

APPENDIX I

ACCOUNTANT’S REPORT

The following is the text of a report set out on pages I-1 to I-66, received from the Company’s reporting accountants, KPMG, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.



ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF 江蘇零一汽車科技股份有限公司 JIANGSU ZERON AUTOMOBILE TECHNOLOGY COMPANY LIMITED, GOLDMAN SACHS (ASIA) L.L.C. AND HAITONG INTERNATIONAL CAPITAL LIMITED

Introduction

We report on the historical financial information of 江蘇零一汽車科技股份有限公司 Jiangsu Zeron Automobile Technology Company Limited (the “**Company**”) and its subsidiaries (together, the “**Group**”) set out on pages I-3 to I-66, which comprises the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2023, 2024 and 2025, 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, for each of the years ended 31 December 2023, 2024 and 2025 (the “**Track Record Period**”), and material accounting policy information and other explanatory information (together, the “**Historical Financial Information**”). The Historical Financial Information set out on pages I-3 to I-66 forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [date] (the “**Document**”) in connection with the initial [REDACTED] of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors’ responsibility for Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 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.

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

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Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion

In our opinion, the Historical Financial Information gives, for the purpose of the accountants' report, a true and fair view of the Company's and the Group's financial position as at 31 December 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 and presentation set out in Note 1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited 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 27(c) to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Track Record Period.

KPMG

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

[date]

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HISTORICAL FINANCIAL INFORMATION

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

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by KPMG under separate terms of engagement with the Company in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the “**Underlying Financial Statements**”).

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CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Expressed in Renminbi (“RMB”))

	Note	Year ended 31 December		
		2023	2024	2025
		RMB’000	RMB’000	RMB’000
Revenue	4(a)	1,163	124,091	522,170
Cost of sales		(4,503)	(167,184)	(535,432)
Gross loss		(3,340)	(43,093)	(13,262)
Other net gain	5	1,652	7,905	5,991
Selling expenses		(3,754)	(24,799)	(47,473)
Administrative expenses		(24,799)	(41,283)	(53,778)
Research and development costs		(71,423)	(116,166)	(126,038)
Impairment loss on trade and other receivables and financial guarantee issued	6(c)	(8)	(1,566)	(1,044)
Loss from operations		(101,672)	(219,002)	(235,604)
Changes in the carrying amount of ordinary shares with redemption rights	25	(12,100)	(20,515)	(41,824)
Other finance costs	6(a)	(539)	(1,330)	(3,308)
Finance costs		(12,639)	(21,845)	(45,132)
Loss before taxation	6	(114,311)	(240,847)	(280,736)
Income tax	7(a)	—	—	—
Loss for the year		(114,311)	(240,847)	(280,736)
Other comprehensive income for the year (after tax)		—	—	—
Total comprehensive income for the year .		<u>(114,311)</u>	<u>(240,847)</u>	<u>(280,736)</u>
Loss per share				
— Basic and diluted (RMB)	10	<u>(9.14)</u>	<u>(16.13)</u>	<u>(14.91)</u>

The accompanying notes form part of the Historical Financial Information.

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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Expressed in RMB)

	Note	As at 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Non-current assets				
Property, plant and equipment	11	18,245	32,096	39,221
Right-of-use assets	12	17,772	13,961	15,735
Intangible assets	13	1,166	1,870	2,827
Trade receivables	17	—	—	18,056
Other non-current assets	15	3,651	741	851
		<u>40,834</u>	<u>48,668</u>	<u>76,690</u>
Current assets				
Inventories	16	5,982	33,566	142,450
Trade and other receivables	17	10,558	72,372	130,230
Financial assets measured at fair value through profit and loss (“FVTPL”)	18	50,000	—	—
Pledged bank deposits	19(a)	—	—	180,208
Cash and cash equivalents	19(a)	32,089	12,970	154,637
		<u>98,629</u>	<u>118,908</u>	<u>607,525</u>
Current liabilities				
Trade and other payables	20	29,730	110,846	434,801
Contract liabilities	21	—	1,401	10,992
Loans and borrowings	22	—	43,460	120,953
Lease liabilities	23	3,356	2,639	4,772
Provisions	24	4	519	2,318
Ordinary shares with redemption rights	25	215,073	356,088	723,912
		<u>248,163</u>	<u>514,953</u>	<u>1,297,748</u>
Net current liabilities		<u>(149,534)</u>	<u>(396,045)</u>	<u>(690,223)</u>
Total assets less current liabilities		<u>(108,700)</u>	<u>(347,377)</u>	<u>(613,533)</u>
Non-current liabilities				
Provisions	24	8	893	3,517
Lease liabilities	23	14,435	11,796	11,835
		<u>14,443</u>	<u>12,689</u>	<u>15,352</u>
Net liabilities		<u>(123,143)</u>	<u>(360,066)</u>	<u>(628,885)</u>
Capital and reserves				
Paid-in capital	27(b)	14,108	15,872	24,368
Reserves	27(d)	(137,251)	(375,938)	(653,253)
Total deficit		<u>(123,143)</u>	<u>(360,066)</u>	<u>(628,885)</u>

The accompanying notes form part of the Historical Financial Information.

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STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

(Expressed in RMB)

	Note	As at 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Non-current assets				
Property, plant and equipment	11	18,199	32,061	30,719
Right-of-use assets	12	17,772	13,961	11,081
Intangible assets	13	1,166	1,870	2,827
Investments in subsidiaries	14	—	20,000	70,000
Other non-current assets	15	3,651	741	815
		<u>40,788</u>	<u>68,633</u>	<u>115,442</u>
Current assets				
Inventories	16	5,982	33,566	142,450
Trade and other receivables	17	10,353	72,218	170,280
Financial assets measured at FVTPL	18	30,000	—	—
Pledged bank deposits	19(a)	—	—	161,426
Cash and cash equivalents	19(a)	29,055	12,922	127,254
		<u>75,390</u>	<u>118,706</u>	<u>601,410</u>
Current liabilities				
Trade and other payables	20	16,650	115,270	440,355
Contract liabilities	21	—	1,401	10,765
Loans and borrowings	22	—	43,460	120,953
Lease liabilities	23	3,356	2,639	3,690
Provisions	24	4	519	2,318
Ordinary shares with redemption rights	25	215,073	356,088	723,912
		<u>235,083</u>	<u>519,377</u>	<u>1,301,993</u>
Net current liabilities		<u>(159,693)</u>	<u>(400,671)</u>	<u>(700,583)</u>
Total assets less current liabilities		<u>(118,905)</u>	<u>(332,038)</u>	<u>(585,141)</u>
Non-current liabilities				
Provisions	24	8	893	3,517
Lease liabilities	23	14,435	11,796	8,229
Total non-current liabilities		<u>14,443</u>	<u>12,689</u>	<u>11,746</u>
Net liabilities		<u>(133,348)</u>	<u>(344,727)</u>	<u>(596,887)</u>
Capital and reserves				
Paid-in capital	27(b)	14,108	15,872	24,368
Reserves	27(d)	(147,456)	(360,599)	(621,255)
Total deficit		<u>(133,348)</u>	<u>(344,727)</u>	<u>(596,887)</u>

The accompanying notes form part of the Historical Financial Information.

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CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Expressed in RMB)

Attributable to equity shareholders of the Company						
	Note	Paid-in capital	Capital reserve	Share-based payment reserve	Accumulated losses	Total deficit
		RMB'000 (Note 27(b))	RMB'000 (Note 27(d)(i))	RMB'000 (Note 27(d)(ii))	RMB'000	RMB'000
Balance at 1 January 2023		9,000	(2,500)	1,191	(23,175)	(15,484)
Changes in equity for 2023:						
Total comprehensive income		—	—	—	(114,311)	(114,311)
Capital injection by investors	27(b)	1,500	1,500	—	—	3,000
Issuance of ordinary shares with redemption rights	27(b)	3,608	137,392	—	—	141,000
Recognition of ordinary shares with redemption rights	25	—	(141,000)	—	—	(141,000)
Equity-settled share-based payment	26	—	—	3,652	—	3,652
Balance at 31 December 2023		14,108	(4,608)	4,843	(137,486)	(123,143)

Attributable to equity shareholders of the Company						
	Note	Paid-in capital	Capital reserve	Share-based payment reserve	Accumulated losses	Total deficit
		RMB'000 (Note 27(b))	RMB'000 (Note 27(d)(i))	RMB'000 (Note 27(d)(ii))	RMB'000	RMB'000
Balance at 1 January 2024		14,108	(4,608)	4,843	(137,486)	(123,143)
Changes in equity for 2024:						
Total comprehensive income		—	—	—	(240,847)	(240,847)
Issuance of ordinary shares with redemption rights	27(b)	1,764	118,736	—	—	120,500
Recognition of ordinary shares with redemption rights	25	—	(120,500)	—	—	(120,500)
Equity-settled share-based payment	26	—	—	3,924	—	3,924
Balance at 31 December 2024		15,872	(6,372)	8,767	(378,333)	(360,066)

The accompanying notes form part of the Historical Financial Information.

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		Attributable to equity shareholders of the Company				
	Note	Paid-in capital	Capital reserve	Share-based payment reserve	Accumulated losses	Total deficit
		RMB'000 (Note 27(b))	RMB'000 (Note 27(d)(i))	RMB'000 (Note 27(d)(ii))	RMB'000	RMB'000
Balance at 1 January 2025		15,872	(6,372)	8,767	(378,333)	(360,066)
Changes in equity for 2025:						
Total comprehensive income		—	—	—	(280,736)	(280,736)
Capital injection by investors	27(b)	3,820	—	—	—	3,820
Issuance of ordinary shares with redemption rights	27(b)	4,676	321,324	—	—	326,000
Recognition of ordinary shares with redemption rights	25	—	(326,000)	—	—	(326,000)
Equity-settled share-based payment	26	—	—	8,097	—	8,097
Balance at 31 December 2025		24,368	(11,048)	16,864	(659,069)	(628,885)

The accompanying notes form part of the Historical Financial Information.

