and engineering services with Original Entrusted Manufacture ("OEM") customers, the Group charges additional royalty fee per vehicle for mass-produced models equipped with relevant software. The software royalty fee is accounted for as variable consideration related to the performance obligation of software development and engineering services and is recognized as revenue when the software is installed in the designated vehicles.

Engineering services

The Group provides engineering services, including road testing, data collection support and data calibration services to OEM customers, as well as sales of its proprietary toolchain products. Revenue is recognized at a point in time upon customer acceptance of the related deliverables.

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

The Group applies the practical expedient under IFRS 15 of not disclosing the transaction price allocated to performance obligations that were unsatisfied at the end of each reporting period, as the Group's contracts have an original expected duration of less than one year.

7. OPERATING SEGMENT

For the purpose of resource allocation and assessment of segment performance, the chief executive officer of the Company, being the chief operating decision maker, focuses and reviews on the overall results and financial position of the Group as a whole which are prepared based on the same accounting policies set out above. 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 Group's revenue from external customers presented based on the location of the customers, are detailed below:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Revenue from external customers			
PRC	76,950	448,929	536,883
The United States (The "US")	51	13	4
Vietnam	126,531	34,007	11,023
Malaysia	72	–	–
	203,604	482,949	547,910

All non-current assets (other than financial instruments) are located in the PRC.

Information about major customers

Revenue from customers contributing over 10% of the total revenue of the Group are as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Customer A	*	*	57,052
Customer B (note i)	*	73,496	*
Customer C	*	60,085	*
Customer D	126,531	*	*
Customer E (note i)	22,308	*	*

* not disclosed as amount less than 10% of total revenue for the relevant year.

note: i. Customer B, Customer E represent a group of customers under common control respectively.

8. OTHER INCOME

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Government grants			
– Income related (note i)	3,816	7,537	1,936
– Asset related	87	39	33
Sub-total	**3,903**	**7,576**	**1,969**
Bank interest income	16	28	361
Others	101	248	242
	4,020	7,852	2,572

note:

i. Government grants of the Group were mainly related to enterprise development support and innovation capability incentives. These grants are unconditional and accounted for as immediate financial support with neither future related costs expected to be incurred nor related to any assets of the Group.

9. FINANCE COSTS

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Interest on bank and other loans	6,539	5,967	18,227
Interest on lease liabilities	68	29	211
	6,607	5,996	18,438

10. OTHER GAINS AND LOSSES

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Net foreign exchange (gains) losses	(209)	335	4,275
Loss (gain) on disposal/write-off of property and equipment and intangible assets	69	(80)	486
Contract compensation	–	–	3,052
Loss on fair value changes of financial assets at FVTPL	–	–	15
Other losses	556	12	452
	416	267	8,280

11. LOSS FOR THE YEAR

Loss for the year 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	10,960	16,675	14,724
Depreciation of right-of-use assets	873	902	3,166
Amortization of intangible assets (included in selling and marketing expenses, administrative expenses and research and development expenses)	1,439	1,419	6,473
Total depreciation and amortization	13,272	18,996	24,363
Auditors' remuneration	345	335	420
Directors', supervisors', chief executive's emoluments (note 13)	7,829	5,881	7,419
Other staff costs			
Salaries, allowances and benefits	17,327	10,971	14,055
Retirement benefits scheme contributions	5,846	4,506	4,549
Total staff costs	31,002	21,358	26,023
[**REDACTED**] expenses	–	–	[REDACTED]

12. INCOME TAX EXPENSE

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 PRC subsidiaries is 25% unless they are subject to preferential tax as set out below.

The Company, Beijing Tiantong Weishi Electronic Technology Co., Ltd.* ("Beijing Weishi") (北京天瞳威勢電子科技有限公司), Tianjin Tiantong Weishi Electronic Technology Co., Ltd.* ("Tianjin Tiantong") (天津天瞳威勢電子科技有限公司) and Shenzhen Tiantong Zhixing Electronic Technology Co., Ltd.* ("Shenzhen Tiantong") (深圳天瞳智行電子科技有限公司) obtained the "High and New Technology Enterprise" certification in November 2021, November 2022, December 2022 and December 2023, respectively, and were therefore entitled to a preferential tax rate of 15% for a period of 3 years from 2021 to 2024, from 2022 to 2025, from 2022 to 2025, and from 2023 to 2026, respectively. The Company and Tianjin Tiantong extended their accreditations in December 2024 and December 2025, and were therefore entitled to a preferential tax rate of 15% for a period of 3 years from 2024 to 2027 and from 2025-2028, respectively. Beijing Weishi was unable to secure the extension of its high-tech enterprise qualification upon its expiry in 2025. The directors of the Company are of the view that it is very probable that the subsidiaries which are eligible for "High and New Technology Enterprise" tax preference are able to extend their accreditation upon expiry. Besides, certain subsidiaries of the Group were qualified as small-scale and low-profit enterprises and were subject to EIT rate at 20% during the Track Record Period.

No EIT was provided as the Group had no assessable profits during the Track Record Period.

* English name is for identification purpose

Income tax expense for the year 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	(231,179)	(462,776)	(207,887)
Tax at income tax rate of 25%	(57,795)	(115,694)	(51,972)
Tax effect of expense not deductible for tax purpose	35,432	114,715	45,586
Tax effect/(utilization) of deductible temporary differences not recognized	72	(341)	868
Tax effect of tax losses not recognized	44,203	25,937	27,727
Utilization of tax losses previously not recognized	–	(1,323)	(2,883)
Effect of additional deduction of research and development expenses (note)	(21,912)	(23,294)	(19,326)
Income tax expense	–	–	–

note: Pursuant to relevant laws and regulations in the PRC, the Group enjoys super deduction of 100% on qualifying research and development expenditures from taxable profit throughout the Track Record Period.

As at December 31, 2023 and 2024 and 2025, the Group has unused tax losses of RMB656,207,000 and RMB754,663,000 and RMB851,791,000, respectively, and deductible temporary differences of RMB6,095,000, RMB4,733,000 and RMB8,207,000, respectively. No deferred tax assets have been recognized in respect of the tax losses or temporary differences due to the unpredictability of future profit streams.

The unrecognized tax losses will be carried forward and will expire in the following years:

	At December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
2025	6,074	6,074	–
2026	25,532	25,532	20,591
2027	74,321	69,029	66,662
2028	95,112	95,112	94,712
2029	39,673	91,696	91,696
2030	2,526	2,526	61,916
2031	77,402	77,402	77,402
2032	221,949	221,949	223,137
2033	113,618	113,618	113,618
2034	–	51,725	51,725
2035	–	–	50,332
	656,207	754,663	851,791

13. DIRECTORS', SUPERVISORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

(a) Directors', supervisors' and 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	Salaries and allowances	Retirement benefit scheme contributions	Discretionary performance related bonus	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Year ended December 31, 2023					
Executive Director					
Mr. Wang Xi (王曦) ("Mr. Wang") (chief executive of Company)	Mar-16	2,100	178	330	2,608
Non-Executive Directors					
Dr. Wang Ruoyu (王若瑜) ("Dr. Wang")	Jun-19	751	163	–	914
Mr. Cheng Shiqing (程士慶) ("Mr. Cheng")	Jun-19	490	137	–	627
Mr. Song Jianming (宋健明) ("Mr. Song") (note vi)	Jun-19	528	131	–	659
Ms. Wang Xi (王溪) ("Ms. Wang") (note i)	Oct-21	1,836	194	723	2,753
Mr. Li Chengsheng (李程晟) ("Mr. Li")	Oct-21	–	–	–	–
Mr. Fan Xuesong (樊雪松) ("Mr. Fan")	Dec-16	–	–	–	–
Mr. Chen Zheqi (陳哲琦) ("Mr. Chen")	Oct-20	–	–	–	–
Mr. Zhao Wei (趙偉) ("Mr. Zhao") (note vii)	Oct-21	–	–	–	–
Supervisors		–	–	–	–
Ms. Ma Jie (馬婕) ("Ms. Ma") (note ii)	Oct-21	–	–	–	–
Mr. Cao Yu (曹宇) ("Mr. Cao") (note viii)	Sep-19	186	82	–	268
		5,891	885	1,053	7,829

	Date of appointment	Salaries and allowances	Retirement benefit scheme contributions	Discretionary performance related bonus	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Year ended December 31, 2024					
Executive Director					
Mr. Wang	Mar-16	2,400	272	–	2,672
Non-Executive Directors					
Dr. Wang	Jun-19	1,069	163	–	1,232
Mr. Cheng	Jun-19	481	142	–	623
Mr. Song (note vi)	Jun-19	564	127	–	691
Ms. Wang (note i)	Oct-21	286	72	–	358
Mr. Xu Luobin (徐羅斌) ("Mr. Xu") (note ix)	Dec-24	–	–	–	–
Mr. Li	Oct-21	–	–	–	–
Mr. Fan	Dec-16	–	–	–	–
Mr. Chen	Oct-20	–	–	–	–
Mr. Zhao (note vii)	Oct-21	–	–	–	–
Supervisors		–	–	–	–
Ms. Ma (note ii)	Oct-21	–	–	–	–
Mr. Cao (note viii)	Sep-19	204	70	31	305
		5,004	846	31	5,881

	Date of appointment	Salaries and allowances	Retirement benefit scheme contributions	Discretionary performance related bonus	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Year ended December 31, 2025					
Executive Director					
Mr. Wang	Mar-16	2,852	206	–	3,058
Non-Executive Directors					
Dr. Wang	Jun-19	1,540	192	–	1,732
Mr. Cheng	Jun-19	1,047	148	–	1,195
Mr. Song (note vi)	Jun-19	735	111	–	846
Mr. Xu (note ix)	Dec-24	–	–	–	–
Mr. Yuan Jin (袁晉) ("Mr. Yuan")	Sep-25	273	37	–	310
Ms. Xu Jie (徐劼) ("Ms. Xu")	Oct-25	50	10	–	60
Mr. Pang Yi (龐毅) ("Mr. Pang")	Sep-25	–	–	–	–
Mr. Li	Oct-21	–	–	–	–
Mr. Fan	Dec-16	–	–	–	–
Mr. Chen	Oct-20	–	–	–	–
Mr. Zhao (note vii)	Oct-21	–	–	–	–
Supervisor					
Mr. Cao (note viii)	Sep-19	161	57	–	218
		6,658	761	–	7,419

notes:

i. Ms. Wang resigned as directors on December 14, 2024.

ii. Ms. Ma resigned as supervisors on December 14, 2024.

iii. There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the Track Record Period.

iv. During the Track Record Period, no emoluments were paid by the Group to any of the directors or supervisors of the Company or the five highest paid employees of the Group (as disclosed in note (b) below) as an inducement to join or upon joining the Group or as compensation for loss of office.

v. The discretionary performance related bonuses were determined with reference to their duties and responsibilities of the relevant individuals within the Group and the Group's performance.

vi. Mr. Song resigned as directors on October 25, 2025.

vii. Mr. Zhao resigned as directors on September 29, 2025.

viii. Mr. Cao resigned as supervisors on September 29, 2025.

ix. Mr. Xu resigned as directors on September 29, 2025.

