The following is the text of a report set out on pages I-1 to I-[82], received from the Company's reporting accountants, [Deloitte Touche Tohmatsu], Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF ZHIZU IOT TECHNOLOGY GROUP CO., LTD. AND SHENWAN HONGYUAN CAPITAL (H.K.) LIMITED

Introduction

We report on the historical financial information of Zhizu IoT Technology Group Co., Ltd.* (智租物聯科技集團股份有限公司) (previously known as Zhizu IoT Technology Group Co., Ltd.* (智租物聯科技集團有限公司) from August 2024 to April 2026, Zhizu IoT Technology (Anqing) Co., Ltd.* (智租物聯科技(安慶)有限公司) from June 2024 to August 2024, Shanghai Zhizu IoT Technology Co., Ltd.* (上海智租物聯科技有限公司) from November 2020 to June 2024 and Shanghai Zhizu Logistics Technology Co., Ltd.* (上海智租物流科技有限公司) prior to November 2020) (the "Company") and its subsidiaries (together, the "Group") set out on pages I-[3] to I-[82], which comprises the consolidated statements of financial position of the Group as at 31 December 2023, 2024 and 2025, the statements of financial position of the Company as at 31 December 2023, 2024 and 2025, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the three years ended 31 December 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-[82] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [●] (the "Document") in connection with the initial **[REDACTED]** of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

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

* *English name is for identification purpose only.*

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 Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 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 of the Company, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Group's financial position as at 31 December 2023, 2024 and 2025, of the Company'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 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 and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

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

Dividends

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

[Deloitte Touche Tohmatsu]
Certified Public Accountants
Hong Kong
[●]

HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

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

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

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

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	NOTES	Year ended 31 December 2023 *RMB'000*	2024 *RMB'000*	2025 *RMB'000*
Revenue	5	695,846	734,587	738,639
Cost of sales		(597,859)	(535,892)	(542,456)
Gross profit		97,987	198,695	196,183
Other income	7	26,127	26,088	21,735
Other gains and losses	8	10,273	(5,136)	(5,353)
Selling and marketing expenses		(78,276)	(94,410)	(80,364)
Administrative expenses		(42,421)	(42,150)	(36,006)
Research and development expenses		(44,936)	(30,198)	(29,885)
Impairment losses under expected credit loss model, net of reversal		69	(124)	(827)
Finance costs	9	(41,750)	(44,230)	(49,748)
Share of results of joint ventures		(418)	(612)	(551)
(Loss) profit before tax		(73,345)	7,923	15,184
Income tax credit (expense)	10	28,733	(1,996)	(7,029)
(Loss) profit for the year	11	(44,612)	5,927	8,155
Total comprehensive (expense) income for the year		(44,612)	5,927	8,155
(Loss) profit for the year attributable to:				
Owners of the Company		(42,973)	8,323	8,155
Non-controlling interests		(1,639)	(2,396)	–
		(44,612)	5,927	8,155
Total comprehensive (expense) income for the year attributable to:				
Owners of the Company		(42,973)	8,323	8,155
Non-controlling interests		(1,639)	(2,396)	–
		(44,612)	5,927	8,155
(Loss) earnings per share	15			
– Basic and diluted *(RMB)*		(0.62)	0.12	0.10

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		At 31 December		
	NOTES	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
Non-current assets				
Property, plant and equipment	16	752,065	749,050	778,098
Right-of-use assets	17	86,947	78,047	76,518
Interests in joint ventures	18	2,472	1,860	1,309
Deferred tax assets	25	80,809	78,040	70,863
Prepayment for acquisition of property, plant and equipment		7,137	10,207	14,846
		929,430	917,204	941,634
Current assets				
Inventories	19	6,060	7,131	10,408
Financial assets at fair value through profit or loss ("FVTPL")		103	–	–
Trade and bills receivables	20	918	460	3,166
Prepayments and other receivables	21	238,979	189,981	160,005
Restricted bank deposits	22	161,742	127,138	110,661
Time deposits	22	–	–	30,000
Cash and cash equivalents	22	77,793	28,442	97,015
		485,595	353,152	411,255
Current liabilities				
Trade, bills and other payables	23	542,894	368,827	407,531
Tax liabilities		11,019	11,581	6,515
Contract liabilities	24	44,721	42,878	46,305
Borrowings	26	276,568	211,783	245,131
Lease liabilities	27	3,445	596	1,301
Deferred income	28	3,913	2,898	1,478
Redemption liabilities	29	173,475	351,242	377,242
Other long-term liabilities due within one year	30	196,726	146,797	27,087
		1,252,761	1,136,602	1,112,590
Net current liabilities		(767,166)	(783,450)	(701,335)
Total assets less current liabilities		162,264	133,754	240,299