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CONSOLIDATED STATEMENTS OF CASH FLOWS

(Expressed in RMB)

	<i>Note</i>	Year ended 31 December		
		2023	2024	2025
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Operating activities:				
Cash used in operations	19(b)	(84,244)	(212,708)	(232,616)
Income tax paid		—	—	—
Net cash used in operating activities		(84,244)	(212,708)	(232,616)
Investing activities:				
Payments for purchase of property, plant and equipment and intangible assets		(22,266)	(15,994)	(15,548)
Proceeds from disposal of property, plant and equipment		8	1	4
Payment for purchase of financial assets measured at FVTPL		(50,000)	(30,757)	(15,001)
Proceeds from sale of financial assets measured at FVTPL		41,149	81,065	5,008
Net cash (used in)/generated from investing activities		(31,109)	34,315	(25,537)
Financing activities:				
Proceeds from loans and borrowings	19(c)	—	43,420	130,900
Repayment of loans and borrowings	19(c)	—	—	(53,420)
Interest paid for loans and borrowings	19(c)	—	(607)	(2,589)
Proceeds from the issuance of ordinary shares with redemption rights	27(b)	141,000	120,500	326,000
Proceeds from capital injection by investors	27(b)	3,000	—	3,820
Capital element of lease rentals paid	19(c)	(2,655)	(3,356)	(4,185)
Interest element of lease rentals paid	19(c)	(539)	(683)	(706)
Net cash generated from financing activities		140,806	159,274	399,820
Net increase/(decrease) in cash and cash equivalents		25,453	(19,119)	141,667
Cash and cash equivalents at the beginning of the year		6,636	32,089	12,970
Cash and cash equivalents at the end of the year	19(a)	32,089	12,970	154,637

The accompanying notes form part of the Historical Financial Information.

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NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 Basis of preparation and presentation of Historical Financial Information

Jiangsu Zeron Automobile Technology Company Limited (江蘇零一汽車科技股份有限公司) (the “Company”), formerly known as Shanghai Zeron Automobile Technology Co., Ltd. (上海零一汽車科技股份有限公司), was established in Shanghai, People’s Republic of China (the “PRC”) on 2 June 2022 as a company with limited liability under the Company Law of the PRC. The Company was converted into a joint stock limited liability company on 12 February 2026.

The Company and its subsidiaries (the “Group”) are principally engaged in the research and development and sales of new energy intelligent heavy-duty truck(s) and robotruck solution in the PRC.

The statutory financial statements of the Company for the years ended 31 December 2023 and 2024 were prepared in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC and audited by Suzhou Lide Certified Public Accountants Co., Ltd.* (蘇州立德會計師事務所有限公司). At the date of this report, the statutory financial statements for year ended 31 December 2025 are yet to be prepared.

As at the date of the report, the Company has direct or indirect interests in the following subsidiaries, all of which are private and limited liability companies.

Company name	Place and date of establishment and operation	Particulars of issued and paid-in capital	Proportion of ownership interest		Principal activities
			Directly held by the Company	Indirectly held by the Company	
Beijing Zeron Zhika Technology Co., Ltd. (北京零一智卡科技有限公司) **	Chinese Mainland, 18 April 2022	RMB10 million/ Nil	100%	—	Provision of research and development services
Shanghai Lingdong Zhika Automobile Technology Co., Ltd. (上海零動智卡汽車科技有限公司) **	Chinese Mainland, 10 May 2023	RMB1 million/ Nil	100%	—	Provision of research and development services
Tianjin Zeron Automobile Co., Ltd. (天津零一汽車有限公司) **	Chinese Mainland, 17 January 2024	RMB1 million/ Nil	100%	—	No substantial business activities
Anhui Jushi Transmission Technology Co., Ltd. (安徽矩石傳動科技有限公司) **	Chinese Mainland, 23 September 2024	RMB50 million/ RMB50 million	100%	—	Operation of e-axle business
Jiangsu Lingdong Zhika Automobile Co., Ltd. (江蘇零動智卡汽車有限公司) **	Chinese Mainland, 20 November 2024	RMB30 million/ Nil	100%	—	No substantial business activities

* For identification purpose only.

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Company name	Place and date of establishment and operation	Particulars of issued and paid-in capital	Proportion of ownership interest		Principal activities
			Directly held by the Company	Indirectly held by the Company	
Fujian Lingdong Automobile Technology Co., Ltd. (福建零動汽車科技有限公司) */**	Chinese Mainland, 25 December 2024	RMB20 million/ RMB20 million	100%	—	Sales
Lishui Lingdong Zhika Technology Co., Ltd. (麗水市凌動智卡科技有限公司) */**	Chinese Mainland, 06 February 2025	RMB45 million/ Nil	100%	—	Purchase of Material
Hefei Dongyao Automobile Import & Export Co., Ltd. (合肥動邀汽車進出口有限公司) */**	Chinese Mainland, 22 October 2025	RMB1 million/ Nil	100%	—	No substantial business activities
Wuhan Dongyao Import & Export Co., Ltd. (武漢市動邀進出口有限公司) */**	Chinese Mainland, 25 November 2025	RMB1 million/ Nil	100%	—	No substantial business activities
Lishui Lingdong Zhika Automobile Sales and Service Co., Ltd. (麗水市凌動智卡汽車銷售服務有限公司) */**	Chinese Mainland, 11 February 2025	RMB5 million/ Nil	—	100%	Sales
Anhui Province Zeron Zhixing New Energy Technology Co., Ltd. (安徽省零一智行新能源科技有限公司) */**	Chinese Mainland, 03 March 2026	RMB200 million/ Nil	100%	—	Sales

* The official names of the above entities are in Chinese. The English names are for identification purpose only.

** No statutory financial statements have been prepared for these entities during the Track Record Period.

All companies comprising the Group have adopted 31 December as their financial year end date.

The Historical Financial Information has been prepared in accordance with all applicable IFRS Accounting Standards as issued by the International Accounting Standards Board (“IASB”). Further details of the material accounting policy information adopted are set out in Note 2.

The Historical Financial Information has been prepared assuming the Group will continue as a going concern notwithstanding that the Group recorded net current liabilities of RMB690,223,000 and net liabilities of RMB628,885,000 as at 31 December 2025, which is primarily due to the recognition of ordinary shares with redemption rights of RMB723,912,000 as current liabilities (see Note 25). The directors of the Company believe that the ordinary shares with redemption rights will not be redeemed within the next twelve months from 31 December 2025 and all of the special rights granted to the investors would be terminated upon the Company’s [REDACTED] and the ordinary shares with redemption rights will be reclassified from liability to equity. The directors of the Company are satisfied that the Group will have sufficient financial resources to meet its financial obligations as they fall due and to sustain its operations for the foreseeable future after reviewing the Group’s cash flow

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projection prepared by the management, taking into account the expected working capital requirements covering the next twelve months from 31 December 2025. Accordingly, the directors of the Company consider it is appropriate to prepare the Historical Financial Information on a going concern basis.

The IASB has issued a number of new and revised IFRS Accounting Standards. For the purpose of preparing this Historical Financial Information, the Group has adopted all applicable new and revised IFRS Accounting Standards to the Track Record Period, except for any amendments, new standards or interpretations that are not yet effective for the Track Record Period. The revised and new accounting standards and interpretations issued but not yet effective for the Track Record Period are set out in Note 32.

The Historical Financial Information also complies with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The accounting policies set out below have been applied consistently to all periods presented in the Historical Financial Information.

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

2 Material accounting policy information

(a) Basis of measurement

The measurement basis used in the preparation of the Historical Financial Information is the historical cost basis except for the assets and liabilities as set out in Notes 2(d) and 2(o).

(b) Use of estimates and judgments

The preparation of the Historical Financial Information in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

Judgements made by management in the application of IFRS Accounting Standards that have significant effect on the Historical Financial Information and major sources of estimation uncertainty are discussed in Note 3.

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(c) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-group balances and transactions, and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-group transactions, are eliminated. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

When the Group loses control of a subsidiary, it derecognises the assets and liabilities of the subsidiary, and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in that former subsidiary is measured at fair value when control is lost.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 2(h)(iii)).

(d) Other investments in securities

The Group's policies for investments in securities, other than investments in subsidiaries and associates, are set out below.

Investments in securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value, plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss (FVPL) for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see Note 28(e). These investments are subsequently accounted for as follows, depending on their classification.

Non-equity investments

Non-equity investments are classified into one of the following measurement categories:

- amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Expected credit losses, interest income calculated using the effective interest method, foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
- FVOCI — recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses are recognised in profit or loss and computed in the same manner

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as if the financial asset was measured at amortised cost. The difference between the fair value and the amortised cost is recognised in OCI. When the investment is derecognised, the amount accumulated in OCI is recycled from equity to profit or loss.

- FVPL if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

(e) Property, plant and equipment

Property, plant and equipment are stated at cost, which includes capitalised borrowing costs, less accumulated depreciation and any accumulated impairment losses (see Note 2(h)(iii)).

Construction in progress represents property, plant and equipment under construction and equipment pending installation, and is initially recognised at cost. The construction in progress is transferred to property, plant and equipment when the asset is substantially ready for its intended use. No depreciation is provided in respect of construction in progress.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components).

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Except for mould, depreciation is calculated to write off the cost or valuation of items of property, plant and equipment, less their estimated residual values, if any, using the straight-line method over their estimated useful lives. Depreciation of mould is calculated using the unit-of-production method. Depreciation is generally recognised in profit or loss.

The estimated useful lives are as follows:

Machinery and equipment	10 years
Office and other equipment	3–5 years
Vehicle	4 years
Leasehold improvement	shorter of useful lives or lease term

Depreciation methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

(f) Intangible assets

Expenditure on research activities is recognised in profit or loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the resulting asset. Otherwise, it is recognised in profit or loss as incurred. Capitalised development expenditure is subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

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Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

Software	3 years
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Amortisation methods and useful lives are reviewed at each reporting date and adjusted if appropriate.

(g) Leased assets

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

(i) As a lessee

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

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

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

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see Notes 2(e) and 2(h)(iii)).

Refundable rental deposits are accounted for separately from the right-of-use assets in accordance with the accounting policy applicable to investments in non-equity securities carried at amortised cost (see Notes 2(d) and 2(h)(i)). Any excess of the nominal value over the initial fair value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

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

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

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

(h) Credit losses and impairment of assets

(i) Credit losses from financial instruments

The Group recognises a loss allowance for expected credit losses ("ECLs") on the following items:

- financial assets measured at amortised cost (including cash and cash equivalents, bank deposits and trade receivables and other receivables, which are held for the collection of contractual cash flows which represent solely payments of principal and interest);

Measurement of ECLs

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

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

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

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

ECLs are measured on either of the following bases:

- 12-month ECLs: these are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months); and

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- lifetime ECLs: these are the ECLs that result from all possible default events over the expected lives of the items to which the ECL model applies.

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

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

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

Significant increases in credit risk

When determining whether the credit risk of a financial instrument has increased significantly since initial recognition and when measuring ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

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

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

The Group considers a financial asset to be in default when the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

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

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Credit-impaired financial assets

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- Significant financial difficulties of the debtor;
- A breach of contract, such as a default or being more than 90 days past due;
- The restructuring of a loan or advance by the group on terms that the group would not consider otherwise;
- It is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- The disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset is written off to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Credit losses from financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the “**holder**”) for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees issued are initially recognised. The amount initially recognised as deferred income is subsequently amortised in profit or loss over the term of the guarantee as income.