The directors, supervisors and chief executive's 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.

During the year, certain directors were granted restricted shares, in respect of their services to the Group under the equity incentive plan of the Company. Details of the equity incentive plan are set out in note 36 to the Historical Financial Information.

(b) Five highest paid employees

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

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Salaries, allowances and benefits	1,941	1,889	1,723

No emoluments were paid by the Group to the five highest paid individuals (including directors), as an inducement to join or upon joining the Group or as compensation for loss of office during the Track Record Period. The number of the five highest paid employees (including directors) of the Company whose remuneration fell within the following bands presented in Hong Kong Dollar ("HKD") is as follows:

	Year ended December 31,		
	2023	2024	2025
HKD1 to HKD1,000,000	1	2	–
HKD1,000,001 to HKD1,500,000	2	2	3
HKD1,500,001 to HKD 2,000,000	–	–	1
HKD2,500,001 to HKD3,000,000	1	1	–
HKD3,000,001 to HKD3,500,000	1	–	1
Total	5	5	5

14. DIVIDENDS

No dividend was declared or paid during the Track Record Period. No dividend has been proposed since the end of the Track Record Period.

15. LOSS PER SHARE

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

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Loss for the purpose of calculating basic and diluted loss per share:			
Loss for the year	(231,179)	(462,776)	(207,887)
Number of shares ('000):			
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share (notes i and ii)	98,477	98,477	149,518

notes:

i. The Company was converted to a joint stock company in October, 2025, 20,000,000 ordinary shares with par value of RMB1 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. Certain of these shares, which are attributable to the investors of the redeemable preference equity and accounted for as financial liabilities at FVTPL (as disclosed in note 29), are not treated as outstanding ordinary shares and thus are excluded in the calculation of basic loss per share until the preferential right was legally terminated on June 30, 2025. The weighted average number of ordinary shares for the Track Record Period is based on the assumption that the capitalization of share capital as a result of the Company's conversion into a joint stock company and the [**REDACTED**] on a one for ten basis to be effective upon [**REDACTED**] had been effective on January 1, 2023 for the purpose of calculating basic loss per share.

ii. The computation of diluted loss per share for the years ended December 31, 2023, 2024 and 2025 does not assume the conversion of the Company's outstanding convertible loans and the termination of the special rights of the redeemable preferred equity, since their assumed conversion or termination would result in a decrease in loss per share.

16. PROPERTY, PLANT AND EQUIPMENT

The Group

	Land and buildings	Computer equipment	Automotive and vehicles	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
COST					
At January 1, 2023	46,285	24,947	4,201	5,282	80,715
Additions	–	1,352	1,326	19	2,697
Disposals/write-off	–	(464)	–	–	(464)
At December 31, 2023	46,285	25,835	5,527	5,301	82,948
Additions	–	30,536	–	130	30,666
Disposals/write-off	–	(159)	(868)	(4,431)	(5,458)
At December 31, 2024	46,285	56,212	4,659	1,000	108,156
Additions	–	11,772	4,270	1,482	17,524
Disposals/write-off	–	(1,127)	(2,011)	(1,011)	(4,149)
At December 31, 2025	46,285	66,857	6,918	1,471	121,531
DEPRECIATION					
At January 1, 2023	824	8,212	1,282	2,142	12,460
Provided for the year	1,099	7,520	884	1,457	10,960
Eliminated on disposals/ write-off	–	(107)	–	–	(107)
At December 31, 2023	1,923	15,625	2,166	3,599	23,313
Provided for the year	1,099	13,268	865	1,443	16,675
Eliminated on disposals/ write-off	–	(135)	(492)	(4,431)	(5,058)
At December 31, 2024	3,022	28,758	2,539	611	34,930
Provided for the year	1,099	12,465	909	251	14,724
Eliminated on disposals/ write-off	–	(1,062)	(1,456)	(610)	(3,128)
At December 31, 2025	4,121	40,161	1,992	252	46,526
CARRYING VALUES					
At December 31, 2023	44,362	10,210	3,361	1,702	59,635
At December 31, 2024	43,263	27,454	2,120	389	73,226
At December 31, 2025	42,164	26,696	4,926	1,219	75,005

Details of property, plant and equipment pledged as securities for the Group's borrowings are set out in note 35.

The Company

	Computer equipment	Automotive and vehicles	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
COST				
At January 1, 2023	14,550	1,018	2,131	17,699
Additions	1,123	–	19	1,142
At December 31, 2023	15,673	1,018	2,150	18,841
Disposals/write-off	–	(369)	(2,150)	(2,519)
At December 31, 2024	15,673	649	–	16,322
Additions	270	1,249	–	1,519
Disposals/write-off	(259)	(650)	–	(909)
At December 31, 2025	15,684	1,248	–	16,932
DEPRECIATION				
At January 1, 2023	4,817	733	878	6,428
Provided for the year	4,309	134	636	5,079
At December 31, 2023	9,126	867	1,514	11,507
Provided for the year	4,164	26	636	4,826
Eliminated on disposals/write-off	–	(276)	(2,150)	(2,426)
At December 31, 2024	13,290	617	–	13,907
Provided for the year	1,438	145	–	1,583
Eliminated on disposals/write-off	(241)	(617)	–	(858)
At December 31, 2025	14,487	145	–	14,632
CARRYING VALUES				
At December 31, 2023	6,547	151	636	7,334
At December 31, 2024	2,383	32	–	2,415
At December 31, 2025	1,197	1,103	–	2,300

The above items of property, plant and equipment are depreciated on a straight-line basis over the following estimated useful lives after taking into account their estimated residual values:

	Useful lives	Estimated residual values
	Years	
Land and buildings	40	5%
Computer equipment	3	5%
Automotive and vehicles	5	5%
Leasehold improvements	3-5	0%

The directors of the Group considered no impairment indicator on property, plant and equipment for years ended December 31, 2023, 2024 and 2025.

17. RIGHT-OF-USE ASSETS

The Group

	Leasehold land	Leased properties	Total
	RMB'000	*RMB'000*	*RMB'000*
COST			
At January 1, 2023	–	3,306	3,306
Derecognized upon lease termination	–	(235)	(235)
At December 31, 2023	–	3,071	3,071
Addition	–	2,396	2,396
Derecognized upon lease termination	–	(3,071)	(3,071)
At December 31, 2024	–	2,396	2,396
Addition	9,605	13,088	22,693
At December 31, 2025	9,605	15,484	25,089
ACCUMULATED DEPRECIATION			
At January 1, 2023	–	1,488	1,488
Charge for the year	–	873	873
Eliminated on derecognition	–	(125)	(125)
At December 31, 2023	–	2,236	2,236
Charge for the year	–	902	902
Eliminated on derecognition	–	(3,071)	(3,071)
At December 31, 2024	–	67	67
Charge for the year	64	3,102	3,166
At December 31, 2025	64	3,169	3,233
CARRYING VALUES			
At December 31, 2023	–	835	835
At December 31, 2024	–	2,329	2,329
At December 31, 2025	9,541	12,315	21,856

The Company

	Leased properties
	RMB'000
COST	
At January 1, 2023	235
Derecognized upon lease termination	(235)
At December 31, 2023	–
Addition	587
At December 31, 2024	587
Addition	10,216
At December 31, 2025	10,803

	Leased properties
	RMB'000
ACCUMULATED DEPRECIATION	
At January 1, 2023	111
Charge for the year	13
Eliminated on derecognition	(124)
At December 31, 2023	–
Charge for the year	16
At December 31, 2024	16
Charge for the year	1,898
At December 31, 2025	1,914
CARRYING VALUES	
At December 31, 2023	–
At December 31, 2024	571
At December 31, 2025	8,889

The Group

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Expenses relating to short-term leases	89	235	493
Total cash outflow for leases	1,463	1,660	12,306

The Company

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Expenses relating to short-term leases	–	–	–
Total cash outflow for leases	41	60	1,146

For the years ended December 31, 2023, 2024 and 2025, the Group and the Company lease various offices, a lab and a plot of land for its operations. Lease contracts are entered into for fixed terms of 3 years to 5 years for both the Group and the Company. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of each contract and determines the period for which the contract is enforceable. The Group has obtained the land use right certificates for all leasehold lands in PRC.

The Group regularly entered into short-term leases for offices and warehouses. As at December 31, 2023, 2024 and 2025, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expenses are disclosed above.

The directors of the Group considered no impairment indicator on right-of-use assets for years ended December 31, 2023, 2024 and 2025.

Restrictions or covenants on leases

In addition, lease liabilities of RMB1,290,000, RMB2,290,000 and RMB13,325,000 are recognized with related right-of-use assets of RMB835,000, RMB2,329,000 and RMB12,315,000 at December 31, 2023, 2024 and 2025, respectively for the Group.

Lease liabilities of nil, RMB529,000 and RMB9,722,000 are recognized with related right-of-use assets of nil, RMB571,000 and RMB8,889,000 at December 31, 2023, 2024 and 2025, respectively for the Company.

The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

18. INTANGIBLE ASSETS

The Group

	Softwares
	RMB'000
COST	
At January 1, 2023	9,061
Additions	96
Write-off	(106)
At December 31, 2023	9,051
Additions	41
At December 31, 2024	9,092
Additions	118,059
Write-off	(2,153)
At December 31, 2025	124,998
AMORTIZATION	
At January 1, 2023	1,123
Charge for the year	1,439
Eliminated on write-off	(68)
At December 31, 2023	2,494
Charge for the year	1,419
At December 31, 2024	3,913
Charge for the year	6,473
Eliminated on write-off	(2,153)
At December 31, 2025	8,233
CARRYING VALUES	
At December 31, 2023	6,557
At December 31, 2024	5,179
At December 31, 2025	116,765

The Company

	Softwares
	RMB'000
COST	
At January 1, 2023	8,110
Additions	87
Write-off	(106)
At December 31, 2023 and 2024	8,091
Additions	116,534
Write-off	(1,999)
At December 31, 2025	122,626
AMORTIZATION	
At January 1, 2023	1,027
Charge for the year	1,306
Eliminated on write-off	(68)
At December 31, 2023	2,265
Charge for the year	1,275
At December 31, 2024	3,540
Charge for the year	6,098
Eliminated on write-off	(1,999)
At December 31, 2025	7,639
CARRYING VALUES	
At December 31, 2023	5,826
At December 31, 2024	4,551
At December 31, 2025	114,987

The above intangible assets have finite useful lives and are amortized on a straight-line basis over the following periods:

Softwares . . . . 3-10 years

The directors of the Group considered no impairment indicator on intangible assets for years ended December 31, 2023, 2024 and 2025.