		At 31 December		
	NOTES	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
Non-current Liabilities				
Deferred tax liabilities	25	2,173	696	–
Borrowings	26	187,438	156,605	130,486
Lease liabilities	27	7,492	1,783	1,356
Deferred income	28	56,368	53,470	51,992
Other long-term liabilities	30	–	–	127,110
		253,471	212,554	310,944
Net Liabilities		(91,207)	(78,800)	(70,645)
Capital and Reserves				
Paid-in capital	31	79,481	99,831	99,831
Reserves		(173,932)	(178,631)	(170,476)
Equity attributable to owners of the Company		(94,451)	(78,800)	(70,645)
Non-controlling interests		3,244	–	–
Total deficit		**(91,207)**	**(78,800)**	**(70,645)**

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		At 31 December		
	NOTES	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
Non-current assets				
Property, plant and equipment	16	26,941	177,357	126,998
Right-of-use assets	17	9,273	2,384	2,490
Interests in subsidiaries	40	245,237	506,937	506,937
Interests in joint ventures	18	2,472	1,860	1,309
Deferred tax assets	25	–	–	8,392
Prepayment for acquisition of property, plant and equipment		4,187	4,187	4,187
		288,110	692,725	650,313
Current assets				
Inventories	19	2,103	6,253	4,661
Financial assets at FVTPL		103	–	
Trade receivables	20	12,207	26,242	24,271
Prepayments and other receivables	21	269,907	124,100	116,996
Restricted bank deposits	22	250	49,251	251
Cash and cash equivalents	22	52,420	16,020	30,076
		336,990	221,866	176,255
Current liabilities				
Trade, bills and other payables	23	73,705	306,247	202,168
Tax liabilities		1,990	1,990	1,990
Contract liabilities	24	42,908	42,102	47,022
Borrowings	26	135,873	37,086	65,163
Lease liabilities	27	3,322	596	1,301
Deferred income	28	2,434	1,420	–
Redemption liabilities	29	173,475	351,242	377,242
		433,707	740,683	694,886
Net current liabilities		(96,717)	(518,817)	(518,631)
Total assets less current liabilities		**191,393**	**173,908**	**131,682**

		At 31 December		
	NOTES	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
Non-current Liabilities				
Deferred tax liabilities	25	2,173	696	–
Borrowings	26	10,515	–	–
Lease liabilities	27	7,492	1,783	1,356
Deferred income	28	1,420	–	–
		21,600	2,479	1,356
Net Assets		169,793	171,429	130,326
Capital and Reserves				
Paid-in capital	31	79,481	99,831	99,831
Reserves	41	90,312	71,598	30,495
Total equity		**169,793**	**171,429**	**130,326**