The Group monitors the risk that the specified debtor will default on the contract and remeasures the above liability at a higher amount when ECLs on the financial guarantees are determined to be higher than the carrying amount in respect of the guarantees.

A 12-month ECL is measured unless the risk that the specified debtor will default has increased significantly since the guarantee is issued, in which case a lifetime ECL is measured. The same definition of default and the same assessment of significant increase in credit risk as described in Note 2(h)(i) apply.

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As the Group is required to make payments only in the event of a default by the specified debtor in accordance with the terms of the instrument that is guaranteed, an ECL is estimated based on the expected payments to reimburse the holder for a credit loss that it incurs less any amount that the Group expects to receive from the holder of the guarantee, the specified debtor or any other party. The amount is then discounted using the current risk-free rate adjusted for risks specific to the cash flows.

(iii) Impairment of other non-current assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("CGUs").

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use based on the estimated future cash flows, 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 CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are to reduce the carrying amounts of the assets in the CGU on a pro rata basis.

An impairment loss is reversed only to the extent that the resulting carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(i) Inventories

Inventories are measured at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

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(j) Contract liabilities

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see Note 2(s)(i)). A contract liability is also recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such latter cases, a corresponding receivable is also recognised (see Note 2(k)).

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see Note 2(s)(i)).

(k) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration, and only the passage of time is required before payment of that consideration is due.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortised cost (see Note 2(h)(i)).

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

(m) Trade and other payables

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, trade and other payables are stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(n) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequently, these borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with Note 2(s).

(o) Ordinary shares with redemption rights

A contract that contains an obligation to purchase the Company's equity instruments for cash or another financial asset gives rise to a financial liability even if the Company's obligation to purchase is conditional on the counterparty exercising a right to redeem. The redemption obligations to purchase back own equity instruments are recognised as financial liabilities initially at the present value of the redemption amount, and are reclassified from equity. Subsequently, changes in the carrying amount of the financial liabilities are recognised in profit or loss.

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The Group derecognises financial liabilities when, and only when, the Group’s obligations are discharged, cancelled or have expired. The carrying amount of the financial instruments derecognised was credited into the equity.

(p) Employee benefits

(i) Short-term employee benefits and contributions to defined contribution retirement plans

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Obligations for contributions to defined contribution retirement plans are expensed as the related service is provided.

(ii) Share-based payments

A share-based compensation is classified as equity-settled, cash settled or as transactions with cash alternatives. The term “equity-settled share-based compensation” refers to a transaction in which the Group receives goods or services as consideration for its own equity instruments (including shares or share options), or receives goods or services but has no obligation to settle the transaction in cash or other assets.

The grant-date fair value of equity-settled share-based compensation granted to employees is measured using the binomial model method and binomial tree model. The amount is generally recognised as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service conditions are expected to be met, such that the amount ultimately recognised is based on the number of awards that meet the related service conditions at the vesting date. The equity amount is recognised in the capital reserve until either the equity instruments is exercised, when it is included in the amount recognised in share capital for the shares issued, or the award expires, when it is released directly to retained profits. Certain awards granted under the Group’s share-based compensation scheme include a leaver repurchase feature that may result in cash settlement when an employee terminates employment during the service period. The Group accounts for the underlying awards as equity-settled to the extent employees are expected to complete the relevant service conditions and receive or retain the equity instruments. For employees expected not to complete the relevant service conditions, the Group assesses whether that repurchase right gives rise to a present obligation to settle the affected awards in cash, considering all facts and circumstances, including whether equity settlement has commercial substance, the Group’s past practice, any stated policy and any valid expectations created with employees. To the extent that the Group has a present obligation to settle the affected awards in cash, those affected awards are accounted for as cash-settled share-based compensation.

The fair value of the amount payable to employees in respect of cash-settled share-based payments is recognised as an expense with a corresponding increase in liabilities, over the period during which the employees become entitled to payment. The liability is remeasured at each reporting date and at settlement date based on its fair value. Any changes in the liability are recognised in profit or loss.

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(iii) Termination benefits

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring.

(q) Income tax

Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;
- temporary differences related to investment in subsidiaries, associates and joint venture to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;
- taxable temporary differences arising on the initial recognition of goodwill; and
- those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.

The Group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

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Deferred tax assets and liabilities are offset only if certain criteria are met.

(r) Provision and contingent liabilities

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

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

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

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

(s) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods and the provision of services in the ordinary course of the Group's business.

The Group is the principal for its revenue transactions and recognises revenue on a gross basis. In determining whether the Group acts as a principal or as an agent, it considers whether it obtains control of the products before they are transferred to the customers. Control refers to the Group's ability to direct the use of and obtain substantially all of the remaining benefits from the products.

Revenue is recognised when control over a product or service is transferred to the customer at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties such as value added tax or other sales taxes.

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

(i) Sale of products

The Group typically offers customers of new energy intelligent heavy-duty truck(s) and robotruck solution. Revenue is recognised when products are delivered at the customers' premises which is taken to be the point in time when the customer has accepted and taken possession of the products at the amount of promised consideration to which the Group is expected to be entitled.

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where

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the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. The Group takes advantage of the practical expedient in paragraph 63 of IFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

(ii) Rendering of services

Revenue of services is recognised when the customer passes the acceptance and the development results are submitted.

(iii) Interest income

Interest income is recognised using the effective interest method. The "effective interest rate" is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. In calculating interest income, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired). However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

(iv) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them.

Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

Grants that compensate the Group for the cost of an asset are recognised as deferred income and subsequently recognised in profit or loss on a systematic basis over the useful life of the asset.

(t) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

(u) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or

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- (iii) is a member of the key management personnel of the Group or the Group's parent.
- (b) An entity is related to the Group if any of the following conditions applies:
 - (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third party.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

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

(v) *Segment reporting*

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

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3 Accounting judgements and estimates

(a) Sources of estimation uncertainty

Notes 25 and 26 contains information about the assumptions and their risk factors relating to ordinary shares with redemption rights and share-based transactions. Other significant sources of estimation uncertainty in the process of applying the Group's accounting policies are as follows:

(i) Depreciation

As explained in Note 2(e), mould is depreciated using the units of production method based on the expected production volume of the product. Other than the mould, property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets. The useful lives are based on the Group's historical experience with similar assets. The Group reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation expenses to be recorded during any reporting period. The useful lives are based on the Group's historical experience with similar assets. The depreciation for future periods are adjusted if there are material changes from previous estimates.

(ii) Impairment of trade and other receivables

The Group's management determines the loss allowance for expected credit losses on trade and other receivables based on an assessment of the present value of all expected cash shortfalls. These estimates are based on the information about past events, current conditions and forecasts of future economic conditions. The Group's management reassesses the loss allowance at each reporting period end.

(iii) Warranty provisions

As explained in Note 24, the Group makes provisions under the warranties it gives on sale of its new energy intelligent heavy-duty truck(s) taking into account the Group's recent claim experience. As the Group is continually upgrading its product designs and launching new models it is possible that the recent claim experience is not indicative of future claims that it will receive in respect of past sales. Any increase or decrease in the provision would affect profit or loss in future years.

(iv) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated distribution expenses and related taxes. These estimates are based on the current market condition and historical experience of selling products of similar nature. It could change significantly as a result of competitor actions in response to changes in market conditions. Any change in the assumptions would increase or decrease the amount of inventories write-down or the related reversals of write-downs and affect the Group's profit or loss and net asset value.

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4 Revenue and segment reporting

(a) Revenue

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Revenue from contracts with customers within the scope of IFRS 15			
New energy intelligent heavy-duty truck(s) . .	1,150	120,756	507,382
RoboTruck solution	—	—	8,102
Others	13	3,335	6,686
	<u>1,163</u>	<u>124,091</u>	<u>522,170</u>

Disaggregation of revenue from contracts with customers by the timing of revenue recognition is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Disaggregation by timing of revenue recognition			
— Point in time	1,163	124,091	522,170
Total	<u>1,163</u>	<u>124,091</u>	<u>522,170</u>

The Group applies the practical expedient in paragraph 121 of IFRS 15 of not disclosing the transaction price allocated to the remaining performance obligation as the original expected duration of substantially all the contracts of the Group are within one year or less.

(b) Segment reporting

IFRS 8, *Operating Segments*, requires identification and disclosure of operating segment information based on internal financial reports that are regularly reviewed by the Company’s chief operating decision maker for the purpose of resources allocation and performance assessment. On this basis, the Company has determined that it only has one operating segment which is the research and development, manufacturing and sales of new energy intelligent heavy-duty truck(s).

(i) Geographic information

No geographical information is shown as the revenue and loss from operations of the Group is almost all derived from activities in the PRC, and almost all of the Group’s non-current assets are located physically or operationally in the PRC.

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(ii) Information about major customers

During the Track Record Period, the Group’s customers with whom transactions have exceeded 10% of the Group’s revenue are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Customer A	1,150	28,999	65,389
Customer B	N/A*	14,708	N/A*
Total	<u>1,150</u>	<u>43,707</u>	<u>65,389</u>

* Less than 10% of the Group’s revenue in the respective years.

5 Other net gain

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Government grants (i)	11	7,367	6,266
Net loss on early termination of leases	—	—	(70)
Net gain on disposal of property, plant and equipment	1	—	—
Gain on wealth management products	1,149	308	7
Interest income	492	315	294
Others	(1)	(85)	(506)
	<u>1,652</u>	<u>7,905</u>	<u>5,991</u>

(i) Government grants mainly represent the reward and subsidies provided to the Group in connection with R&D activities and business development within the relevant jurisdictions.

6 Loss before taxation

Loss before taxation is arrived at after charging/(crediting):

(a) Other finance costs:

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Other finance costs			
Interest expenses on loans and borrowings . . .	—	647	1,702
Interest expenses on obligations arising from leaseback transactions	—	—	900
Interest expenses on lease liabilities	539	683	706
	<u>539</u>	<u>1,330</u>	<u>3,308</u>

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(b) Staff costs:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Salaries, wages and other benefits	41,800	92,331	103,714
Contributions to retirement schemes (i)	4,209	9,132	9,631
Equity-settled share-based payment expenses	3,652	3,924	8,097
Cash-settled share-based payment expenses	1,450	3,068	9,832
	<u>51,111</u>	<u>108,455</u>	<u>131,274</u>

(i) Pursuant to the relevant labor rules and regulations in the PRC, the Company and its subsidiaries in the PRC participate in defined contribution retirement benefit schemes organised by the local government authorities whereby the Company and its subsidiaries in the PRC are required to make contributions to the Schemes based on certain percentages of the eligible employee’s salaries. The local government authorities are responsible for the entire pension obligations payable to the retired employees.

The Group has no other material obligation for the payment of pension benefits beyond the annual contributions described above.