19. FINANCIAL ASSETS AT FVTPL

The Group

Financial assets mandatorily measured at FVTPL:

	At December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Investments in an unlisted investment fund	–	–	16,904

As at September 24, 2025, the Group entered into an agreement to purchase a 5.77% equity stake in an unlisted investment fund amounting to RMB17,300,000, and accounted for such investments as financial assets at FVTPL at initial recognition. The return of the private equity fund is not guaranteed and determined by reference to the performance of the underlying debt and equity instruments. A fair value loss of RMB15,000 was recognized in profit or loss for the year ended December 31, 2025. The basis of the valuation of the assets are disclosed in note 32.

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

	At December 31, 2025
	RMB'000
Carrying amounts at the begin of the year	–
Addition	17,300
Redemption	(381)
Fair value change	(15)
Carrying amounts at the end of the year	16,904

20. OTHER NON-CURRENT ASSETS

The Group

	At December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Prepayment for purchases of property, plant and equipment	–	–	44,780
Rental deposit	267	67	1,558
Others	1	–	2
Total	268	67	46,340

The Company

	At December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Prepayment for purchases of property, plant and equipment	–	–	8,798
Rental deposit	–	–	1,275
Total	–	–	10,073

21. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

The Group

	At December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables from contracts with customers			
– Third parties	74,090	317,181	528,638
Less: Allowance for credit losses	(5,833)	(4,594)	(8,173)
– Related parties	20,490	28,265	27,308
Less: Allowance for credit losses	(10)	(12)	(14)
	88,737	340,840	547,759
Bills receivables	200	2,672	263
Prepayment to suppliers	17,454	13,002	56,350
VAT recoverable	3,506	–	4,745
Deferred issue cost	–	–	3,552
Other receivables	1,108	6,278	1,035
Less: Allowance for credit losses	(252)	(127)	(20)
Total	110,753	362,665	613,684

As at January 1, 2023, trade receivables from contracts with customers amounted to RMB112,574,000.

Trade, bills and other receivables that are denominated in currencies other than the functional currency of the respective group entities are set out below:

The Group

	At December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
United States dollar ("USD")	26,553	5,399	62
HKD	–	–	3,827

The following is an aged analysis of trade receivables, before allowance for credit losses, presented based on invoice dates.

	At December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	41,855	336,588	546,640
1 to 2 years	44,776	969	1,417
2 to 3 years	7,804	85	–
More than 3 years	145	7,804	7,889
	94,580	345,446	555,946

As at December 31, 2023, 2024 and 2025, the average credit period granted to the customers is 90-150 days.

Details of impairment assessment of trade and other receivables are set out in note 32.

The Company

	At December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables from contracts with customers			
– Third parties	73,657	187,731	322,851
Less: Allowance for credit losses	(5,832)	(4,381)	(8,023)
– Related parties	49,555	41,308	15,592
Less: Allowance for credit losses	(10)	(12)	(8)
	117,370	224,646	330,412
Bills receivables	200	2,469	20
Prepayment to suppliers	18,119	16,009	211,329
VAT recoverable	1,069	–	173
Deferred issue cost	–	–	3,552
Other receivables	1,074	6,134	829
Less: Allowance for credit losses	(244)	(116)	(10)
Total	137,588	249,142	546,305

As at January 1, 2023, trade receivables from contracts with customers amounted to RMB100,619,000.

Trade, bills and other receivables that are denominated in currencies other than the functional currency of the respective group entities are set out below:

The Company

	At December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
USD	16,867	5,399	62

The following is an aged analysis of trade receivables, before allowance for credit losses, presented based on invoice dates.

	At December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	70,826	221,235	329,892
1 to 2 years	44,437	–	747
2 to 3 years	7,804	–	–
More than 3 years	145	7,804	7,804
	123,212	229,039	338,443

As at December 31, 2023, 2024 and 2025, the average credit period granted to the customers is 90-150 days.

Details of impairment assessment of trade and other receivables are set out in note 32.

22. CONTRACT COSTS

The Group

	At December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Costs to fulfill contracts			
– Software development costs	103,557	11,794	29,366

The Company

	At December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Costs to fulfill contracts			
– Software development costs	37,044	6,043	22,088

The software development costs are incurred for providing software development and engineering services and software and hardware integrated solutions, revenue of which is recognized at a point in time. The software development costs mainly consist of labor costs, material costs and outsourcing service fees such as data labeling and data collection. Once the software is finally accepted by the customer, the contract costs of the software will be recognized as cost of revenues along with the recognition of revenue.

23. INVENTORIES

The Group

	At December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	3,931	3,691	6,965
Finished goods	287	417	270
	4,218	4,108	7,235

The Company

	At December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	3,717	3,473	4,651
Finished goods	52	44	48
	3,769	3,517	4,699

No allowance for write-down was recognized for inventories at the end of each reporting period.

24. CASH AND CASH EQUIVALENTS/RESTRICTED BANK DEPOSITS

Cash and cash equivalents include demand deposits and short-term deposits for the purpose of meeting the Group's and the Company's short-term cash commitments, which carry interest at market rates range from 0.01% to 0.35% per annum as at December 31, 2023 and 2024 and 0.0001% to 0.1% per annum as at December 31, 2025.

The restricted bank deposits of the Group and the Company are held in banks to issue trade bills and letters of credit, and are therefore classified as current assets. The restrictions on these bank deposits will be released upon settlement of the related trade bills and expiry of the letters of credit.

As at December 31, 2023, 2024 and 2025, the restricted bank deposits mainly secured for the issue of bills payables and borrowings with amount of Nil, RMB1,500,000 and RMB10,000,000, respectively.

The restricted bank deposits were carrying at fixed interest rates of Nil, 0.10% to 1.00%, 0.05% per annum as at December 31, 2023, 2024 and 2025, respectively.

25. TRADE, BILLS AND OTHER PAYABLES

The Group

	At December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade payables			
– Third parties	81,491	199,157	176,952
– Related parties	59,195	28,171	3,103
Sub-total	140,686	227,328	180,055
Bills payables	–	3,718	1,404
Accrued payroll and welfare	5,375	3,446	4,745
Accrued issue cost	–	–	1,076
Accrued [**REDACTED**] expenses	–	–	[REDACTED]
Other tax payables	6,472	8,510	14,930
Refundable deposit (note i)	73,700	–	–
Other payables	4,414	5,811	12,637
Total	230,647	248,813	220,942

note:

i. The Group received refundable deposit of RMB73,700,000 from a third party in relation to a revenue contract. The contract was subsequently cancelled and the deposit was fully repaid in 2024.

The following is an aged analysis of trade payable presented based on the invoice date.

	At December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	127,970	222,883	176,031
1 to 2 years	12,716	3,993	1,429
2 to 3 years	–	452	2,170
Exceeds 3 years	–	–	425
	140,686	227,328	180,055

As at December 31, 2023, 2024 and 2025, the average credit period on purchases of goods and service is 90 days.

The following is an aged analysis of bills payable presented based on the bill date.

	At December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	–	3,718	1,404

The Company

	At December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade payables			
– Third parties	28,376	46,496	39,618
– Related parties	144,451	147,710	37,084
Sub-total	172,827	194,206	76,702
Bills payables	–	3,516	1,404
Accrued payroll and welfare	251	285	601
Accrued issue cost	–	–	1,076
Accrued [**REDACTED**] expenses	–	–	[REDACTED]
Other tax payables	453	6,335	6,350
Refundable deposit (note i)	30,860	–	–
Other payables	1,215	2,262	10,699
Total	205,606	206,604	102,927

note i:

The Company received refundable deposit of RMB30,860,000 from a third party in relation to a revenue contract. The contract was subsequently cancelled and the deposit was fully repaid in 2024.

The following is an aged analysis of trade payable presented based on the invoice date.

	At December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	161,456	192,223	59,225
1 to 2 years	11,371	1,642	15,922
2 to 3 years	–	341	1,216
Exceeds 3 years	–	–	339
	172,827	194,206	76,702

As at December 31, 2023, 2024 and 2025, the average credit period on purchases of goods and service is 90 days.

The following is an aged analysis of bills payable presented based on the bill date.

	At December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	–	3,516	1,404

26. CONTRACT LIABILITIES

The Group

	At December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Amounts received in advance	78,654	10,878	8,253

As at January 1, 2023, contract liabilities amounted to RMB50,210,000.

The following table shows how much of the revenue recognized relates to carried-forward contract liabilities:

	At December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Providing software development and engineering services and software and hardware integrated solutions	50,210	78,654	9,548

The Company

	At December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Amounts received in advance	68,452	99,861	94,154

As at January 1, 2023, contract liabilities amounted to RMB60,847,000.

The following table shows how much of the revenue recognized relates to carried-forward contract liabilities:

	At December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Providing software development and engineering services and software and hardware integrated solutions	60,847	68,452	99,861

27. LEASE LIABILITIES

The Group

	At December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Lease liabilities payable:			
Within one year	1,290	749	5,537
Within a period of more than one year but not exceeding two years	–	1,541	5,638
Within a period of more than two years but not exceeding five years	–	–	2,150
	1,290	2,290	13,325
Less: Amounts due for settlement within 12 months shown under current liabilities	(1,290)	(749)	(5,537)
Amounts due for settlement after 12 months shown under non-current liabilities	–	1,541	7,788

The weighted average incremental borrowing rate applied to lease liabilities ranged from 3.35% to 3.55%, 3.20% to 3.55% and 2.30% to 3.20% per annum for the years ended December 31, 2023, 2024 and 2025, respectively

The Company

	At December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Lease liabilities payable:			
Within one year	–	163	3,890
Within a period of more than one year but not exceeding two years	–	366	3,922
Within a period of more than two years but not exceeding five years	–	–	1,910
	–	529	9,722
Less: Amounts due for settlement within 12 months shown under current liabilities	–	(163)	(3,890)
Amounts due for settlement after 12 months shown under non-current liabilities	–	366	5,832

The weighted average incremental borrowing rate applied to lease liabilities ranged from Nil, 3.20% to 3.55% and 2.30% to 3.20% per annum for the years ended December 31, 2023, 2024 and 2025, respectively.

28. BORROWINGS

The Group

	At December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Bank loans	93,603	219,524	398,733
Other loans (note)	76,400	101,486	–
	170,003	321,010	398,733
Secured	93,504	219,524	368,726
Unsecured	76,499	101,486	30,007
	170,003	321,010	398,733

note: The Group obtained certain borrowings from third party creditors from 2023 to 2024. Such borrowings normally have an original maturity of 1-2 years.

	At December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
The carrying amounts of the above borrowings are repayable*:			
Within one year	170,003	321,010	398,733

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

The exposure of the Group's bank and other borrowings are as follows:

	At December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Fixed-rate borrowings	149,413	321,010	398,733
Variable-rate borrowings	20,590	–	–
	170,003	321,010	398,733

The Group's variable-rate borrowings carry interest at Loan Prime Rate ("LPR"). Interest is reset every 12 months.