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company						
	Paid in capital	Capital reserve	Other reserve	Accumulated losses	Subtotal	Non-controlling interests	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	69,642	110,878	–	(231,998)	(51,478)	4,883	(46,595)
Total comprehensive expense for the year	–	–	–	(42,973)	(42,973)	(1,639)	(44,612)
Capital contribution *(Note 29)*	9,839	160,161	–	–	170,000	–	170,000
Recognition of capital contribution as redemption liabilities *(Note 29)*	–	–	(170,000)	–	(170,000)	–	(170,000)
At 31 December 2023	79,481	271,039	(170,000)	(274,971)	(94,451)	3,244	(91,207)
Total comprehensive income (expense) for the year	–	–	–	8,323	8,323	(2,396)	5,927
Capital contribution *(Notes 29 and 31)*	20,350	146,030	–	–	166,380	–	166,380
Recognition of capital contribution as redemption liabilities *(Note 29)*	–	–	(155,000)	–	(155,000)	–	(155,000)
Acquisition of additional interest in subsidiary *(note)*	–	–	(4,052)	–	(4,052)	(848)	(4,900)
At 31 December 2024	99,831	417,069	(329,052)	(266,648)	(78,800)	–	(78,800)
Total comprehensive income for the year	–	–	–	8,155	8,155	–	8,155
At 31 December 2025	99,831	417,069	(329,052)	(258,493)	(70,645)	–	(70,645)

Note: During the year ended 31 December 2023, the Company entered into an equity transfer agreement with Beijing Weiyuan Security Service Co., Ltd.* (北京威遠保安服務有限公司) ("Beijing Weiyuan"), the non-controlling shareholder of Beijing Zhizu IoT Technology Co., Ltd.* (北京智租物聯科技有限公司) ("Beijing Zhizu"), a subsidiary of the Company. Under the agreement, Beijing Weiyuan agreed to sell, and the Company agreed to purchase, the remaining 49% of the equity interests in Beijing Zhizu for a total consideration of RMB4,900,000. The acquisition was completed on 31 October 2024 and since then Beijing Zhizu became a wholly owned subsidiary of the Company.

* *English name is for identification purposes only*

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
OPERATING ACTIVITIES			
(Loss) profit before tax	(73,345)	7,923	15,184
Adjustments for:			
Finance costs	41,750	44,230	49,748
Interest income	(8,633)	(10,510)	(7,780)
Share of results of joint venture	418	612	551
Depreciation of property, plant and equipment	198,762	194,219	242,883
Depreciation of right-of-use assets	4,297	3,578	1,891
(Gains) losses on disposal of property, plant and equipment	(8,647)	5,699	5,595
Gain on early termination of lease	–	(317)	–
Fair value changes of financial assets at FVTPL	(224)	(158)	–
Impairment losses under expected credit loss model, net of reversal	(69)	124	827
Impairment losses on property, plant and equipment	110,422	30,375	–
Operating cash flows before movements in working capital	264,731	275,775	308,899
Decrease (increase) in trade and bills receivables	16,929	334	(3,102)
(Increase) decrease in prepayments and other receivables	(51,307)	33,131	7,299
Decrease (increase) in inventories	1,428	(1,071)	(3,277)
Increase in trade, bills and other payables	28,149	725	18,875
Increase (decrease) in contract liabilities	16,376	(1,843)	3,427
Decrease in deferred income	(3,098)	(3,913)	(2,898)
Cash generated from operations	273,208	303,138	329,223
Income taxes paid	–	(142)	(5,614)
NET CASH FROM OPERATING ACTIVITIES	**273,208**	**302,996**	**323,609**

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
INVESTING ACTIVITIES			
Interest received	8,633	10,510	7,780
Proceeds on disposal of property, plant and equipment	10,122	601	4,808
Proceeds from disposal of financial assets at FVTPL	62,074	16,263	–
Repayments received from a supplier	8,866	19,713	17,779
Investment in a joint venture	(1,470)	–	–
Purchases of financial assets at FVTPL	(57,973)	(16,002)	–
Purchases of property, plant and equipment	(322,709)	(399,594)	(261,863)
Amount due from shareholders	(200)	(2)	–
Withdrawal of restricted bank deposits and time deposits	11,080	510,794	215,204
Placement of restricted bank deposits and time deposits	(164,822)	(476,190)	(228,727)
Government subsidies received relating to the purchase of property, plant and equipment	8,865	–	–
NET CASH USED IN INVESTING ACTIVITIES	**(437,534)**	**(333,907)**	**(245,019)**
FINANCING ACTIVITIES			
Interest paid	(31,395)	(7,688)	(15,640)
Repayments of borrowings	(212,739)	(272,919)	(229,057)
Repayments to a related company	–	(14,700)	–
Acquisition of partial interest of a subsidiary	–	(4,900)	–
Repayments of lease liabilities	(3,822)	(3,480)	(1,040)
Repayments of other long-term liabilities	–	(57,322)	–
New borrowings raised	259,781	171,289	235,720
Loan from a related company	4,900	4,900	–
Capital contributions	170,000	166,380	–
NET CASH FROM (USED IN) FINANCING ACTIVITIES	**186,725**	**(18,440)**	**(10,017)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**22,399**	**(49,351)**	**68,573**
CASH AND CASH EQUIVALENTS AT 1 JANUARY	**55,394**	**77,793**	**28,442**
TOTAL CASH AND CASH EQUIVALENTS AT 31 DECEMBER	**77,793**	**28,442**	**97,015**