(c) Other items:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Depreciation and amortisation			
— Owned property, plant and equipment			
(Note 11)	1,159	3,698	5,666
— Right-of-use assets (Note 12)	2,674	3,811	4,513
— Intangible assets (Note 13)	405	649	1,688
Impairment losses/(reversal of impairment losses) recognised			
— Trade and other receivables			
(Note 28(a))	8	698	1,369
— Financial guarantee (Note 29)	—	868	(325)
Product warranty provision (Note 24)	12	1,412	5,835
Research and development expenses (i)	71,423	116,166	126,038
Cost of inventories sold (Note 16) (ii)	4,503	164,445	520,883

(i) Research and development expenses include RMB44,869,000, RMB71,781,000 and RMB70,698,000 for the years ended 31 December 2023, 2024 and 2025 respectively relating to staff costs and depreciation and amortisation expenses, which amounts are also included in the respective total amounts disclosed separately above or in Note 6(b) for each of these types of expenses.

(ii) Cost of inventories sold include RMB Nil, RMB1,874,000 and RMB5,050,000 for the years ended 31 December 2023, 2024 and 2025 respectively relating to staff costs and depreciation and amortisation expenses, which amounts are also included in the respective total amounts disclosed separately above or in Note 6(b) for each of these types of expenses.

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7 Income tax

(a) *Taxation in the consolidated statements of profit and loss and other comprehensive income represents:*

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Provision for income tax for the year.	—	—	—

(b) *Reconciliation between income tax expense and accounting loss at applicable tax rates:*

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Loss before taxation	(114,311)	(240,847)	(280,736)
National tax on loss before taxation, calculated at the rates applicable to profit in the tax jurisdictions concerned (i)	(28,578)	(43,424)	(69,262)
Effect of additional deduction on research and development expenses (ii)	(13,105)	(18,866)	(19,588)
Tax effect of non-deductible expenses	1,369	1,583	4,222
Tax losses and temporary differences not recognised	37,289	57,630	78,354
Tax effect of changes in the carrying amount of ordinary share with redemption rights . .	3,025	3,077	6,274
Actual income tax expense	—	—	—

- (i) Pursuant to the PRC Enterprise Income Tax (the “EIT”), the Company and its subsidiaries in the Chinese Mainland are subject to EIT at a rate of 25%. During the Track Record Period, the Company was qualified as High and New Technology Enterprises (“HNTE”) and enjoyed a preferential EIT at a rate of 15%.
- (ii) According to the new tax incentive policies promulgated by the State Tax Bureau of the PRC, effective for the period from 1 January 2023, an additional 100% of qualified research and development expenses incurred is allowed to be deducted from taxable income.

(c) *Deferred tax assets not recognised*

As at 31 December 2023, 2024 and 2025, the Group has not recognised deferred tax assets in respect of their respective cumulative tax losses of RMB232,346,000, RMB570,939,000 and RMB919,159,000 and temporary differences of RMB1,813,000, RMB16,130,000 and RMB12,186,000 respectively, in accordance with the accounting policy set out in Note 2(q), as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity.

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8 Directors’ emoluments

Year ended 31 December 2023

	Directors’ fees	Salaries, allowance and benefits in kind	Discretionary bonuses	Contributions to retirement scheme	Share-based payment (i)	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Executive Directors:						
Mr. Huang Zehua (黃澤鏘)	—	215	26	38	—	279
Mr. Zhang Hongsong (張紅松)	—	638	154	63	1,328	2,183
Ms. Yang Dan (楊丹)	—	405	74	68	764	1,311
Non-Executive Directors:						
Mr. Lin Xinzhen (林新正)	—	—	—	—	—	—
Mr. Song Chunyu (宋春雨)	—	—	—	—	—	—
Mr. Cong Zhen (叢真)	—	—	—	—	—	—
Mr. Xu Shuo (徐燦)	—	764	196	63	403	1,426
	—	2,022	450	232	2,495	5,199

Year ended 31 December 2024

	Directors’ fees	Salaries, allowance and benefits in kind	Discretionary bonuses	Contributions to retirement scheme	Share-based payment (i)	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Executive Directors:						
Mr. Huang Zehua (黃澤鏘)	—	232	9	38	—	279
Mr. Zhang Hongsong (張紅松)	—	891	99	66	1,417	2,473
Ms. Yang Dan (楊丹)	—	528	85	71	831	1,515
Non-Executive Directors:						
Mr. Lin Xinzhen (林新正)	—	—	—	—	—	—
Mr. Cheng Yan (程炎) (ii)	—	—	—	—	—	—
Mr. Cong Zhen (叢真) (iii)	—	—	—	—	—	—
Mr. Song Chunyu (宋春雨)	—	—	—	—	—	—
Mr. Xu Shuo (徐燦)	—	1,087	120	66	124	1,397
	—	2,738	313	241	2,372	5,664

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Year ended 31 December 2025

	Directors’ fees	Salaries, allowance and benefits in kind	Discretionary bonuses	Contributions to retirement scheme	Share-based payment (i)	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Executive Directors:						
Mr. Huang Zehua (黃澤鏘)	—	241	—	38	—	279
Mr. Zhang Hongsong (張紅松)	—	595	112	68	2,445	3,220
Mr. Zhang Wei (張偉) (ii)	—	1,520	—	68	4,068	5,656
Mr. Wang Panqu (王泮渠) (ii)	—	1,166	260	48	1,444	2,918
Ms. Yang Dan (楊丹)	—	467	20	71	1,341	1,899
Non-Executive Directors:						
Mr. Lin Xinzhen (林新正)	—	—	—	—	—	—
Mr. Cheng Yan (程炎)	—	—	—	—	—	—
Mr. Song Chunyu (宋春雨)	—	—	—	—	—	—
Ms. Xia Yan (夏炎) (ii)	—	—	—	—	—	—
Mr. Xu Shuo (徐燦) (iii)	—	625	80	23	395	1,123
	—	4,614	472	316	9,693	15,095

(i) These amounts represent the estimated value of share options granted to the directors of the Company under the Company’s share option scheme. The value of these share options is measured according to the Group’s accounting policies for share-based payment transactions as set out in Note 2(p)(ii). The details of share-based payment transactions are disclosed in Note 26.

(ii) Mr. Cheng Yan (程炎) were appointed as non-executive director of the Company in January 2024. Mr. Zhang Wei (張偉) and Mr. Wang Panqu (王泮渠) were appointed as executive directors of the Company in June 2025. Ms. Xia Yan (夏炎) was appointed as a non-executive director of the Company in June 2025.

(iii) Mr. Cong Zhen (叢真) ceased to act as a non-executive director of the Company in January 2024. Mr. Xu Shuo (徐燦) ceased to act as a non-executive director of the Company in June 2025.

(iv) Mr. He Xionsong (賀雄松) were appointed as executive director of the Company in May 2026. Mr. Li Xiao (李瀟) were appointed as executive director of the Company in February 2026.

During the Track Record Period, there were no amounts paid or payable by the Group to the directors or any of the highest paid individuals set out in Note 9 below as an inducement to join or upon joining the Group or as a compensation for loss of office. There was no arrangement under which a director waived or agreed to waive any remuneration during the Track Record Period.

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9 Individuals with highest emoluments

Of the five individuals with the highest emoluments for the years ended 31 December 2023, 2024 and 2025, only three, two and four are directors whose emoluments are disclosed in Note 8. The aggregate of the emoluments in respect of the remaining two, three and one individuals during the Track Record Period are as follows:

	Year ended 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Salaries, allowances and benefits in kind	1,703	3,813	967
Discretionary bonuses	492	623	254
Contributions to retirement benefit schemes . .	121	182	71
Equity-settled share-based payment (Note 26)	466	739	624
	<u>2,782</u>	<u>5,357</u>	<u>1,916</u>

The emoluments of the individuals who are not directors and who are amongst the five highest paid individuals of the Group are within the following bands:

	Year ended 31 December		
	2023	2024	2025
HKD			
1,000,001–1,500,000	1	—	—
1,500,001–2,000,000	1	2	—
2,000,001–2,500,000	—	—	1
2,500,001–3,000,000	—	1	—

10 Loss per share

(a) Basic loss per share

The calculation of basic loss per share is based on the loss attributable to ordinary equity shareholders of the Company and the weighted average number of ordinary shares in issue during the Track Record Period.

As described in Note 33, the Company was converted into a joint stock company with limited liability and 24,368,089 shares of RMB1.00 each were issued in February 2026. For the purpose of computing basic and diluted loss per share, the weighted average number of ordinary shares deemed to be in issue before the Company’s conversion into a joint stock company was determined assuming the conversion into joint stock company had occurred since 1 January 2023, at the exchange ratio established in the conversion in February 2026.

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	Year ended 31 December		
	2023	2024	2025
Loss of the year attributable to ordinary equity shareholders of the Company (RMB’000)	(69,939)	(129,052)	(120,330)
Weighted average number of ordinary shares deemed to be in issue (’000)	7,655	8,000	8,071
Basic loss per share (RMB)	<u>(9.14)</u>	<u>(16.13)</u>	<u>(14.91)</u>

Loss for the year attributable to equity shareholders of the Company

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Loss for the year attributable to all equity shareholders of the Company	(114,311)	(240,847)	(280,736)
Allocation of loss for the year attributable to ordinary shares with redemption rights (Note 25)	<u>44,372</u>	<u>111,795</u>	<u>160,406</u>
Loss for the year attributable to ordinary equity shareholders of the Company	<u>(69,939)</u>	<u>(129,052)</u>	<u>(120,330)</u>

Weighted average number of ordinary shares

	Year ended 31 December		
	2023	2024	2025
	’000	’000	’000
Ordinary shares at 1 January deemed to be in issue	9,000	14,108	15,872
Effect of ordinary shares deemed to be in issue (Note 27(b))	3,512	822	2,958
Effect of ordinary shares with redemption rights issued to investors (Note 25)	<u>(4,857)</u>	<u>(6,930)</u>	<u>(10,759)</u>
Weighted average number of ordinary shares at 31 December deemed to be in issue	<u>7,655</u>	<u>8,000</u>	<u>8,071</u>

(b) Diluted earnings per share

Ordinary shares with redemption rights issued to investors (Note 25) and share options granted under the Company’s share option scheme (Note 26) were not included in the calculation of diluted loss per share because their effect would have been anti-dilutive. Accordingly, diluted loss per share were the same as basic loss per share during the Track Record Period.