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

	Year ended December 31,		
	2023	2024	2025
Effective interest rate (per annum):			
Fixed-rate borrowings	3.20%-4.90%	0.90%-3.75%	2.00%-3.20%
Variable-rate borrowings	4.15%	N/A	N/A

The Group's borrowings that are denominated in currencies other than the reporting currencies of the relevant group entities are set out below:

	At December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Japanese Yen ("JPY")	–	9,724	–

The Company

	At December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Bank loans	60,654	139,724	330,585
Other loans (note)	76,400	101,486	–
	137,054	241,210	330,585
Secured	60,590	139,724	300,578
Unsecured	76,464	101,486	30,007
	137,054	241,210	330,585

note: The Company obtained certain borrowings from third parties. Such borrowings normally have an original maturity of 1-2 years.

	At December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
The carrying amounts of the above borrowings are repayable*:			
Within one year	137,054	241,210	330,585

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

The exposure of the Company's bank and other borrowings are as follows:

	At December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Fixed-rate borrowings	116,464	241,210	330,585
Variable-rate borrowings	20,590	–	–
	137,054	241,210	330,585

The Company's variable-rate borrowings carry interest at LPR. Interest is reset every 12 months.

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

	Year ended December 31,		
	2023	2024	2025
Effective interest rate (per annum):			
Fixed-rate borrowings	3.45%-4.90%	0.90%-3.45%	2.00%-3.20%
Variable-rate borrowings	4.15%	N/A	N/A

The Company's borrowings that are denominated in currencies other than its functional currency are set out below:

	At December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
JPY	–	9,724	–

29. FINANCIAL LIABILITIES AT FVTPL

The Group and the Company

	At December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Current:			
Redeemable preferred equity	829,003	1,287,455	–
Convertible loans	44,601	12,547	–
	873,604	1,300,002	–
Non-current:			
Convertible loans	–	70,000	–

Redeemable preferred equity

Since the date of incorporation and up to December 31, 2025, the Company has completed a series of financing. The details are set out below:

From December 2016 to May 2017, the Company entered into investment agreements with independent investors, pursuant to which the investors made a total investment of RMB10,000,000 for subscription of the Company's paid-in capital of RMB618,421 (the "Series Angel"). The Company had received the amount as of May 2017.

From December 2017 to July 2018, the Company entered into investment agreements with independent investors, pursuant to which the investors made a total investment of RMB55,000,000 for subscription of the Company's paid-in capital of RMB995,067 (the "Series Pre-A"). The Company had received the amount as of July 2018.

In June 2019, the Company had entered into an investment agreement with independent investors, pursuant to which the investors made a total investment of RMB33,440,000 for subscription of the Company's paid-in capital of RMB385,688 (the "Series A"). The Company had received the amount as of November 2019.

In September 2020, the Company had entered into an investment agreement with independent investors, pursuant to which the investors made a total investment of RMB60,000,000 for subscription of the Company's paid-in capital of RMB249,959 (the "Series B"). The Company had received the amount as of December 2020.

Right after completion of the Series B financing, the Company entered into shareholders agreements with Series Angel, Series Pre-A, Series A and Series B independent investors to grant certain preferential rights to such investors. All of the following round investors were granted with such preferential rights.

In June 2021, the Company had entered into an investment agreement with independent investors, pursuant to which the investor made investments of RMB200,000,000 for subscription of the Company's paid-in capital of RMB262,457 (the "Series C"). The Company had received the amount as of January 2022.

In September 2024, the Company had entered into an investment agreement with independent investors, pursuant to which the investor made investments of RMB138,630,000 for subscription of the Company's paid-in capital of RMB158,128 (the "Series C+"). The Company had received RMB125,430,000 as of March 2025, the remaining RMB13,200,000 was converted from convertible loans.

In June 2025, the Company had entered into an investment agreement with independent investors, pursuant to which the investor made investments of RMB447,750,000 for subscription of the Company's paid-in capital of RMB423,103 (the "Series D"). The Company had received RMB377,750,000 in June 2025, the remaining RMB70,000,000 was converted from convertible loans.

The key terms of the redeemable preferred equity prior to the termination of the redemption rights, liquidation preferences and anti-dilution rights are summarized as follows:

Redemption rights

Upon the occurrence of certain events as stipulated in the relevant investment agreements, any holder of the redeemable preferred equity may require the Company and the controlling shareholder to redeem any or all of the outstanding equity held by such holders at the redemption price which represent the repurchase price, plus an interest at an annual rate of 10% calculating from the issuance date, plus any dividend declared but collected by such holder.

Liquidation preferences

In the event of any liquidation including but not limited to insolvency liquidation, dissolving liquidation and deemed liquidation (as stipulated in the relevant investment agreements, including but not limited to) (together, the "Liquidation Event"), the holders of redeemable preferred equity shall be entitled to receive the amount equal to the original investment amount with interest at an annual interest rate of 8% calculating from the issuance date of the respective Redeemable preferred equity, plus declared but undistributed dividends, if any (after satisfaction of all creditors' claims and claims that may be preferred by law).

The liquidation preference amount will be paid to the holders of redeemable preferred equity in the following order: first to holders of Series D, second to holders of Series C+, third to holders of Series C-2, fourth to holders of Series C-1, fifth to holders of Series B, sixth to holders of Series A, seventh to holders of Series Pre-A and eighth to holders of Series Angel. Upon completion of the distributions in full to all holders of the redeemable preferred equity, all of the remaining assets and funds of the Company available for distribution, if any, shall be distributed ratably among all holders of the redeemable preferred equity and paid-in capital according to the relative holding of paid-in capital held by such each holder on an as converted basis.

Deemed liquidation events include the following:

- The acquisition of the Company, and/or the Group by another entity through a merger, reorganization, consolidation, sale of shares, or other transaction, as a result of which the controlling shareholder or de facto controller (who held control prior to the transaction) loses that status in the surviving or successor entity upon the transaction's completion. For the avoidance of doubt, the Founder's direct or indirect shareholding in the Company falling below 20% for any reason. The number of directors that the Founder is entitled to nominate falling below 50% of the total number of directors.

- The Group (regarded as a whole) sells or otherwise disposes of all or the vast majority of its assets or business to a third party; or

- The grant, transfer, or other disposal of its core intellectual property by the Group (regarded as a whole) to a third party on an irrevocable and exclusive basis, excluding such activities occurring in the ordinary course of business related to the delivery of the group companies' products or services.

Anti-dilution rights

According to the anti-dilution protection clause as stipulated in the relevant investment agreements, the Company and the controlling shareholder are obligated to issue/transfer additional holding of paid in capital to the holders of redeemable preferred equity at no consideration, under the circumstance that the Company increases its registered capital at a price lower than the subscription price that paid by the holders of redeemable preferred equity, respectively.

Termination of the preferential rights

On June 30, 2025 (the "Termination Date"), the redemption rights, liquidation preferences and anti-dilution rights attached to the Series Angel, Series Pre-A, Series A, Series B, Series C-2, Series C+ and Series D, granted by the Company, were terminated, and the financial liabilities at FVTPL arising from the redeemable preferred equity were accordingly derecognized and transferred to equity.

The special rights granted by Mr. Wang and entities controlled by him were terminated on October 30, 2025, subject to certain reinstatement clauses. Details are set out in note 34.

The movements of the redeemable preferred equity are set out as below:

	At December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Redeemable preferred equity			
Carrying amounts at the beginning of the year	686,340	829,003	1,287,455
Recognition of capital contribution as financial liability at FVTPL	–	–	503,180
Conversion from convertible loans	–	–	82,547
Changes in fair value	142,663	458,452	176,905
Derecognition of financial liabilities at FVTPL as equity	–	–	(2,050,087)
Carrying amounts at the end of the year	829,003	1,287,455	–

Presentation and classification

As at December 31, 2023 and 2024, the redeemable preferred equity issued to investors were classified as financial liabilities at FVTPL (current liabilities), as 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 for the Company. Financial liabilities are measured at fair value and any changes in the fair value of the financial liabilities were recorded in "Loss on fair value changes of financial liabilities at FVTPL" in the consolidated statements of profit or loss and other comprehensive income.

As at December 31, 2023, the Company used the discounted cash flow method ("DCF Method") to determine the underlying equity value of the Company, and performed an equity allocation based on an option pricing model ("OPM") to arrive at the fair value of the redeemable preferred equity. The Company had entered into an investment agreement with independent investors in September 2024, which provided a latest transaction price. Accordingly, as at December 31, 2024, the Company changed its valuation techniques to the back-solve method to determine the underlying equity value of the Company, and performed an equity allocation based on an OPM Model to arrive at the fair value of the redeemable preferred equity. The Group engages an independent qualified valuation specialist, ValueLink Management Consultants Limited ("Valuelink") (藍策亞洲(北京)企業管理諮詢有限公司) (Room 511, SOHO Jiasheng Center, No. 19, North East Third Ring Road, Chaoyang District, Beijing, the PRC), to perform the valuation. Key assumptions are set out as below:

	As at December 31,	
	2023	2024
Discount rate	17.00%	N/A
Risk-free interest rate	2.86%	1.92%
Discount for lack of marketability ("DLOM")	9.00%	N/A
Possibilities under termination of preferential rights scenario	35.00%	35.00%
Possibilities under liquidation scenario	32.50%	32.50%
Possibilities under redemption scenario	32.50%	32.50%
Expected volatility	42.96%	49.00%

Convertible loans not contain equity component

Since the date of incorporation, the Company has issued a series of convertible loans notes. The details are set out below:

In August 2021, January 2022, June 2022, February 2024 and December 2024, the Company issued convertible loans amounting to book value of RMB65,000,000, RMB32,000,000, RMB13,200,000, RMB50,025,000 and RMB70,000,000, respectively. The convertible loans are denominated in RMB with no interest. The convertible loans entitle the holders to convert them into redeemable preferred equity of the Company subject to certain conditions between the date of issue of the notes and 12/24 months after the date of issue of the convertible loans. The convertible loans can be converted to a certain amount of redeemable preferred equity as stipulated in the relevant convertible loans agreements.

If the convertible loans listed above have not been converted by due date as stipulated in the relevant convertible loans agreements, the holders of the notes can choose to either (1) require the Company to redeem all the outstanding convertible loans immediately, or (2) convert the convertible loans to redeemable preferred equity of the Company with certain amount as stipulated in the relevant convertible loans agreements.

The movements of the convertible loans notes are set out below:

	At December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount at the beginning of the year	76,682	44,601	82,547
Issuance of convertible loans	–	120,025	41,751
Termination of convertible loans (note)	–	(38,025)	–
Changes in fair value	419	(54)	–
Conversion into redeemable preferred equity	–	–	(82,547)
Conversion into ordinary shares	–	–	(41,751)
Redemption of convertible loans	(32,500)	(44,000)	–
Carrying amount at the end of the year	44,601	82,547	–

note: The Company entered into a supplemental agreement with one of the holder to early terminate the convertible loan due to a change in investment intentions and transfer to other loans. The principal and related interests of the loan would be repaid within 12 months.

As of December 31, 2024, a convertible loan amounting to RMB70,000,000 was classified as a non-current liability, as it is due in 2026. All other convertible loans as at December 31, 2023 and 2024 were recorded as current liabilities.