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION AND BASIS OF PREPARATION OF HISTORICAL FINANCIAL INFORMATION

The Company was established in the People's Republic of China (the "PRC") on 18 January 2018 as a limited liability company and converted into a joint stock limited liability company on 20 April 2026. The addresses of the registered office and principal place of business of the Company are disclosed in the section headed "Corporate Information" in this document. As of the date of this report, Mr. Li Xuejun ("Mr. Li"), together with Shanghai Xingchi Enterprise Management Center (Limited Partnership)* (上海行馳企業管理中心(有限合夥)) ("Shanghai Xingchi") and Shanghai Zhizu Enterprise Management Center (Limited Partnership)* (上海智租企業管理中心(有限合夥)) ("Shanghai Zhizu") is the single largest shareholders group of the Company. Details of the single largest shareholders group of the Company are disclosed in the section of " Relationship with our Single Largest Shareholders Group" in the Document.

The Group is a leading battery-swapping solutions provider in China, focusing on providing safe, efficient, convenient, green and smart battery-swapping solutions for riders of light electric vehicles.

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

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

The statutory financial statements of the Company for the years ended 31 December 2023 and 2024 were prepared in accordance with Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC and were audited by Shanghai Xinyun Certified Public Accountants (General Partnership)* (上海信運會計師事務所(普通合夥)) ("Shanghai Xinyun"), certified public accountants registered in the PRC. The statutory financial statements of the Company for the year ended 31 December 2025 have not been issued as of the date of this report.

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Going Concern Assumption

As at 31 December 2025, the Group had net current liabilities of RMB701,335,000 and the Company had net current liabilities of RMB518,631,000. The Historical Financial Information has been prepared on a going concern basis as the directors of the Company have given careful consideration to the impact of the current and anticipated future liquidity of the Group and the Company and are satisfied that:

i. As at 31 December 2025, the redemption liabilities amounted to RMB377,242,000 in relation to the redemption rights granted to certain investors. Pursuant to the supplemental agreement to special rights entered into among the Company and its shareholders in May 2026, the redemption date has been extended to 31 December 2027, therefore, the redemption liabilities will not be redeemed within the next twelve months from 31 December 2025.

ii. As at 31 December 2025, the other long-term liabilities amounted to RMB127,110,000 in relation to the redemption rights granted to Anqing Economic Development Zone Jintong New Energy Vehicle Industry Fund Partnership (Limited Partnership)* (安慶經開區金通新能源汽車產業基金合夥企業(有限合夥)) ("Anqing Economic Development Zone Fund"). Pursuant to the supplemental agreement entered into among the Group and Anqing Economic Development Zone Fund in May 2026, the redemption rights automatically terminated upon the signing of the supplemental agreement.

iii. As at 31 December 2025, the Group and the Company had unutilised borrowing facilities of approximately RMB60,000,000. Based on historical successful experience, the management of the Group is confident that they can successfully drawdown from unutilised credit facilities;

iv. The Group and the Company has been continuously negotiating with banks and financial institutions to seek extension of due dates of the relevant debts;

v. The management of the Group has prepared cash flow forecast covering the period for the next twelve months from the date of issue of this Historical Financial Information which shows that the Group and the Company will continue generating net cash inflows during the forecast period.