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11 Property, plant and equipment

The Group

	Machinery and equipment	Mould	Vehicle	Office and other equipment	Leasehold improvement	Construction in progress	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cost:							
At 1 January 2023	—	—	—	1,507	—	—	1,507
Additions	—	12,331	1,948	1,481	1,283	926	17,969
Disposals	—	—	—	(8)	—	—	(8)
At 31 December 2023 and 1 January 2024	—	12,331	1,948	2,980	1,283	926	19,468
Additions	—	8,788	116	1,778	3,992	2,876	17,550
Transfer from construction in progress	104	114	—	1,205	—	(1,423)	—
Disposals	—	—	—	(1)	—	—	(1)
At 31 December 2024 and 1 January 2025	104	21,233	2,064	5,962	5,275	2,379	37,017
Additions	853	1,632	86	1,279	5,097	3,848	12,795
Transfer from construction in progress	468	888	—	631	—	(1,987)	—
Disposals	—	—	—	(10)	—	—	(10)
At 31 December 2025	1,425	23,753	2,150	7,862	10,372	4,240	49,802
Accumulated depreciation:							
At 1 January 2023	—	—	—	(65)	—	—	(65)
Charge for the year	—	—	(423)	(685)	(51)	—	(1,159)
Written back on disposals	—	—	—	1	—	—	1
At 31 December 2023 and 1 January 2024	—	—	(423)	(749)	(51)	—	(1,223)
Charge for the year	(5)	(930)	(479)	(1,431)	(853)	—	(3,698)
At 31 December 2024 and 1 January 2025	(5)	(930)	(902)	(2,180)	(904)	—	(4,921)
Charge for the year	(34)	(2,339)	(494)	(1,829)	(970)	—	(5,666)
Written back on disposals	—	—	—	6	—	—	6
At 31 December 2025	(39)	(3,269)	(1,396)	(4,003)	(1,874)	—	(10,581)
Net book value:							
At 31 December 2023	—	12,331	1,525	2,231	1,232	926	18,245
At 31 December 2024	99	20,303	1,162	3,782	4,371	2,379	32,096
At 31 December 2025	1,386	20,484	754	3,859	8,498	4,240	39,221

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The Company

	Machinery and equipment	Mould	Vehicle	Office and other equipment	Leasehold improvement	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost:							
At 1 January 2023	—	—	—	1,507	—	—	1,507
Additions	—	12,331	1,948	1,431	1,283	926	17,919
Disposals	—	—	—	(8)	—	—	(8)
At 31 December 2023 and 1 January 2024	—	12,331	1,948	2,930	1,283	926	19,418
Additions	—	8,788	116	1,778	3,992	2,876	17,550
Transfer from construction in progress	104	114	—	1,205	—	(1,423)	—
Disposals	—	—	—	—	—	—	—
At 31 December 2024 and 1 January 2025	104	21,233	2,064	5,913	5,275	2,379	36,968
Additions	—	1,632	86	1,275	98	1,204	4,295
Transfer from construction in progress	—	888	—	631	—	(1,519)	—
Disposals	—	—	—	(10)	—	—	(10)
At 31 December 2025	104	23,753	2,150	7,809	5,373	2,064	41,253
Accumulated depreciation:							
At 1 January 2023	—	—	—	(65)	—	—	(65)
Charge for the year	—	—	(423)	(681)	(51)	—	(1,155)
Written back on disposals	—	—	—	1	—	—	1
At 31 December 2023 and 1 January 2024	—	—	(423)	(745)	(51)	—	(1,219)
Charge for the year	(5)	(930)	(479)	(1,421)	(853)	—	(3,688)
At 31 December 2024 and 1 January 2025	(5)	(930)	(902)	(2,166)	(904)	—	(4,907)
Charge for the year	(10)	(2,339)	(494)	(1,820)	(970)	—	(5,633)
Written back on disposals	—	—	—	6	—	—	6
At 31 December 2025	(15)	(3,269)	(1,396)	(3,980)	(1,874)	—	(10,534)
Net book value:							
At 31 December 2023	—	12,331	1,525	2,185	1,232	926	18,199
At 31 December 2024	99	20,303	1,162	3,747	4,371	2,379	32,061
At 31 December 2025	89	20,484	754	3,829	3,499	2,064	30,719

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12 Right-of-use assets

The Group

	Properties leased for own use carried at cost
	<i>RMB'000</i>
Cost:	
At 1 January 2023	—
Additions	20,446
At 31 December 2023, 1 January 2024, 31 December 2024 and 1 January 2025	20,446
Additions	6,837
Effects of lease termination	(2,249)
At 31 December 2025	25,034
Accumulated depreciation:	
At 1 January 2023	—
Charge for the year	(2,674)
At 31 December 2023 and 1 January 2024	(2,674)
Charge for the year	(3,811)
At 31 December 2024 and 1 January 2025	(6,485)
Charge for the year	(4,513)
Effects of lease termination	1,699
At 31 December 2025	(9,299)
Net book value:	
At 31 December 2023	17,772
At 31 December 2024	13,961
At 31 December 2025	15,735

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The Company

	Properties leased for own use carried at cost
	<i>RMB'000</i>
Cost:	
At 1 January 2023	—
Additions	20,446
At 31 December 2023, 1 January 2024, 31 December 2024 and 1 January 2025	20,446
Additions	1,362
Effects of lease termination	(2,249)
At 31 December 2025	19,559
Accumulated depreciation:	
At 1 January 2023	—
Charge for the year	(2,674)
At 31 December 2023 and 1 January 2024	(2,674)
Charge for the year	(3,811)
At 31 December 2024 and 1 January 2025	(6,485)
Charge for the year	(3,692)
Effects of lease termination	1,699
At 31 December 2025	(8,478)
Net book value:	
At 31 December 2023	17,772
At 31 December 2024	13,961
At 31 December 2025	11,081

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The analysis of expense items in relation to lease recognised in the Group’s profit or loss is as follows:

	Year ended 31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Depreciation charge of right-of-use assets by class of underlying asset:			
Leasehold buildings, carried at depreciated cost	2,674	3,811	4,513
Interest on lease liabilities (<i>Note 6(a)</i>)	539	683	706
Expenses relating to short-term leases	1,115	915	1,352
Net loss on early termination of leases	—	—	70

The Group has obtained the right to use properties through tenancy agreements. The leases typically run for an initial period of 2 to 6 years.

13 Intangible assets

The Group and the Company

	Software
	<i>RMB’000</i>
Cost:	
At 1 January 2023	961
Additions	645
At 31 December 2023 and 1 January 2024	1,606
Additions	1,353
At 31 December 2024 and 1 January 2025	2,959
Additions	2,645
At 31 December 2025	5,604
Accumulated amortisation:	
At 1 January 2023	(35)
Charge for the year	(405)
At 31 December 2023 and 1 January 2024	(440)
Charge for the year	(649)
At 31 December 2024 and 1 January 2025	(1,089)
Charge for the year	(1,688)
At 31 December 2025	(2,777)
Net book value:	
At 31 December 2023	1,166
At 31 December 2024	1,870
At 31 December 2025	2,827

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14 Investments in subsidiaries

The carrying amounts of investments in subsidiaries of the Company are listed as below:

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Investments in subsidiaries	—	20,000	70,000

Further details of the subsidiaries are set out in Note 1.

15 Other non-current assets

The Group

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Prepayments for property, plant and equipment	3,651	741	851

16 Inventories

The Group and the Company

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Raw materials	3,130	17,387	98,796
Finished goods	2,852	16,179	43,654
	<u>5,982</u>	<u>33,566</u>	<u>142,450</u>

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The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	Year ended 31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Carrying amount of inventories sold	4,503	164,445	520,883
Write-down of inventories	—	2,739	14,549
	<u>4,503</u>	<u>167,184</u>	<u>535,432</u>
Cost of inventories recognised in research and development costs	781	2,944	5,093
	<u>5,284</u>	<u>170,128</u>	<u>540,525</u>

17 Trade and other receivables

The Group

	As at 31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Trade receivables			
— due from third parties	1,300	12,220	97,295
Less: loss allowance on trade receivables	(8)	(166)	(1,302)
	<u>1,292</u>	<u>12,054</u>	<u>95,993</u>
Less: trade receivables due more than one year	—	—	(18,056)
	<u>1,292</u>	<u>12,054</u>	<u>77,937</u>
Bills receivable	—	270	7,572
Other receivables	2,508	8,306	8,589
Less: loss allowance on other receivables	—	—	—
	<u>2,508</u>	<u>8,306</u>	<u>8,589</u>
Value-added tax (“VAT”) recoverable	4,485	9,215	3,700
Prepayments to suppliers	2,273	42,527	32,432
	<u>10,558</u>	<u>72,372</u>	<u>130,230</u>

Except for the trade receivables amounting to RMB18,056,000, all other trade and other receivables are expected to be recovered or recognised as expense within one year.

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The Company

	As at 31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Trade receivables			
— due from third parties	1,300	12,220	62,778
— due from subsidiaries	—	—	61,953
Less: loss allowance on trade receivables	(8)	(166)	(1,061)
	1,292	12,054	123,670
Less: trade receivables due more than one year	—	—	—
	1,292	12,054	123,670
Bills receivable	—	270	7,398
Other receivables			
— due from third parties	2,371	8,190	8,269
— due from subsidiaries	—	2	14,121
Less: loss allowance on other receivables	—	—	—
	2,371	8,192	22,390
VAT recoverable	4,478	9,176	2,223
Prepayments to suppliers	2,212	42,526	14,599
	10,353	72,218	170,280

(a) Ageing analysis

As of the end of the Track Record Period, the ageing analysis of trade and bills receivables (which are included in trade and other receivables), based on the invoice date and net of loss allowance, is as follows:

The Group

	As at 31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
0 to 90 days	1,292	10,928	101,527
91 to 180 days	—	1,396	1,590
181 to 360 days	—	—	448
	1,292	12,324	103,565
	1,292	12,324	103,565

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The Company

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
0 to 90 days	1,292	10,928	129,030
91 to 180 days	—	1,396	1,590
181 to 360 days	—	—	448
	<u>1,292</u>	<u>12,324</u>	<u>131,068</u>

Details of the Group’s credit policy and credit risk arising from trade receivable and bills receivables are set out in Note 28(a).

18 Financial assets measured at fair value through profit and loss

The Group

	Year ended 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Financial assets measured at FVTPL			
— Wealth management products	<u>50,000</u>	<u>—</u>	<u>—</u>

The Company

	Year ended 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Financial assets measured at FVTPL			
— Wealth management products	<u>30,000</u>	<u>—</u>	<u>—</u>

The financial assets measured at FVTPL represent wealth management products with variable returns. Further information on the fair value measurement is disclosed in Note 28(e).

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19 Cash and cash equivalents, pledged bank deposits and other cash flow information

(a) Cash and cash equivalents and pledged bank deposits

The Group

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cash and cash equivalents.	32,089	12,970	154,637
Pledged bank deposits.	—	—	180,208

The Company

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cash and cash equivalents.	29,055	12,922	127,254
Pledged bank deposits.	—	—	161,426

The Group’s pledged bank deposits mainly represented deposits pledged for bills payable or purchase of wealth management products as at 31 December 2025.