After determining the fair value of the redeemable preferred equity, the Group adopted scenario analysis method to determine the fair value of the convertible loans. The Group engages Valuelink to perform the valuation. Key assumptions are set out as below:

	At December 31,		
	2023	2024	2025
Discount rate	17.00%	N/A	N/A
Possibilities of conversion	75%-100%	100%	N/A

30. SHARE CAPITAL AND PAID-IN CAPITAL OF THE COMPANY

A summary of movements in the Company's paid-in capital is as follows:

	Shown in Historical Financial Information as
	RMB'000
As at December 31, 2022, 2023 and 2024	5,512
Capital injection by new investors	500
Conversion of convertible loans to redeemable preferred equity	81
Conversion into a joint stock company	(6,093)
As at December 31, 2025	–

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

Ordinary shares of RMB1.00 each

	Number of shares	Amount
	'000	*RMB'000*
As at January 1, 2023, December 31, 2023 and 2024	–	–
Conversion into a joint stock company (note i)	20,000	20,000
Issuance of ordinary shares (note ii)	167	167
As at December 31, 2025	20,167	20,167

notes:

i. In October 2025, the Company was converted into a joint stock company with limited liability under the Company Law of the PRC. A portion of the Company's net assets as of June 30, 2025 were converted into 20,000,000 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.

ii. In December 2025, the Company issued ordinary shares with total consideration of RMB12,000,000, among which RMB37,000 was credited to the Company's share capital and the remaining balance was credited as share premium. Meanwhile, the convertible loans were converted into ordinary shares with total consideration of RMB41,751,000 among which RMB130,000 was credited to the Company's shares capital and the remaining balance was credited as share premium

31. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that the group entities will be able to continue as a going concern while maximizing the return to shareholders through the optimization 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 bank and other borrowings, lease liabilities and financial liabilities at FVTPL (as disclosed in notes 28, 27 and 29, respectively), net of cash and cash equivalents, and equity attributable to owners of the Company, comprising issued paid-in capital, 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 issue of new shares, new debts or the redemption of existing debts.

32. FINANCIAL INSTRUMENTS

Categories of financial instruments

The Group

	At December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Financial assets			
Financial assets at amortized cost	262,925	485,230	798,995
Financial assets at FVTPL	–	–	16,904
Financial assets at FVTOCI	–	–	2,000
	262,925	485,230	817,899
Financial liabilities			
Financial liabilities at amortized cost	388,803	557,867	600,000
Financial liabilities at FVTPL	873,604	1,370,002	–
	1,262,407	1,927,869	600,000

The Company

	At December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Financial assets			
Financial assets at amortized cost	348,308	473,498	636,974
Financial assets at FVTOCI	–	–	2,000
	348,308	473,498	638,974
Financial liabilities			
Financial liabilities at amortized cost	452,867	523,203	503,962
Financial liabilities at FVTPL	873,604	1,370,002	–
	1,326,471	1,893,205	503,962

Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, bills receivables, financial assets at FVTPL, financial assets at FVTOCI, amounts due from related parties, restricted bank deposits, cash and cash equivalents, trade, bills and other payables, borrowings, lease liabilities and financial liabilities at FVTPL. The Company's major financial instruments include those aforementioned as well as amounts due from/to subsidiaries included in the Company's amounts due from/to related parties. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The management of the Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

The Group's activities expose it primarily to currency risk, interest rate risk and other price risk. There had been no change in the Group's exposure to these risks or the manner in which it managed and measured the risks during the Track Record Period.

(i) Currency risk

Several subsidiaries of the Company have foreign currency transactions, including sales and purchase, which expose the Group to foreign currency risk. Certain of the Group's cash and cash equivalents, trade and other receivables and trade and other payables are denominated in currencies other than the functional currency of the relevant group entities' and expose to such foreign currency risk. The carrying amounts of relevant group entities' foreign currency denominated monetary assets and liabilities other than their functional currency are disclosed in the respective notes.

The Group and the Company mainly expose to foreign currency of USD, HKD and JPY. The carrying amounts of the Group's and the Company's foreign currency denominated monetary assets and liabilities as at December 31, 2023, 2024 and 2025 are as follows:

	At December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Assets			
USD	26,765	7,360	938
HKD	–	–	4,027
Liabilities			
JPY	–	9,724	–
USD	–	–	66
HKD	–	–	2,100

The Group and the Company currently do not have a foreign exchange hedging policy. However, the management of the Group and the Company monitors foreign exchange exposure and will consider hedging significant foreign exchange exposure should the need arise.

No sensitivity analysis on currency risk is presented as the management of the Group and the Company considered that there would not be a significant change of prevailing exchange rate and the exposure of currency rate risk of the Group and the Company is insignificant.

(ii) Interest rate risk

The Group and the Company are exposed to fair value interest rate risk in relation to fixed-rate cash and cash equivalents, bank and other borrowings and lease liabilities. The Group and the Company are also exposed to cash flow interest rate risk in relation to variable-rate other borrowings. Details of the cash and cash equivalents and bank and other borrowings are set out in notes 24 and 28, respectively. The Group and the Company manage their interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook. The management will review the proportion of borrowings in fixed and variable rates and ensure they are within reasonable range.

The Group and the Company currently do not have formal interest rate hedging policies. The management of the Group and the Company monitors the Group's and the Company's exposures on an on-going basis and will consider hedging interest rate risk should the need arises.

No sensitivity analysis is presented since the management of the Group and the Company consider the exposure of interest rate risk is insignificant.

(iii) Other price risk

The Group is exposed to equity price risk through its financial assets at FVTPL, financial assets at FVTOCI and financial liabilities measured at FVTPL. The fair value change of financial assets at FVTOCI is immaterial.

Sensitivity analysis

The sensitivity analyses have been determined based on the exposure to equity price risk at the reporting date. If the prices of the financial assets at FVTPL and financial liabilities at FVTPL had been 5% higher/lower,

The Group and the Company

- The post-tax loss for the year ended 31 December 2023 would increase/decrease by RMB37,128,000.
- The post-tax loss for the year ended 31 December 2024 would increase/decrease by RMB59,762,000.
- The post-tax loss for the year ended 31 December 2025 would increase/decrease by RMB709,000.

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's and the Company's counterparties default on their contractual obligations resulting in financial losses to the Group and the Company. The Group's and the Company's credit risk exposures are primarily attributable to trade and other receivables, restricted bank deposits, cash and cash equivalents and amounts due from related parties. The Group and the Company do not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

Trade receivables

The Group and the Company perform impairment assessment under ECL model on trade receivables with special risk and credit-impaired individually. Except for those trade receivables, which are assessed for impairment individually, the remaining trade receivables are grouped based on shared credit risk characteristics, in which the trade receivables are grouped into (i) Group A: trade receivables arising from state-owned enterprise customers, customers with state-owned capital background or related parties, and (ii) Group B: remaining trade receivables arising from customers other than those included in Group A.

In order to minimise credit risk, the Group and the Company have tasked their operation management committee to develop and maintain the Group's and the Company's credit risk gradings to categorise exposures according to their degree of risk of default.

The Group has concentration of credit risk as 17.67%, 0.20% and 11.04% of the Group's total trade receivables as at December 31, 2023, 2024 and 2025 was due from the Group's largest customer respectively. The Group has concentration of credit risk as 45.96%, 34.11% and 34.61% of the Group's total trade receivables as at December 31, 2023, 2024 and 2025 was due from the Group's five largest customers respectively.

The Company has concentration of credit risk as 25.31%, 27.90% and 17.49% of the Company's total trade receivables as at December 31, 2023, 2024 and 2025 was due from the Company's largest customer respectively. The Company has concentration of credit risk as 62.37%, 54.64% and 57.94% of the Company's total trade receivables as at December 31, 2023, 2024 and 2025 was due from the Company's five largest customers respectively.

Other receivables and amounts due from related parties

The Group considers the probability of default upon initial recognition of the assets and whether there has been significant increase in credit risk on an ongoing basis throughout each of the periods. To assess whether there is a significant increase in credit risk, the Group compares risk of a default occurring on the assets as of the reporting date with the risk of default as of the date of initial recognition. ECL is not material at each reporting date.

Restricted bank deposits and cash and cash equivalents

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

In determining the ECL, the management of the Group has taken into account the historical credit loss experience based on the past default experience of the counterparty, 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.

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

Categories	Description	Trade receivables	Other financial assets
Low risk	The counterparty has a low risk of default	Lifetime ECL – not credit-impaired	12m ECL
Watch list	Debtor frequently repays after due dates but usually settle in full after due date	Lifetime ECL – not credit-impaired	12m ECL
Doubtful	Amount is over 30 days past due or there have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	Amount is over 90 days past due or there is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	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	Amount is written off

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

The Group

December 31, 2023	notes	Internal credit ratings	12m or lifetime ECL	Gross carrying amount
				RMB'000
Trade receivables	*21*	Low risk	Lifetime ECL – not credit-impaired (collective assessment)	32,159
	21	Not applicable	Lifetime ECL – not credit-impaired (collective assessment)	48,671
	21	Loss	Lifetime ECL – credit-impaired (individual assessment)	13,750
Other receivables	*21*	Low risk	12m ECL	1,108
Bills receivables	*21*	Low risk	12m ECL	200
Amounts due from related parties	*34*	Low risk	12m ECL	69,817
Restricted bank deposits	*24*	Low risk	12m ECL	–
Cash and cash equivalents	*24*	Low risk	12m ECL	103,315

December 31, 2024	notes	Internal credit ratings	12m or lifetime ECL	Gross carrying amount
				RMB'000
Trade receivables	*21*	Low risk	Lifetime ECL– not credit-impaired (collective assessment)	105,555
	21	Not applicable	Lifetime ECL – not credit-impaired (collective assessment)	231,340
	21	Loss	Lifetime ECL – credit-impaired (individual assessment)	8,551
Other receivables	*21*	Low risk	12m ECL	6,278
Bills receivables	*21*	Low risk	12m ECL	2,672
Amounts due from related parties	*34*	Low risk	12m ECL	94,257
Restricted bank deposits	*24*	Low risk	12m ECL	294
Cash and cash equivalents	*24*	Low risk	12m ECL	41,016

December 31, 2025	notes	Internal credit ratings	12m or lifetime ECL	Gross carrying amount
				RMB'000
Trade receivables	*21*	Low risk	Lifetime ECL – not credit-impaired (collective assessment)	62,005
	21	Not applicable	Lifetime ECL – not credit-impaired (collective assessment)	485,390
	21	Loss	Lifetime ECL – credit-impaired (individual assessment)	8,551
Other receivables	*21*	Low risk	12m ECL	1,035
Bills receivables	*21*	Low risk	12m ECL	263
Amounts due from related parties	*34*	Low risk	12m ECL	14,051
Restricted bank deposits	*24*	Low risk	12m ECL	1,000
Cash and cash equivalents	*24*	Low risk	12m ECL	234,907