Having taken into account the above, the directors of the Company believe that the Group and the Company will have sufficient working capital to finance its operations and to meet its financial obligations for at least the next twelve months from the date of issue of the Historical Financial Information. Hence, the Historical Financial Information has been prepared on a going concern basis.

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

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

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

At the date of this report, the following new and amendments to IFRS Accounting Standards have been issued which are not yet effective:

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments[2]
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity[2]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards – Volume 11[2]
IFRS 18	Presentation and Disclosure in Financial Statements[3]
Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency[3]

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

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

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

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

IFRS 18 Presentation and Disclosure in Financial Statements

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

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. IFRS 18 requires retrospective application with specific transition provisions. The application of the new standard is not expected to have significant impact on the financial performance and positions of the Group in terms of recognition and measurement. However, it is expected to affect the structure and presentation of the consolidated statements of profit or loss. Additional disclosures required for the Group's MPMs will be disclosed in a separate note to the consolidated financial statements.

3. MATERIAL ACCOUNTING POLICY INFORMATION

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

Basis of consolidation

The Historical Financial Information incorporate the financial statements of the Company and its subsidiaries. Control is achieved when the Company:

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

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

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

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

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

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Group's interests in existing subsidiaries

Changes in the Group's interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Interests in subsidiaries

Interests in subsidiaries are stated at cost less than any identified impairment loss on the statements of financial position of the Company.

Interests in joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of joint ventures are incorporated in the Historical Financial Information using the equity method of accounting. The financial statements of joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in a joint venture is initially recognised in the consolidated statements of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture. Changes in net assets of the joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of a joint venture exceeds the Group's interest in that joint venture (which includes any long-term interest that, in substance, form part of the Group's net investment in the joint venture), the Group discontinues recognising its share of further losses. Additional losses are provided for, and a liability is recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the joint venture.

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. On acquisition of the investment in a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assesses whether there is an objective evidence that the interest in a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

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

Revenue from contracts with customers

Information about the Group's accounting policies relating to contracts with customers is provided in Notes 5 and 24.

Leases

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

The Group as a lessee

Allocation of consideration to components of a contract

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

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

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of equipment and warehouse that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets (such as small items of office furniture, printer and others). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Right-of-use assets

The cost of right-of-use assets includes:

- the amounts of the initial measurement of the lease liabilities;
- any lease payments made at or before the commencement date.

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

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

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

Refundable rental deposits

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

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. The incremental borrowing rate depends on the term, currency and start date of the lease and is determined based on a series of inputs including: the risk-free rate based on government bond rates; and an entity-specific adjustment whether the risk profile of the entity that enters into the lease is different to that of the Group.

The lease payments include fixed payments.

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

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

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

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

Lease modifications

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

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

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

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use assets.

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

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognised as an expense on a straight-line basis over the lease term.

Allocation of consideration to components of a contract

When a contract includes both leases and non-lease components, the Group applies IFRS 15 to allocate consideration in a contract to lease and non-lease components. Non-lease components are separated from lease component on the basis of their relative stand-alone selling prices.

Refundable rental deposits

Refundable rental deposits received are accounted for under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.

Sale and leaseback transactions

The Group applies the requirements of IFRS 15 to assess whether sale and leaseback transaction constitutes a sale by the Group.

The Group as a seller-lessee

For a transfer that does not satisfy the requirements as a sale, the Group as a seller-lessee continues to recognise the assets and accounts for the transfer proceeds as borrowings within the scope of IFRS 9.

Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

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

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statements of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

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

Employee benefits

Retirement benefit costs

Payments to defined contribution retirement benefit plans, including state-managed retirement schemes in the PRC, are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

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

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

Taxation

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

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

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

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

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

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

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

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

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

Current and deferred tax are recognised in profit or loss.

Property, plant and equipment

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

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

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

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

Internally-generated intangible assets – research and development expenditure

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

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

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

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

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

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

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

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

Cash and cash equivalents

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

(a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and

(b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Inventories

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

Financial instruments

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

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

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

Financial assets

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

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

Classification and subsequent measurement of financial assets

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

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and

- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL.