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(b) Reconciliation of loss before taxation to cash used in operations:

	Note	Year ended 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Loss before taxation		(114,311)	(240,847)	(280,736)
Adjustments for:				
Depreciation and amortisation	6(c)			
— owned property, plant and equipment . . .		1,159	3,698	5,666
— right-of-use assets		2,674	3,811	4,513
— intangible assets		405	649	1,688
Finance costs		12,639	21,845	45,132
Net gain on disposal of property, plant and equipment	5	(1)	—	—
Net loss on early termination of leases	5	—	—	70
Equity-settled share-based payment expenses	26	3,652	3,924	8,097
Gain on wealth management products	5	(1,149)	(308)	(7)
Changes in working capital				
Increase in inventories		(4,071)	(27,584)	(108,884)
Increase in trade and other receivables		(10,474)	(61,814)	(75,914)
Increase in trade and other payables		25,222	81,116	323,953
Increase in contract liabilities		—	1,401	9,591
Increase in pledged bank deposits		—	—	(170,208)
Increase in provisions		11	1,401	4,423
Cash used in operations		(84,244)	(212,708)	(232,616)

(c) Reconciliation of liabilities arising from financing activities:

	Lease liabilities	Ordinary shares with redemption rights	Total
	RMB'000	RMB'000	RMB'000
	(Note 23)	(Note 25)	
At 1 January 2023	—	61,973	61,973
Changes from financing cash flows:			
Capital element of lease rentals paid	(2,655)	—	(2,655)
Interest element of lease rentals paid	(539)	—	(539)
Proceeds from the issuance of ordinary shares with redemption rights	—	141,000	141,000
Total changes from financing cash flows	(3,194)	141,000	137,806
Other changes:			
Interest expenses	539	12,100	12,639
Increase in lease liabilities from entering into new leases during the year	20,446	—	20,446
Total other changes	20,985	12,100	33,085
At 31 December 2023	17,791	215,073	232,864

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	Loans and borrowings	Lease liabilities	Ordinary shares with redemption rights	Total
	<i>RMB'000</i> <i>(Note 22)</i>	<i>RMB'000</i> <i>(Note 23)</i>	<i>RMB'000</i> <i>(Note 25)</i>	<i>RMB'000</i>
At 1 January 2024	—	17,791	215,073	232,864
Changes from financing cash flows:				
Proceeds from loans and borrowings . . .	43,420	—	—	43,420
Capital element of lease rentals paid . . .	—	(3,356)	—	(3,356)
Interest element of lease rentals paid . . .	—	(683)	—	(683)
Proceeds from the issuance of ordinary shares with redemption rights.	—	—	120,500	120,500
Interest paid.	(607)	—	—	(607)
Total changes from financing cash flows	42,813	(4,039)	120,500	159,274
Other changes:				
Interest expenses	647	683	20,515	21,845
Total other changes.	647	683	20,515	21,845
At 31 December 2024 and 1 January 2025	43,460	14,435	356,088	413,983
Changes from financing cash flows:				
Proceeds from loans and borrowings . . .	130,900	—	—	130,900
Repayments of loans and borrowings . . .	(53,420)	—	—	(53,420)
Capital element of lease rentals paid . . .	—	(4,185)	—	(4,185)
Interest element of lease rentals paid . . .	—	(706)	—	(706)
Proceeds from the issuance of ordinary shares with redemption rights.	—	—	326,000	326,000
Interest paid.	(2,589)	—	—	(2,589)
Total changes from financing cash flows	74,891	(4,891)	326,000	396,000
Other changes:				
Increase in lease liabilities from entering into new leases during the year	—	6,837	—	6,837
Decrease in lease liabilities from early termination of leases during the year . . .	—	(480)	—	(480)
Interest expenses	2,602	706	41,824	45,132
Total other changes.	2,602	7,063	41,824	51,489
At 31 December 2025	120,953	16,607	723,912	861,472

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(d) Total cash outflow for leases

Amounts included in the cash flow statement for leases comprise the following:

	Year ended 31 December		
	2024	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within operating cash flows	(1,115)	(915)	(1,352)
Within financing cash flows	(3,194)	(4,039)	(4,891)
	<u>(4,309)</u>	<u>(4,954)</u>	<u>(6,243)</u>

20 Trade and other payables

The Group

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	13,166	63,745	205,496
Bills payable	—	—	165,542
Payroll payables	15,094	22,237	35,176
Other payables and accruals	1,019	23,123	26,727
VAT and sundry taxes payable	451	873	1,316
Financial guarantee issued (<i>Note 29</i>)	—	868	544
	<u>29,730</u>	<u>110,846</u>	<u>434,801</u>

The Company

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade payables	13,166	63,745	155,998
Amount due to subsidiaries	—	20,000	71,011
Bills payable	—	—	176,509
Payroll payables	2,779	7,598	11,340
Other payables and accruals	640	22,758	24,319
VAT and sundry taxes payable	65	301	634
Financial guarantee issued (<i>Note 29</i>)	—	868	544
	<u>16,650</u>	<u>115,270</u>	<u>440,355</u>

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As of the end of the Track Record Period, the ageing analysis of trade payables (which are included in trade and other payables), based on the invoice date, is as follows:

The Group

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	12,612	63,737	205,464
Over 1 year	554	8	32
	<u>13,166</u>	<u>63,745</u>	<u>205,496</u>

The Company

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	12,612	63,738	155,966
Over 1 year	554	7	32
	<u>13,166</u>	<u>63,745</u>	<u>155,998</u>

21 Contract liabilities

The Group

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Contract liabilities			
Receipts in advance from customers	—	1,401	10,992
Movements in contract liabilities			
Balance at 1 January	—	—	1,401
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the year	—	—	(1,401)
Increase in contract liabilities as a result of billing in advance	—	1,401	10,992
	<u>—</u>	<u>1,401</u>	<u>10,992</u>

Contract liabilities represent the Group’s and the Company’s obligations to transfer goods to customers for which the Group has received considerations (or amount of considerations are due) from the customers. All of the contract liabilities are expected to be recognised as income within one year.

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22 Loans and borrowings

(a) *The analysis of the carrying amount of loans and borrowings is as follows:*

The Group and the Company

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Current			
Short-term bank loans	—	43,460	115,981
Obligations arising from sale and leaseback transactions	—	—	4,972
	—	43,460	120,953

Interest rates comprise fixed rates and floating rates based on Loan Prime Rate (“LPR”), and the details are as follows:

	As at 31 December		
	2023	2024	2025
Current loans	—	one-year one-year LPR-0.55%– one-year LPR-0.25%	one-year LPR-0.55%– one-year LPR-0.1% and 2.35%-4.69%

(b) *The bank loans were repayable as follows:*

The Group and the Company

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	—	43,460	115,981
	—	43,460	115,981

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(c) *The loans and borrowings were secured as follows:*

The Group and the Company

	As at 31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Bank loans			
— Unsecured (i)	—	43,460	115,981
	—	43,460	115,981
Obligations arising from sale and leaseback transactions			
— Secured (ii)	—	—	4,972
	—	43,460	120,953

(i) Bank loans of RMB Nil, RMB10,009,000 and RMB91,052,000 were jointly guaranteed by Mr. Huang Zehua and Shanghai Lingdong Zhika Automobile Technology Co., Ltd. (上海零動智卡汽車科技有限公司) as at 31 December 2023, 2024 and 2025, respectively.

(ii) In May 2025, the Company entered into an sale-and-leaseback agreement for new energy intelligent heavy-duty truck(s) with a third party leasing company, pursuant to which the principal lease amount was RMB9,000,000, bearing interest at 4.69% per annum. The principal and interest are repayable quarterly over a one-year term.

Based on the management assessment of the Group, Hubei Xincheng did not obtain control of the assets and the transfer of assets did not satisfy the requirements of IFRS 15 to be accounted for as a sale of the assets. Therefore, the Group continues to recognise the assets and recognised borrowings equal to the transfer proceeds according to IFRS 9.

23 Lease liabilities

As of the end of the Track Record Period, the lease liabilities were repayable as follows:

The Group

	As at 31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Within 1 year	3,356	2,639	4,772
After 1 year but within 2 years	2,639	3,567	4,126
After 2 years but within 5 years	11,796	8,229	7,709
	14,435	11,796	11,835
	17,791	14,435	16,607

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The Company

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	3,356	2,639	3,690
After 1 year but within 2 years	2,639	3,567	3,104
After 2 years but within 5 years	11,796	8,229	5,125
	<u>14,435</u>	<u>11,796</u>	<u>8,229</u>
	<u>17,791</u>	<u>14,435</u>	<u>11,919</u>

24 Provisions

The Group and the Company

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Product warranty provision			
— Current	4	519	2,318
— Non-current	8	893	3,517
	<u>12</u>	<u>1,412</u>	<u>5,835</u>

Product warranty provision is recognised when the underlying products are sold. Under the terms of the Group’s sales agreements, the Group offers warranties for the new energy intelligent heavy-duty truck(s) (see Note 2(r)). Provision is therefore made for the best estimate of the expected settlement under these agreements in respect of products sold which are still within the warranty period. The amount of provision takes into account the Group’s recent claim experience, historical warranty data and a weighting of all possible outcomes against their associated probabilities.

25 Ordinary shares with redemption rights

The Group and the Company

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At the beginning of the year	61,973	215,073	356,088
Recognition of ordinary shares with redemption rights	141,000	120,500	326,000
Changes in the carrying amount	12,100	20,515	41,824
At the end of the year	<u>215,073</u>	<u>356,088</u>	<u>723,912</u>

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Since the date of establishment to 31 December 2025, the Company has completed several rounds of financing by issuing shares with preferred rights to investors, namely, Series Angel, Series Pre-A, Series Pre-A+ and Series A.

Pursuant to the agreements between the Company and the Series Angel Investors, the Series Pre-A Investors, the Series Pre-A+ Investors and the Series A Investors (the “**Investors**”), the Investors were granted certain preferred rights, including the redemption rights upon specified contingent events and the anti-dilution right. The key terms of these preferred rights that impacted the financial statements of the Group and the Company are outlined below:

Redemption rights

The Investors had the right to require the Company to redeem their share capital for cash upon certain events, including but not limited to: (i) a qualified initial public offering does not occur before specified dates; and (ii) a change in the actual controllers of the Company.

The redemption price is the investment amount paid by the investors, plus an annual simple rate of 8% on the investment amount for the period commencing from the investment amount payment date to the redemption settlement date, deducting all accumulated distributed dividends.

Presentation and classification

The Company did not have an unconditional right to avoid redeeming its share capital for cash, since not all specified contingent events were within its control. The Company recognised financial liabilities at the highest present value of those redemption amounts in accordance with the accounting policies set out in Note 2(o). The changes in the carrying amount of the liabilities recognised in “changes in the carrying amount of ordinary shares with redemption rights”.