The Company

December 31, 2023	notes	Internal credit ratings	12m or lifetime ECL	Gross carrying Amount
				RMB'000
Trade receivables	*21*	Low risk	Lifetime ECL – not credit-impaired (collective assessment)	32,159
	21	Not applicable	Lifetime ECL – not credit-impaired (collective assessment)	77,303
	21	Loss	Lifetime ECL – credit-impaired (individual assessment)	13,750
Other receivables	*21*	Low risk	12m ECL	1,074
Bills receivables	*21*	Low risk	12m ECL	200
Amounts due from related parties	*34*	Low risk	12m ECL	175,889
Restricted bank deposits	*24*	Low risk	12m ECL	–
Cash and cash equivalents	*24*	Low risk	12m ECL	54,019

December 31, 2024	notes	Internal credit ratings	12m or lifetime ECL	Gross carrying amount
				RMB'000
Trade receivables	*21*	Low risk	Lifetime ECL – not credit-impaired (collective assessment)	102,608
	21	Not applicable	Lifetime ECL – not credit-impaired (collective assessment)	117,880
	21	Loss	Lifetime ECL – credit-impaired (individual assessment)	8,551
Other receivables	*21*	Low risk	12m ECL	6,134
Bills receivables	*21*	Low risk	12m ECL	2,469
Amounts due from related parties	*34*	Low risk	12m ECL	209,724
Restricted bank deposits	*24*	Low risk	12m ECL	294
Cash and cash equivalents	*24*	Low risk	12m ECL	30,347

December 31, 2025	notes	Internal credit ratings	12m or lifetime ECL	Gross carrying amount
				RMB'000
Trade receivables	*21*	Low risk	Lifetime ECL – not credit-impaired (collective assessment)	59,917
	21	Not applicable	Lifetime ECL – not credit-impaired (collective assessment)	269,975
	21	Loss	Lifetime ECL – credit-impaired (individual assessment)	8,551
Other receivables	*21*	Low risk	12m ECL	829
Bills receivables	*21*	Low risk	12m ECL	20
Amounts due from related parties	*34*	Low risk	12m ECL	248,302
Restricted bank deposits	*24*	Low risk	12m ECL	1,000
Cash and cash equivalents	*24*	Low risk	12m ECL	56,421

As part of the Group's credit risk management, the Group applies both internal credit rating and provision matrix for its customers. ECL of trade receivables arising from Group A is collectively assessed by using internal credit ratings. And ECL of trade receivables arising from Group B is collectively assessed by using of a provision matrix.

The following tables provide information about the exposure to credit risk for trade receivables which are assessed collectively based on shared credit risk characteristics by reference to the Group's assessment as at 31 December, 2023, 2024 and 2025, respectively. Debtors with special risk or credit-impaired of the Group and the Company with gross carrying amounts of RMB13,750,000, RMB8,551,000 and RMB8,551,000 respectively as at 31 December, 2023, 2024 and 2025 were assessed individually.

The Group

Gross carrying amounts as at December 31, 2023

	Weighted average loss rate	Trade receivables
	%	*RMB'000*
Group A	0.19	32,159
Group B	0.18	48,671
Individual assessment	41.41	13,750
		94,580

Gross carrying amounts as at December 31, 2024

	Weighted average loss rate	Trade receivables
	%	*RMB'000*
Group A	0.05	105,555
Group B	0.16	231,340
Individual assessment	49.03	8,551
		345,446

Gross carrying amounts as at December 31, 2025

	Weighted average loss rate	Trade receivables
	%	*RMB'000*
Group A	0.05	62,005
Group B	0.07	485,390
Individual assessment	91.27	8,551
		555,946

The Company

Gross carrying amounts as at December 31, 2023

	Weighted average loss rate	Trade receivables
	%	*RMB'000*
Group A	0.19	32,159
Group B	0.10	77,303
Individual assessment	41.42	13,750
		123,212

Gross carrying amounts as at December 31, 2024

	Weighted average loss rate	Trade receivables
	%	*RMB'000*
Group A	0.05	102,608
Group B	0.13	117,880
Individual assessment	49.04	8,551
		229,039

Gross carrying amounts as at December 31, 2025

	Weighted average loss rate	Trade receivables
	%	*RMB'000*
Group A	0.05	59,917
Group B	0.07	269,975
Individual assessment	91.27	8,551
		338,443

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by the management of the Group to ensure relevant information about specific debtors is updated.

Movement in ECL that has been recognized for trade receivables:

The Group

	Lifetime ECL – not credit-impaired	Lifetime ECL – credit-impaired	Total
	RMB'000	*RMB'000*	*RMB'000*
At January 1, 2023	109	5,636	5,745
Impairment losses recognized	39	59	98
At December 31, 2023	148	5,695	5,843
Impairment losses recognized	265	–	265
Impairment losses reversed	–	(1,502)	(1,502)
At December 31, 2024	413	4,193	4,606
Impairment losses recognized	–	4,972	4,972
Impairment losses reversed	(30)	–	(30)
Write-offs	–	(1,361)	(1,361)
At December 31, 2025	383	7,804	8,187

The Company

	Lifetime ECL – not credit-impaired	Lifetime ECL – credit-impaired	Total
	RMB'000	*RMB'000*	*RMB'000*
At January 1, 2023	86	5,636	5,722
Impairment losses recognized	61	59	120
At December 31, 2023	147	5,695	5,842
Impairment losses recognized	53	–	53
Impairment losses reversed	–	(1,502)	(1,502)
At December 31, 2024	200	4,193	4,393
Impairment losses recognized	27	4,972	4,999
Write-offs	–	(1,361)	(1,361)
At December 31, 2025	227	7,804	8,031

Liquidity risk

The management of the Group 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 and the Company's remaining contractual maturity for their 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, 2023	Weighted average effective interest rate	On demand or less than 1 year	Over 1 year but within 2 years	Over 2 years but within 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade, bills and other payables	N/A	218,800	–	–	–	218,800	218,800
Bank and other borrowings							
– fixed rate	3.85%	152,289	–	–	–	152,289	149,413
– variable rate	4.15%	21,747	–	–	–	21,747	20,590
Lease liabilities	3.45%	1,311	–	–	–	1,311	1,290
Financial liabilities at FVTPL	N/A	439,484	–	–	–	439,484	873,604
		833,631	–	–	–	833,631	1,263,697

At December 31, 2024	Weighted average effective interest rate	On demand or less than 1 year	Over 1 year but within 2 years	Over 2 years but within 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade, bills and other payables	N/A	236,857	–	–	–	236,857	236,857
Bank and other borrowings							
– fixed rate	3.03%	325,297	–	–	–	325,297	321,010
Lease liabilities	3.20%	812	1,590	–	–	2,402	2,290
Financial liabilities at FVTPL	N/A	445,509	70,000	–	–	515,509	1,370,002
		1,008,475	71,590	–	–	1,080,065	1,930,159

At December 31, 2025	Weighted average effective interest rate	On demand or less than 1 year	Over 1 year but within 2 years	Over 2 years but within 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade, bills and other payables	N/A	194,096	–	–	–	194,096	194,096
Bank and other borrowings							
– fixed rate	2.53%	404,144	–	–	–	404,144	398,733
Lease liabilities	2.30%	5,777	5,575	2,307	–	13,659	13,325
Accrued issue cost	N/A	1,076	–	–	–	1,076	1,076
Accrued [REDACTED] expenses	N/A	[REDACTED]	–	–	–	[REDACTED]	[REDACTED]
		611,188	5,575	2,307	–	619,070	613,325

The Company

At December 31, 2023	Weighted average effective interest rate	On demand or less than 1 year	Over 1 year but within 2 years	Over 2 years but within 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade, bills and other payables	N/A	204,902	–	–	–	204,902	204,902
Amounts due to related parties	N/A	110,911	–	–	–	110,911	110,911
Bank and other borrowings							
– fixed rate	3.97%	118,776	–	–	–	118,776	116,464
– variable rate	4.15%	21,747	–	–	–	21,747	20,590
Financial liabilities at FVTPL	N/A	439,484	–	–	–	439,484	873,604
		895,820	–	–	–	895,820	1,326,471

At December 31, 2024	Weighted average effective interest rate	On demand or less than 1 year	Over 1 year but within 2 years	Over 2 years but within 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade, bills and other payables	N/A	199,984	–	–	–	199,984	199,984
Amounts due to related parties	N/A	82,009	–	–	–	82,009	82,009
Bank and other borrowings							
– fixed rate	2.95%	244,207	–	–	–	244,207	241,210
Lease liabilities	3.20%	179	377	–	–	556	529
Financial liabilities at FVTPL	N/A	445,509	70,000	–	–	515,509	1,370,002
		971,888	70,377	–	–	1,042,265	1,893,734

At December 31, 2025	Weighted average effective interest rate	On demand or less than 1 year	Over 1 year but within 2 years	Over 2 years but within 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade, bills and other payables	N/A	88,805	–	–	–	88,805	88,805
Amounts due to related parties	N/A	77,401	–	–	–	77,401	77,401
Bank and other borrowings							
– fixed rate	2.71%	335,372	–	–	–	335,372	330,585
Lease liabilities	2.30%	4,056	3,996	1,914	–	9,966	9,722
Accrue issue cost	N/A	1,076	–	–	–	1,076	1,076
Accrue [REDACTED] expenses	N/A	[REDACTED]	–	–	–	[REDACTED]	[REDACTED]
		512,805	3,996	1,914	–	518,715	513,684

Fair value measurements of financial instruments

Some of the Group's and the Company's financial instruments are measured at fair value at the end of each reporting period for financial reporting purposes. In estimating the fair value, the Group uses market-observable data to the extent it is available. For instruments with significant unobservable inputs under Level 3, the Group engages third party qualified valuers to perform the valuation. The management works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

In estimating the fair value, the Group uses market-observable data to the extent it is available. For instruments with significant unobservable inputs under Level 3, the Group engages third party qualified valuers to perform the valuation.

Fair values are categorized 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).

(i) ***Fair value of the Group's and the Company's financial assets and liabilities that are measured at fair value on a recurring basis***

The following table gives information about how the fair values of these financial assets and liabilities 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 techniques and key inputs	Significant unobservable inputs
	At December 31,					
	2023	2024	2025			
	RMB'000	*RMB'000*	*RMB'000*			
Financial assets:						
Investments in an unlisted investment fund	–	–	16,904	Level 3	Net assets value. Key inputs: the fair value of the investees of the fund.	Determined by the fair value of the investees of the fund, mainly based on the latest round financing and business performances of the investees.
Private equity investments in FVTOCI	–	–	2,000	Level 2	Recent transaction price	N/A

	Fair value At December 31, 2023	2024	2025	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs
	RMB'000	*RMB'000*	*RMB'000*			
Financial liabilities:						
Redeemable preferred equity	829,003	1,287,455	–	Level 3	2023: DCF Method and OPM. Key inputs: discount rate, risk-free interest rate, DLOM, probability of stock conversion and expected volatility. 2024: Back-solve method from recent transaction price and OPM. Key inputs: risk-free interest rate, probability of stock conversion and expected volatility.	2023: Discount rate, DLOM and expected volatility (note i) 2024: Expected volatility (note i)
Convertible loans	44,601	82,547	–	Level 3	2023: DCF Method and scenario analysis method. Key inputs: discount rate, possibilities of conversion. 2024: Back-solve method from recent transaction price and scenario analysis method. Key input: possibilities of conversion.	2023: Discount rate, possibilities of conversion (note ii) 2024: Possibilities of conversion (note ii)

notes:

i. If the Company's significant unobservable inputs used to determine the fair value of redeemable preferred equity had increased/(decreased) certain percentage, while all other variables keep constant, the estimated fair value would have changed from the carrying amounts as at December 31, 2023 and 2024, respectively, as set out in the table below.