Amortised cost and interest income

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

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost are measured at FVTPL.

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

Impairment of financial assets subject to impairment assessment under IFRS 9

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade and bill receivables, other receivables, time deposits, restricted bank deposits, cash and cash equivalents) which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

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

The Group always recognises lifetime ECL for trade receivables.

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

Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Group's debtors operate, obtained from economic expert reports and financial analyst, as well as consideration of various external sources of actual and forecast economic information that relate to the Group's core operations.

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

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

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

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if i) it has a low risk of default; ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term; and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definitions.

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

Definition of default

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

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

Credit-impaired financial assets

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

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or

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

Write-off policy

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

Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and forward-looking information, including time value of money where appropriate, that is available without undue cost or effort.

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

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

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

- Past-due status;

- Nature, size and industry of debtors.

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

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

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

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

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

Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

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

Financial liabilities at amortised cost

Financial liabilities including redemption liabilities, borrowings, trade, bills and other payables and other long-term liabilities are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

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

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

Key sources of estimation uncertainty

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

Deferred tax assets

As at 31 December 2023, 2024 and 2025, deferred tax assets of RMB85,600,000, RMB151,511,000, and RMB186,452,000, respectively, in relation to unused tax losses and deductible temporary differences for the Group has been recognised in the consolidated statements of financial position and no deferred tax asset has been recognised on the tax losses and deductible temporary differences of RMB74,747,000, RMB98,354,000 and

RMB107,900,000, respectively, for certain operating subsidiaries due to the unpredictability of future profit streams as disclosed in Note 25. The realizability of the deferred tax assets mainly depends on whether sufficient taxable profits will be available in the foreseeable future or taxable temporary differences are expected to reverse in the same period as the expected reversal of the deductible temporary differences, which is a key source of estimation uncertainty. In cases where the actual future taxable profits generated are less or more than expected, or change in facts and circumstances which result in revision of future taxable profits estimation, a material reversal or further recognition of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal or further recognition takes place.

Useful lives and residual values of property, plant and equipment

The Directors determine the useful lives, residual values and related depreciation charges for the Group's property, plant and equipment. This estimate is based on the historical experience with the actual residual values and useful lives of property, plant and equipment of a similar nature and functions, as well as on expected changes in the operating environment. The information about useful lives and residual values of property, plant and equipment are disclosed in Note 16.

5. REVENUE

(i) Disaggregation of revenue from contracts with customers

The Group's revenue streams are categorized as follows:

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Types of goods and services			
Battery-swapping solutions	695,033	733,965	736,620
– Battery-swapping solutions through self-operated stations	692,723	732,790	715,460
– Battery-swapping solutions through business partners	2,310	1,175	21,160
Hardware retail sales	813	622	2,019
	695,846	**734,587**	**738,639**
Timing of revenue recognition			
Over time	692,723	732,790	715,460
A point in time	3,123	1,797	23,179
	695,846	**734,587**	**738,639**

(ii) Performance obligations for contracts with customers

Battery-swapping solutions

Battery-swapping solutions through self-operated stations

The Group provides battery-swapping services through self-operated stations to customers. Such services are recognised as a performance obligation satisfied over time since the customer simultaneously receives and consumes the benefits provided by the Group. Revenue is generally recognised over the contract period which is stipulated in the contracts entered with customers. Customers are generally required to make prepayment before the services have been provided. Contract liabilities are recognised when such prepayment is received in which revenue has yet been recognised and amortised over the contract period.

Battery-swapping solutions through business partners

The Group sells battery-swapping equipment and provide service to its partners. Revenue arising from the battery-swapping solutions through business partners is recognised at a point in time upon partners' acceptance of the delivered goods and services. Partners are generally required to make prepayment before the goods and services have been provided. The advances received are recognised as contract liabilities until the control of delivered goods and services have been transferred to the partners.