26 Share-based payment

Share option scheme

In July 2022, the Group adopted a share-based payment incentive scheme, pursuant to which the Group is authorised to grant share options to reward the contributions of eligible employees and directors. The scheme is subject to service-based vesting conditions, under which 25% of the total awarded shares shall vest and become exercisable annually over a four-year service period. The contractual life of options is the period from the date of vesting to the earlier of (i) three months after the date of cessation of employment or (ii) the date on which the Company first submits its listing application.

During the four-year service period, if an employee terminates employment, the Company has a right to repurchase vested share options from the employee (the “**repurchase right**”) at a price equal to 50% of the Company’s per-share post money valuation from the most recent equity financing round when the employment is terminated.

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(a) *Set out below is the movement in number of the underlying shares of the Company under the share option scheme:*

	As at 31 December					
	2023		2024		2025	
	Weighted average exercise price RMB	Number of share options	Weighted average exercise price RMB	Number of share options	Weighted average exercise price RMB	Number of share options
Outstanding at the beginning of the year	6.29	957,074	8.23	1,638,974	9.26	2,297,558
Granted during the year	10.97	681,900	11.11	792,018	6.65	440,913
Exercised during the year	—	—	—	—	9.17	(669,493)
Forfeited during the year	—	—	7.69	(133,434)	9.42	(175,274)
Outstanding at the end of the year	8.23	1,638,974	9.26	2,297,558	8.67	1,893,704
Exercisable at the end of the year	4.45	216,121	5.23	574,619	1.67	329,380

(b) *Cash-settled component of the share option scheme*

Certain awards are subject to the Company’s repurchase right when employees terminate employment during the service period. Although the repurchase right is exercisable at the Company’s discretion, the Company has determined that it has a present obligation to settle in cash for the vested share options when the employment is terminated during the four-year service period. Accordingly, to the extent that employees are not expected to meet the service conditions, the related share-based payment transactions are classified as cash-settled and the related balances are included in trade and other payables. The carrying amounts were RMB1,768,000, RMB4,835,000 and RMB14,668,000 as at 31 December, 2023, 2024 and 2025, respectively. The fair value of cash-settled incentives granted to employees is measured using a binomial model method.

(c) *Expenses for the share-based payment have been charged to the consolidated statements of profit or loss and other comprehensive income as follows:*

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Cost of sales			
Selling expenses	53	208	4,475
Administrative expenses	1,489	1,601	4,789
Research and development costs	3,560	5,183	8,665
	5,102	6,992	17,929

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(d) Fair value of share options and assumptions

The fair value of services received in return for share options is measured by reference to the fair value of share options granted. The grant-date fair values of each share options granted are between RMB5.22 to RMB27.21. Binomial model method was used to determine the equity fair value of the ordinary shares of the Company and the estimated fair value of the share options granted is measured based on a binomial tree model. Key assumptions adopted in determining the fair value are as follows:

	As at 31 December		
	2023	2024	2025
Fair value of share options and assumptions			
Fair value at measurement date	RMB7.74–16.89	RMB14.28–25.95	RMB32.70–48.62
Share price.	RMB12.86–16.89	RMB21.91–25.95	RMB32.7–37.63
Exercise price.	RMB7.44–8.19	RMB13.92	RMB0–13.92
Expected volatility	41.7%–42.1%	42.2%–43.3%	42.4%–43.2%
Option life	10 years	10 years	10 years
Expected dividends.	—	—	—
Risk-free interest rate	2.55%–2.62%	1.61%–2.29%	1.70%–1.71%

The expected volatility is based on the historic volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility based on publicly available information. Expected dividends are based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

Share options were granted under a service condition. This condition has not been taken into account in the grant date fair value measurement of the services received. There were no market conditions associated with the share option grants.

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27 Capital, reserves and dividends

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group’s consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company’s individual components of equity between the beginning and the end of the Track Record Period are set out below:

	Note	Paid-in capital	Capital Reserve	Share-based payment reserve	Accumulated losses	Total deficit
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2023		9,000	(2,500)	38	(20,152)	(13,614)
Total comprehensive income		—	—	—	(123,087)	(123,087)
Capital contribution by investors (i)	27(b)	1,500	1,500	—	—	3,000
Issuance of ordinary shares with redemption rights (i)	27(b)	3,608	137,392	—	—	141,000
Recognition of ordinary shares with redemption rights	25	—	(141,000)	—	—	(141,000)
Equity settled share-based payment	26	—	—	353	—	353
Balance at 31 December 2023		14,108	(4,608)	391	(143,239)	(133,348)
Total comprehensive income		—	—	—	(212,629)	(212,629)
Issuance of ordinary shares with redemption rights (ii)	27(b)	1,764	118,736	—	—	120,500
Recognition of ordinary shares with redemption rights	25	—	(120,500)	—	—	(120,500)
Equity settled share-based payment	26	—	—	1,250	—	1,250
Balance at 31 December 2024		15,872	(6,372)	1,641	(355,868)	(344,727)
Total comprehensive income		—	—	—	(257,265)	(257,265)
Capital contribution by investors (iii)	27(b)	3,820	—	—	—	3,820
Issuance of ordinary shares with redemption rights (iii)	27(b)	4,676	321,324	—	—	326,000
Recognition of ordinary shares with redemption rights	25	—	(326,000)	—	—	(326,000)
Equity settled share-based payment	26	—	—	1,285	—	1,285
Balance at 31 December 2025		24,368	(11,048)	2,926	(613,133)	(596,887)

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(b) Paid-in capital

	Paid-in capital
	<i>RMB'000</i>
Balance at 1 January 2023	9,000
Capital contribution by investors (i).	1,500
Issuance of ordinary shares with redemption rights (i)	3,608
Balance at 31 December 2023, 1 January 2024	14,108
Issuance of ordinary shares with redemption rights (ii)	1,764
Balance at 31 December 2024, 1 January 2025.	15,872
Capital contribution by investors (iii).	3,820
Issuance of ordinary shares with redemption rights (iii)	4,676
Balance at 31 December 2025	<u>24,368</u>

(i) For the year ended 31 December 2023, Yangzhou Erjinzhi Zhika Equity Investment Partnership (Limited Partnership) (揚州二進制智卡股權投資合夥企業(有限合夥)) completed the injections totalling RMB3,000,000 in the Company for the subscription of the Company’s paid-in capital of RMB1,500,000. The excess of the consideration over the increase in the paid-in capital of RMB1,500,000 was credited to the capital reserve.

Series Pre-A Investors and Pre-A+ Investors completed the injections totalling RMB141,000,000 in the Company for the subscription of the Company’s newly issued paid-in capital of RMB3,608,000. The excess of the consideration over the increase in the paid-in capital of RMB137,392,000 was credited to the capital reserve.

(ii) For the year ended 31 December 2024, Series A Investors completed the injections totalling RMB120,500,000 in the Company for the subscription of the Company’s newly issued paid-in capital of RMB1,764,000. The excess of the consideration over the increase in the paid-in capital of RMB118,736,000 was credited to the capital reserve.

(iii) For the year ended 31 December 2025, Yangzhou Bannarui Zhika Investment Partnership (Limited Partnership) (揚州班納瑞智卡投資合夥企業(有限合夥)) completed the injections totalling RMB3,820,000 in the Company for the subscription of the Company’s paid-in capital of RMB3,820,000.

Series A Investors completed the injections totalling RMB326,000,000 in the Company for the subscription of the Company’s newly issued paid-in capital of RMB4,676,000. The excess of the consideration over the increase in the paid-in capital of RMB321,324,000 was credited to the capital reserve.

(c) Dividends

No dividends were paid or declared by the Company or any of its subsidiaries during the Track Record Period.

(d) Nature and purpose of reserves

(i) Capital reserve

The capital reserve primarily consists of the excess of the net contributions from the investors of the Company over the total paid-in capital issued and the amounts in relation to the recognition of the ordinary shares with redemption rights as set out in Note 25.

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(ii) Share-based payment reserve

The share-based payment reserve is for recognising the grant date fair value of options issued to employees and directors of the Group under the share-based incentive scheme that has been recognised in accordance with the accounting policy adopted for equity-settled share-based payments in Note 2(p)(ii).

(e) Capital risk management

The Group’s primary objectives when managing capital are to safeguard the Group’s ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure on the basis of an adjusted net debt-to-capital ratio. For this purpose, adjusted net debt is defined as total debt (which includes bank loans and lease liabilities but excludes ordinary shares with redemption rights) less cash and cash equivalents. Adjusted capital comprises all components of equity and ordinary shares with redemption rights.

The Group’s adjusted net debt-to-capital ratio as at 31 December 2023, 2024 and 2025 were as follows:

		As at 31 December		
	<i>Note</i>	2023	2024	2025
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Loans and borrowings	22	—	43,460	120,953
Lease liabilities	23	17,791	14,435	16,607
		<u>17,791</u>	<u>57,895</u>	<u>137,560</u>
Less: Cash and cash equivalents	19	(32,089)	(12,970)	(154,637)
Adjusted net debt		<u>(14,298)</u>	<u>44,925</u>	<u>(17,077)</u>
Total deficit		(123,143)	(360,066)	(628,885)
Add: Ordinary shares with redemption rights	25	215,073	356,088	723,912
Adjusted capital		<u>91,930</u>	<u>(3,978)</u>	<u>95,027</u>
Adjusted net debt-to-capital ratio		<u>N/A</u>	<u>(1,129)%</u>	<u>N/A</u>

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28 Financial risk management and fair values of financial instruments

Exposure to credit, liquidity and interest rate and currency risks arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables and financial guarantees. The Group's exposure to credit risk arising from cash and cash equivalents and bills receivable are limited because the counterparties are banks and financial institutions with low credit risks confirmed by the Group.

The Group also expects that there is no significant credit risk associated with other receivables since the counterparties to these financial assets have no material default history.

Except for the financial guarantee provided by the Group as set out in Note 29, the Group does not provide any other guarantees which would expose the Group to credit risk. The maximum exposure to credit risk in respect of this financial guarantee at the end of the reporting period is disclosed in Note 29.

Trade receivables

The Group has established a credit risk management policy under which individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are normally due within 90 days from the date of billing.

The Group has no significant concentration of credit risk in industries or countries in which the customers operate. Significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. As of 31 December 2023, 2024 and 2025, 100%, 19.4% and 9.2% of the total trade receivables were due from the Group's largest customer, respectively, and 100%, 78.4% and 40.2% of the total trade receivables, respectively, were due from the Group's five largest customers.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different type of customer, the loss allowance based on past due status is not distinguished among the Group's different customer types.