	Relationship of unobservable inputs to fair values	At December 31, 2023
		RMB'000
Discount rate + 1%	The higher the discount rate, the lower the fair value.	(60,783)
Discount rate – 1%		70,599

	Relationship of unobservable inputs to fair values	At December 31, 2023
	RMB'000	
DLOM + 5%	The higher the DLOM, the lower the fair value.	(38,111)
DLOM – 5%		38,209

	Relationship of unobservable inputs to fair values	At December 31,	
		2023	2024
		RMB'000	RMB'000
Expected volatility + 5%	The relationship between expected volatility and fair value is not linear	619	(5,709)
Expected volatility – 5%		(590)	4,787

ii. If the Company's significant unobservable inputs used to determine the fair value of convertible loans had increased/(decreased) certain percentage, while all other variables keep constant, the estimated fair value would have changed from the carrying amounts as at December 31, 2023 and 2024, respectively, as set out in the table below.

	Relationship of unobservable inputs to fair values	At December 31, 2023
		RMB'000
Discount rate + 1%	The higher the discount rate, the lower the fair value	(45)
Discount rate – 1%		46

	Relationship of unobservable inputs to fair values	At December 31,	
		2023	2024
		RMB'000	RMB'000
Possibilities of conversion + 5%	The higher the possibilities of conversion, the higher the fair value	268	–
Possibilities of conversion – 5%		(838)	(4,082)

The reconciliation of Level 3 fair value measurements of the financial assets at FVTPL and financial liabilities at FVTPL are disclosed in note 19 and note 29, respectively.

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

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

The Group considers the carrying amounts of financial assets and financial liabilities recorded at amortized cost in the Historical Financial Information approximate their fair value.

The Group has assessed that the fair values of other financial assets and liabilities approximate to their carrying amounts largely due to the short-term maturities of these instruments.

33. 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.

	Borrowings	Convertible loans	Redeemable preferred equity	Lease Liabilities	Accrued issue cost	Total
	(note 28) *RMB'000*	(note 29) *RMB'000*	(note 29) *RMB'000*	(note 27) *RMB'000*	(note 25) *RMB'000*	*RMB'000*
At January 1, 2023	158,583	76,682	686,340	2,706	–	924,311
Financing cash flows	4,881	(32,500)	–	(1,374)	–	(28,993)
Non-cash changes						
Finance costs	6,539	–	–	68	–	6,607
Termination of leases	–	–	–	(110)	–	(110)
Fair value adjustments	–	419	142,663	–	–	143,082
At December 31, 2023	170,003	44,601	829,003	1,290	–	1,044,897
Financing cash flows	107,015	76,025	–	(1,425)	–	181,615
Non-cash changes						
Finance costs	5,967	–	–	29	–	5,996
Addition of leases	–	–	–	2,396	–	2,396
Conversion into other borrowings	38,025	(38,025)	–	–	–	–
Fair value adjustments	–	(54)	458,452	–	–	458,398
At December 31, 2024	321,010	82,547	1,287,455	2,290	–	1,693,302
Financing cash flows	59,496	41,751	–	(2,208)	(2,476)	96,563
Recognition of capital contribution as financial liability at FVTPL	–	–	503,180	–	–	503,180
Non-cash changes						
Finance costs	18,227	–	–	211	–	18,438
Addition of leases	–	–	–	13,032	–	13,032
Fair value adjustments	–	–	176,905	–	–	176,905
Deferred issue costs	–	–	–	–	3,552	3,552
Derecognition of financial liability at FVTPL as equity	–	(41,751)	(2,050,087)	–	–	(2,091,838)
Conversion into redeemable preferred equity	–	(82,547)	82,547	–	–	–
At December 31, 2025	398,733	–	–	13,325	1,076	413,134

34. RELATED PARTY DISCLOSURES

The Group had the following significant transactions and balances with related parties during the Track Record Period.

(a) Related party transactions of the Group

i. Revenue from provision of services

	Relationship	Year ended December 31, 2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
ZF ADAS BU	*(i)*	22,308	18,859	19,175
SAIC Group	*(i)*	16,133	4,137	12,156
Calmcar LLC	*(ii)*	51	13	4
		38,492	23,009	31,335

ii. Purchase of service

	Relationship	Year ended December 31, 2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
ZF ADAS BU	*(i)*	24,538	8,029	8,404
SAIC Group	*(i)*	–	–	4,609
Calmcar LLC	*(ii)*	–	–	2,902
		24,538	8,029	15,915

iii. Purchase of inventory and property, plant and equipment

The Group purchased inventory and property, plant and equipment from SAIC Group at a total consideration of RMB8,982,000 for the year ended December 31, 2025.

notes:

(i) These entities are affiliates of shareholders of the Company.

(ii) These entities are controlled by Mr. Wang.

(b) Related party balances of the Group

i. Trade receivables

	Relationship	At December 31, 2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
ZF ADAS BU	*(i)*	19,140	22,894	15,115
SAIC Group	*(i)*	19	3,997	12,193
Calmcar LLC	*(ii)*	1,186	1,229	–
Calmcar INC	*(ii)*	145	145	–
		20,490	28,265	27,308

These amounts disclosed above are included in the Group's trade receivables as set out in note 21.

ii. Amounts due from related parties

	Relationship	At December 31, 2023	2024	2025
		RMB'000	RMB'000	RMB'000
Non-trade related:				
Tianjin Tiantong Zhilian Enterprise Management Consulting Partnership (Limited Partnership) ("Tiantong Zhilian") 天津天瞳智聯企業管理諮詢合夥企業(有限合夥)	*(ii)*	69,817	89,266	14,051
Zhejiang Ningbo Tiantong Weishi Electronics Technology Co., Ltd. ("Ningbo Tiantong Weishi") 浙江省寧波市天瞳威勢電子科技有限公司	*(ii)*	–	4,991	–
		69,817	94,257	14,051

As at January 1, 2023 amounts due from related parties amounted to RMB81,280,000.

The maximum outstanding amounts of Tiantong Zhilian for the years ended December 31, 2023, 2024 and 2025 were RMB69,817,000, RMB89,266,000 and RMB99,932,800, respectively. The maximum outstanding amounts of Ningbo Tiantong Weishi for the years ended December 31, 2023, 2024 and 2025 were Nil, RMB5,000,000 and RMB4,991,000, respectively.

The amounts disclosed above are included in the Group's amounts due from related parties presented on the face of the consolidated statements of financial position.

iii. Prepayment to suppliers

	Relationship	At December 31, 2023	2024	2025
		RMB'000	RMB'000	RMB'000
ZF ADAS BU	*(i)*	–	–	1,126

The amounts disclosed above are included in the Group's prepayment to suppliers as set out in note 21.

iv. Trade payables

	Relationship	At December 31, 2023	2024	2025
		RMB'000	RMB'000	RMB'000
Trade related:				
ZF ADAS BU	*(i)*	59,195	28,171	–
SAIC Group	*(i)*	–	–	3,103
		59,195	28,171	3,103

These amounts disclosed above are included in the Group's trade payables as set out in note 25.

notes:

(i) These entities are affiliates of shareholders of the Company.

(ii) These entities are controlled by Mr. Wang.

(c) Related party balances of the Company

i. Amounts due from related parties of the Company

	Relationship	At December 31, 2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Non-trade related:				
Ningbo Tiantong Weishi	*(ii)*	–	4,991	–
Tiantong Zhilian	*(ii)*	50,817	70,267	–
Tianjin Tiantong	*(iii)*	32,732	7,344	–
Tianjin Tiantong Zhijia Technology Co., Ltd.* ("Tianjin Zhijia") (天津天瞳智駕科技有限公司)	*(iii)*	18,928	20,130	20,147
Shanghai Tuhui Technology Co., Ltd.* ("Shanghai Tuhui") (上海途繪科技有限公司)	*(iii)*	24,629	23,090	59,274
Shanghai Tongshi Electronic Technology Co., Ltd.* ("Shanghai Tongshi") (上海瞳勢電子科技有限公司)	*(iii)*	33,989	38,779	38,796
Tangshan Tiantong Zhixing Technology Co., Ltd.* ("Tangshan Tiantong") (唐山天瞳智行科技有限公司)	*(iii)*	–	–	85,643
Tianjin Tiantong Zhixing Technology Co., Ltd.* ("Tiantong Zhixing") (天津天瞳智行電子科技有限公司)	*(iii)*	12,345	41,638	41,153
Others		2,449	3,485	3,289
		175,889	209,724	248,302

These amounts disclosed above are included in the Company's amounts due from related parties presented on the face of the statements of financial position of the Company.

ii. Prepayment to suppliers of the Company

	Relationship	At December 31, 2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
ZF ADAS BU	*(i)*	–	–	1,126
Shenzhen Tiantong	*(iii)*	2,920	2,883	–
Tianjin Zhijia	*(iii)*	–	5,104	–
Tianjin Tiantong	*(iii)*	–	–	91,447
Beijing Weishi	*(iii)*	–	–	37,145
Tangshan Tiantong	*(iii)*	–	–	57,751
Jianhu Tiantong Weishi Electronic Technology Co., Ltd.* ("Jianhu Tiantong") (建湖天瞳威視電子科技有限公司)		–	–	640
		2,920	7,987	188,109

The amounts disclosed above are included in the Company's prepayment to suppliers as set out in note 21.

iii. Contract liabilities of the Company

	Relationship	At December 31, 2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Shenzhen Tiantong	*(iii)*	–	2,422	4,837
Tiantong Zhixing	*(iii)*	–	16,787	82,891
Tianjin Tiantong	*(iii)*	14,094	72,720	–
Shanghai Tongshi	*(iii)*	–	955	1,684
Beijing Weishi	*(iii)*	–	450	–
Tangshan Tiantong	*(iii)*	–	850	–
		14,094	94,184	89,412

iv. Amounts due to related parties of the Company

	Relationship	At December 31, 2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Non-trade related:				
Tianjin Tiantong	*(iii)*	62,947	28,052	10,639
Shenzhen Tiantong	*(iii)*	22,730	27,245	27,013
Tiantong Zhixing	*(iii)*	25,190	25,026	24,506
Shanghai Tuhui	*(iii)*	–	886	–
Tangshan Tiantong	*(iii)*	–	800	–
Hong Kong Smart Route Ltd. ("HK Smart Route") (香港禦载智行科技有限公司)	*(iii)*	–	–	594
Shanghai Tiantong Weishi Electronic Technology Co., Ltd. ("Shanghai Tiantong") (上海天瞳威勢電子科技有限公司)	*(iii)*	–	–	9,700
Tiantong Zhilian	*(iii)*	–	–	4,949
Others		44	–	–
		110,911	82,009	77,401

(i) These entities are affiliates of shareholders of the Group.

(ii) These entities are/were controlled by Mr. Wang.

(iii) These entities are subsidiaries of the Company.

* English name is for identification purpose

These amounts disclosed above are included in the Company's amounts due from related parties presented on the face of the statements of financial position of the Company.

(d) Compensation of key management personnel

	Year ended December 31, 2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Salaries and other benefits	6,776	5,850	10,681
Discretionary performance related bonus	1,053	31	–
	7,829	5,881	10,681

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

(e) Special rights granted by Mr. Wang and entities controlled by him to redeemable preferred shareholders

Mr. Wang and entities controlled by him granted special rights to certain preferred shareholders including anti-dilution rights and repurchase rights. These special rights were terminated on October 30, 2025, provided that such rights shall be automatically reinstated upon the earlier of (i) when the Submission is withdrawn or officially rejected; (ii) failing to obtain a conditional [**REDACTED**] approval letter from the Exchange within 18 months after the Submission; or (iii) failing to complete the [**REDACTED**] within one month of receiving the conditional [**REDACTED**] approval letter from the Exchange. As represented by the directors of the Company, the Group has not provided any guarantee in respect of the obligations of the controlling shareholders and no side agreement existed. Furthermore, the Group is not a party to the relevant termination clauses. Accordingly, no liability in respect of such guarantees was recognized during the Track Record Period.

35. PLEDGE OF ASSETS

The Group's borrowings and bills payables had been secured by the pledge of the Group's assets and the carrying amounts of the respective assets are as follows:

	At December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Property, plant and equipment	44,362	43,263	42,164
Restricted bank deposits	–	294	1,000
	44,362	43,557	43,164

36. EQUITY-SETTLED SHARE-BASED PAYMENT

2025 Employee Incentive Plan

In October 2025, the Group adopted 2025 Employee Incentive Plan for purpose of providing incentives to core members of the management team and key employees. The two employee shareholding platforms, namely Qingyuan Tiantong Enterprise Management Partnership (Limited Partnership)* (慶元天瞳企業管理合夥企業(有限合夥)) and WX Technology Limited, which were established and assessed not controlled by the Group respectively in September 2025 and December 2022, and hold the Company's share capital of RMB2,645,000, to implement the 2025 Employee Incentive Plan. Eligible participants include the Group's directors, key management personnel and other employees who contribute directly to the overall business performance and sustainable development of the Group.

Under the 2025 Employee Incentive Plan, RS granted to grantees shall vest in four equal annual installments of 25% each, with the first installment vesting one year following the Company's [**REDACTED**] date, and each subsequent installment vesting on each anniversary thereafter. In the event of a participant's employment termination, Mr. Wang, or a third party designated by Mr. Wang shall have the right to repurchase any unvested RS from the grantee at the original subscription price of RMB 1 (or USD 1) per grantee. The directors of the Company are of the view that it is not probable that there will be a successful listing at December 31, 2025, therefore, the number of RSU expected to vest is zero. As a result, no share-based compensation expenses are recognized for year ended December 31, 2025.

(i) The number of RS granted in 2025 to the Group's incentive employees is summarised as follows:

	At December 31,
	2025
	Number of RS
Outstanding as at the beginning of the year	–
Granted to directors	800,820
Granted to other key management personnel	987,753
Granted to other employees	855,968
	2,644,541

(ii) Fair value of RS

Fair value of RS	At December 31, 2025
Fair value per RS at grant date	RMB322.38

The fair value of the RS at the grant date were determined by reference to the fair value of the ordinary shares of the Company issued in December 2025 to its shareholders.

37. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Details of the subsidiaries directly and indirectly held by the Company at the end of the reporting period are set out below.

Name of subsidiaries	Principal place of operation and incorporation, date of incorporation	Registered capital/ Authorised share capital	Paid-in capital	Attributable equity interests held by the Company: At December 31, 2023	2024	2025	At the date of this report	Principal activities
		'000	'000					
Directly held:								
Tianjin Tiantong (note i)	The PRC, March 13, 2015	RMB200,000	RMB200,000	100%	100%	100%	[100%]	Development and sales of software
Beijing Weishi (note i)	The PRC, March 6, 2018	RMB3,200	RMB3,200	100%	100%	100%	[100%]	Technical services, technical development, technical consulting and software development
Tianjin Zhijia (note i)	The PRC, January 30, 2019	RMB20,000	RMB20,000	100%	100%	100%	[100%]	Development and sales of software
Shenzhen Tiantong (notes i, iii, iv and v)	The PRC, August 9, 2019	RMB50,000	RMB50,000	100%	100%	100%	[100%]	Development and sales of software
Shanghai Tongshi (note i)	The PRC, July 13, 2021	RMB20,000	RMB20,000	100%	100%	100%	[100%]	Development and sales of software
Shanghai Tuhui (notes i and iv)	The PRC, November 22, 2021	RMB30,000	RMB26,987	100%	100%	100%	[100%]	Technical services, technical development, technical consulting and software development
Tiantong Zhixing (notes i, iii, and iv)	The PRC, May 18, 2022	RMB100,000	RMB100,000	100%	100%	100%	[100%]	Development and sales of software
Tangshan Tiantong (notes i, iv and v)	The PRC, April 17, 2024	RMB5,000	RMB5,000	N/A	100%	100%	[100%]	Development and sales of software
Shenzhen Tongxing Zhijia Technology Co., Ltd.* ("Shenzhen Tongxing") (深圳市瞳行智駕科技有限公司) (notes i and ii)	The PRC, May 16, 2023	RMB60,000	–	100%	100%	N/A	[N/A]	No material activities
Indirectly held:								
HK Smart Route (notes i and v)	Hong Kong, September 20, 2024	HKD100,000	RMB8,870	N/A	100%	N/A	[100%]	No material activities

Name of subsidiaries	Principal place of operation and incorporation, date of incorporation	Registered capital/ Authorised share capital	Paid-in capital	Attributable equity interests held by the Company: At December 31, 2023	2024	2025	At the date of this report	Principal activities
		'000	'000					
Hefei Tiantong Zhixing Technology Co., Ltd.* (合肥天瞳智行科技有限公司) ("Hefei Tiantong") (notes i and vi)	The PRC, November 19, 2024	RMB1,000	–	N/A	100%	N/A	[N/A]	No material activities
Shanghai Tiantong (notes i and v)	The PRC, August 28, 2025	RMB10,000	RMB10,000	N/A	N/A	100%	[100%]	No material activities
Jianhu Tiantong (notes i and v)	The PRC, August 7, 2025	RMB10,000	RMB120	N/A	N/A	100%	[100%]	No material activities
Shoutong Ruichi (Tangshan) Technology Co., Ltd.* (首瞳睿馳(唐山)科技有限公司) ("Shoutong Ruichi") (notes i and v)	The PRC, July 28, 2025	RMB10,000	RMB500	N/A	N/A	100%	[100%]	No material activities
Hong Kong Smart Drive Technology Limited) (香港慧行科技有限公司) ("HK Smart Drive") (note i) . .	Hong Kong, February 27, 2025	HKD1	–	N/A	N/A	100%	[60%]	No material activities

* English name is for identification purpose

notes:

i Except for Hong Kong incorporated subsidiaries which are newly incorporated and are not due for issuance of the statutory financial statements, no audited statutory financial statements were prepared for the other entities for the years ended December 31, 2023, 2024 and 2025.

ii Shenzhen Tongxing was deregistered on February 28, 2025.

iii Paid-in capital of Shenzhen Tiantong and Tiantong Zhixing was increased by RMB9,517,000 and RMB18,294,000 in 2023, respectively.

iv Paid-in capital of Shenzhen Tiantong, Tiantong Zhixing, Shanghai Tuhui and Tangshan Tiantong was increased by RMB5,131,000, RMB80,000,000, RMB2,526,000 and RMB 10,000 in 2024, respectively.

v Paid-in capital of Shenzhen Tiantong, Tangshan Tiantong, HK Smart Route, Shoutong Ruichi, Jianhu Tiantong and Shanghai Tiantong was increased by RMB6,721,000, RMB4,990,000, RMB8,870,000, RMB500,000, RMB120,000 and RMB10,000,000 in 2025, respectively.

vi. Hefei Tiantong was deregistered on November 12, 2025.

38. INVESTMENTS IN SUBSIDIARIES

	At December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Cost of investments, unlisted shares	343,610	431,277	442,988

39. MOVEMENTS OF THE COMPANY'S RESERVES

	Capital and other reserve	Share premium	(Accumulated losses) Retained earnings	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023	–	–	(491,207)	(491,207)
Loss and total comprehensive expense for the year	–	–	(144,925)	(144,925)
At December 31, 2023	–	–	(636,132)	(636,132)
Loss and total comprehensive expense for the year	–	–	(431,747)	(431,747)
At December 31, 2024	–	–	(1,067,879)	(1,067,879)
Loss and total comprehensive expense for the year	–	–	(196,208)	(196,208)
Capital injection by new investors	502,680	–	–	502,680
Conversion of convertible loans	82,466	41,621	–	124,087
Recognition of capital contribution as financial liability as FVTPL	(585,727)	–	–	(585,727)
Derecognition of financial liability at FVTPL as equity	2,050,087	–	–	2,050,087
Conversion into a joint stock company	(2,049,506)	767,557	1,268,042	(13,907)
Issuance of ordinary shares	–	11,963	–	11,963
At December 31, 2025	–	821,141	3,955	825,096

40. RETIREMENT BENEFITS PLANS

For the years ended December 31, 2023, 2024 and 2025, the total amount provided by the Group to the scheme or plans in the PRC and charged to profit or loss are RMB6,731,000, RMB5,352,000 and RMB5,310,000, respectively.

The employees of the Company and the Group's subsidiaries in the PRC are members of the state-sponsored retirement benefit scheme organized by the relevant local government authority in the PRC. The subsidiaries in the PRC are required to contribute, based on a certain percentage of the payroll costs of its employees, to the retirement benefit scheme and have no further obligations for the actual payment of pensions or post-retirement benefits beyond the annual contributions.

41. SUBSEQUENT EVENTS

In January 2026, the Company issued 216,000 ordinary shares with total consideration of USD4,185,000 (equivalent to RMB29,236,000) and RMB40,000,000, among which RMB216,000 was credited to the Company's share capital and the remaining balance was credited as share premium.

42. SUBSEQUENT FINANCIAL STATEMENTS

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