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The following table provides information about the Group’s exposure to credit risk and ECLs for trade receivables:

As at 31 December 2023			
	Expected loss rate	Gross carrying amount	Loss allowance
	%	<i>RMB’000</i>	<i>RMB’000</i>
Within 1 year	0.62%	1,300	8
		<u>1,300</u>	<u>8</u>
As at 31 December 2024			
	Expected loss rate	Gross carrying amount	Loss allowance
	%	<i>RMB’000</i>	<i>RMB’000</i>
Within 1 year	1.36%	12,220	166
		<u>12,220</u>	<u>166</u>
As at 31 December 2025			
	Expected loss rate	Gross carrying amount	Loss allowance
	%	<i>RMB’000</i>	<i>RMB’000</i>
Within 1 year	0.90%	96,860	867
1–2 years	100.00%	435	435
		<u>97,295</u>	<u>1,302</u>

Expected loss rates are based on historical loss experience. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group’s view of economic conditions over the expected lives of the receivables.

Movement in the loss allowance account in respect of trade receivables during the Track Record Period is as follows:

	As at 31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
At the beginning of the year	—	8	166
Impairment losses recognised	8	698	1,369
Uncollectable amounts written off	—	(540)	(233)
At the end of the year	<u>8</u>	<u>166</u>	<u>1,302</u>

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(b) Liquidity risk

The Group’s policy is to regularly monitor liquidity requirements, and to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the end of the reporting period of the Group’s non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group and can be required to pay:

As at 31 December 2023					
Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total	Carrying amount
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Trade and other					
payables	14,185	—	—	14,185	14,185
Lease liabilities	4,038	3,194	12,654	19,886	17,791
Ordinary shares with redemption rights	215,073	—	—	215,073	215,073
	<u>233,296</u>	<u>3,194</u>	<u>12,654</u>	<u>249,144</u>	<u>247,049</u>

As at 31 December 2024					
Contractual undiscounted cash outflow					
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total	Carrying amount
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Loans and borrowings . .	44,099	—	—	44,099	43,460
Trade and other					
payables	86,868	—	—	86,868	86,868
Lease liabilities	3,194	3,993	8,661	15,848	14,435
Ordinary shares with redemption rights	356,088	—	—	356,088	356,088
	<u>490,249</u>	<u>3,993</u>	<u>8,661</u>	<u>502,903</u>	<u>500,851</u>

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As at 31 December 2025

	Contractual undiscounted cash outflow				
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total	Carrying amount
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Loans and borrowings . . .	122,712	—	—	122,712	120,953
Trade and other payables	397,765	—	—	397,765	397,765
Lease liabilities	5,353	5,248	7,236	17,837	16,607
Ordinary shares with redemption rights	723,912	—	—	723,912	723,912
	<u>1,249,742</u>	<u>5,248</u>	<u>7,236</u>	<u>1,262,226</u>	<u>1,259,237</u>

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group is primarily exposed to fair value interest rate risk in relation to lease liabilities, interest bearing borrowings and cash flow risk in relation to variable-rate bank balances and interest bearing borrowings. The Group currently does not have an interest rate hedging policy to mitigate interest rate risk; nevertheless, the management monitors interest rate exposure and will consider hedging significant interest rate risk should the need arise.

(i) The Group’s interest rate profile as monitored by management is set out below.

	As at 31 December					
	2023		2024		2025	
	Interest rate %	RMB'000	Interest rate %	RMB'000	Interest rate %	RMB'000
Fixed rate:						
Lease liabilities	3.65%–4.30%	(17,791)	3.65%–4.30%	(14,435)	2.70%–4.30%	(16,607)
Loans and borrowings	/	—	/	—	2.35%–4.69%	(14,972)
Ordinary shares with redemption rights	8.00%	(215,073)	8.00%	(356,088)	8.00%	(723,912)
		<u>(232,864)</u>		<u>(370,523)</u>		<u>(755,491)</u>
Variable rate:						
Cash and cash equivalents	0.20%–0.25%	32,089	0.10%–0.15%	12,970	0.05%–0.10%	154,637
Pledged bank deposits	/	—	/	—	0.05%–0.10%	180,208
Loans and borrowings	/	—	one-year LPR-0.55%	(43,460)	one-year LPR-0.55%	(105,981)
		<u>32,089</u>	–one-year LPR-0.25%	<u>(30,490)</u>	–one-year LPR-0.1%	<u>228,864</u>

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(ii) Sensitivity analysis

At 31 December 2023 and 2025, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have decreased/increased the Group’s loss after tax and accumulated losses by approximately RMB321,000 and RMB2,289,000, respectively. At 31 December 2024, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have increased/decreased the Group’s loss after tax and accumulated losses by approximately RMB305,000.

The sensitivity analysis above indicates the instantaneous change in the Group’s loss after taxation (and accumulated losses) and other components of consolidated equity that would arise assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the end of the reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting period, the impact on the Group’s profit after tax (and retained earnings) and other components of consolidated equity is estimated as an annualised impact on interest expenses or income of such changes in interest rates.

(d) Currency risk

The Group mainly operates in Chinese Mainland, and most of the Group’s monetary assets and liabilities are denominated in RMB. The management considers the Group’s exposure to currency risk is insignificant.

(e) Fair value measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

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

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

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	Fair value at 31 December 2023	Fair value measurements as at 31 December 2023 categorised into		
		Level 1	Level 2	Level 3
		RMB'000	RMB'000	RMB'000
Recurring fair value measurement				
Financial assets measured at FVTPL				
— Wealth management products	50,000	—	50,000	—

During the Track Record Period, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group’s policy is to recognise transfers between levels of fair value hierarchy as at the end of the Track Record Period in which they occur.

Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of wealth management products in Level 2 is determined by discounting the estimated future cash flows at risky rate, which is the benchmark interest rate plus the risk premium as at the end of the reporting period.

(ii) Fair values of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group’s financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 December 2023, 2024 and 2025.

29 Financial guarantee issued

An end-customer customer of the Group financed its purchase of the Group’s products through finance leases provided by third-party leasing company. The Group undertakes the joint liability guarantee for this customer. In the event of customer default, the Group is required to make payments to the third-party leasing company for the outstanding amounts due from the customer. At the same time, the Group is entitled to repossess and purchase the leased products, and retain any net proceeds in excess of the guarantee payments made to the leasing company. The terms of these guarantees coincide with the tenure of the lease contracts which generally range from 1 to 3 years.

The initial fair value of the financial guarantees upon the initial recognition was immaterial, which was measured based on the future net cash outflow. Subsequently, the financial guarantee contract was remeasured the liability at the higher of the initial recognised amount and the expected credit loss allowance. As at 31 December 2023, 2024 and 2025, the Group’s maximum exposure to such guarantees was RMB Nil, RMB13,573,000 and RMB8,999,000, respectively. During the Track Record Period, no customer default incurred.

30 Capital commitments

Capital commitments outstanding as at 31 December 2023, 2024 and 2025 not provided for in the consolidated financial statements were as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Contracted for acquisition of property, plant and equipment	5,483	4,894	7,342

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31 Material related party transactions

(a) Names and relationship of the related party that had material transactions with the Group during the Track Record Period

Name of related party	Relationship
Momenta (Suzhou) Technology Co., Ltd. 魔門塔(蘇州)科技有限公司	Affiliate of a shareholder

(b) Transactions with related party

	Year ended 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Procurement of goods and services	—	8,962	—

(c) Balance with related party

As at 31 December 2023, 2024 and 2025, the Group had no material balances with related party.

(d) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company’s directors as disclosed in Note 8, and certain of the highest paid employees as disclosed in Note 9, is as follows:

	Year ended 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Salaries, allowances and benefits in kind	1,258	1,651	1,303
Discretionary bonuses	254	193	132
Contributions to retirement benefit schemes . .	169	175	177
Share-based payment	2,092	2,248	3,786
	<u>3,773</u>	<u>4,267</u>	<u>5,398</u>

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32 Possible impact of amendments, new standards and interpretations issued but not yet effective for the Track Record Period

Up to the date of this report, the IASB has issued a number of amendments, new standards and interpretations, which are not yet effective for the Track Record Period, and which have not been adopted in preparing the Historical Financial Information. These developments include:

	<u>Effective for accounting periods beginning on or after</u>
Amendments to IFRS 9 and IFRS 7, <i>Contracts referencing nature-dependent electricity</i>	1 January 2026
Amendments to IFRS 9 and IFRS 7, <i>Amendments to the classification and measurement of financial instruments</i>	1 January 2026
Annual improvements to IFRS Accounting Standards — Volume 11	1 January 2026
IFRS 18, <i>Presentation and disclosure in financial statements</i>	1 January 2027
IFRS 19, <i>Subsidiaries without public accountability: disclosures</i>	1 January 2027
Amendments to IAS 21, <i>Translation to a hyperinflationary presentation currency</i>	1 January 2027
Amendments to IFRS 10 and IAS 28, <i>Sale or contribution of assets between an investor and its associate or joint venture</i>	To be determined

The Group is in the process of making an assessment of what the impact of these developments are expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidate financial statements of the Group except for the following.

IFRS 18, Presentation and disclosure in financial statements

IFRS 18 will replace IAS 1 *Presentation of financial statements* and aims to improve the transparency and comparability of information about an entity’s financial statements. IFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027 and is to be applied retrospectively.

Among other changes, under IFRS 18, entities are required to classify all income and expenses into five categories in the statement of profit or loss, namely the operating, investing, financing, discontinued operations and income tax categories. Entities are also required to provide specific disclosures about management-defined performance measures in a single note in the financial statements.

The Group does not plan to early adopt IFRS 18. IFRS 18 will impact the presentation of financial statements and is not expected to have significant impact on the financial performance and positions of the Group.

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33 Subsequent events

On 12 February 2026, the Company was converted into a joint stock limited company under the Company Law of the PRC. Upon the completion of the conversion, 24,368,089 shares with a nominal value of RMB1.0 each were subscribed by all the then shareholders in proportion to their respective equity interest in the Company before the conversion.

In March 2026 and May 2026, the Company completed Series A, Series A+, Series B1 and Series B2 financing by issuing 17,108,804 shares with special rights to investors and the Company received the consideration of RMB 1,728 million from the issuance.

In April 2026, the Group modified its existing share option scheme and converted it into a new Restricted Share Unit (“RSU”) plan. This modification did not involve the issuance of new shares, the same number of shares originally reserved under the share option scheme was reallocated to the RSU plan. The Group further granted new shares mainly for the purpose of providing incentives to eligible employees of the Group. The participants of the RSU plan invested in the Company by the way of acquiring share capital of the Company through employee share purchase platforms.

34 Ultimate controlling party

As at the date of this report, the directors of the Company consider the ultimate controlling party of the Group to be Mr. Huang Zehua.

Subsequent financial statements

No audited financial statements have been prepared by the Company and its subsidiaries in respect of any period subsequent to 31 December 2025.