Hardware retail sales

The Group sell accessories related to battery-swapping solutions to customers. Revenue is recognised at a point of time when control of the goods has been transferred, being when the goods have been accepted by the customers. Customers are generally required to make prepayment before the goods have been provided. The advances received are recognised as contract liabilities until the control of delivered goods have been transferred to the customers.

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

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

6. OPERATING INFORMATION

For the purpose of resource allocation and assessment of segment performance, the Chief Executive Officer of the Company, being the chief operating decision maker, focus and reviews on the overall results and financial position of the Group as a whole which are prepared based on the same accounting policies set out above. Accordingly, the Group has only one single operating segment and no further analysis of the single segment is presented.

During the Track Record Period, none of the customers accounted for 10% or more of the total revenue of the Group.

During the Track Record Period, the Group principally operates in the PRC. All revenue of the Group is derived from the PRC and the Group's non-current assets are all located in the PRC as well.

7. OTHER INCOME

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Interest on amount due from a supplier	7,221	6,296	4,844
Rental income, net of outgoings *(note i)*	9,064	5,153	3,100
Government grants *(note ii)*	3,254	4,602	5,240
Extra deduction of value-added tax ("VAT") *(note iii)*	2,553	3,677	2,254
Bank interest income	412	3,214	1,936
Interest on amount due from an independent third party	1,000	1,000	1,000
Others	2,623	2,146	3,361
	26,127	**26,088**	**21,735**

Notes:

(i) The Group leases out a portion of area within certain manufacturing plants and electric tricycle. Rental income are recognised on a straight-line basis over the terms of the relevant leases. All the leases for the years ended 31 December 2023, 2024 and 2025 were operating leases with fixed lease payments.

The outgoings arising from rental for the years ended 31 December 2023, 2024, and 2025 were RMB3,743,000, RMB1,302,000, and RMB1,050,000, respectively.

(ii) The Group has received certain government grants as incentive for investing in land-use rights and operating equipment. The grants are recognised in the profit or loss over the useful lives of the relevant assets. Other government grants of the Group were mainly related to enterprise development support. These grants are unconditional and accounted for as immediate financial support with neither future related costs expected to be incurred nor related to any assets of the Group during the Track Record Period.

(iii) According to the State Taxation Administration of the PRC, Zhixing Xinneng Technology (Anhui) Co., Ltd.* (智行新能科技(安徽)有限公司) ("Zhixing Xinneng"), a subsidiary of the Group, is allowed to deduct an additional 5% of the deductible input tax from the VAT payable as an advanced manufacturing enterprise from 1 January 2023 to 31 December 2027.

* *The English name is for identification purposes only*

8. OTHER GAINS AND LOSSES

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Gains (losses) on disposal of property, plant and equipment	8,647	(5,699)	(5,595)
Fair value changes of financial assets at FVTPL	224	158	–
Gain on early termination of lease	–	317	–
Others	1,402	88	242
	10,273	**(5,136)**	**(5,353)**

9. FINANCE COSTS

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Interest on borrowings	27,743	13,700	16,206
Interest on redemption liabilities *(Note 29)*	3,475	22,767	26,000
Interest on other long-term liabilities *(Note 30)*	9,921	7,393	7,400
Interest on lease liabilities	611	370	142
	41,750	**44,230**	**49,748**

10. INCOME TAX (CREDIT) EXPENSE

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Current tax – PRC Enterprise Income Tax ("EIT")	11,019	704	548
Deferred tax *(Note 25)*	(39,752)	1,292	6,481
	(28,733)	**1,996**	**7,029**

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the Group, except for the Company and a subsidiary of the Group as described below, was subject to the statutory EIT rate of 25% during the Track Record Period.

The EIT Law and its implementation rules permit certain High and New Technologies Enterprises ("HNTEs") to enjoy a reduced 15% EIT rate subject to these HNTEs meeting certain qualification criteria. The Company and Zhixing Xinneng are qualified as HNTEs, and accordingly are subject to a preferential income tax rate of 15%.

The tax expense for the year can be reconciled to the loss/profit before tax per 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*
(Loss) profit before tax	(73,345)	7,923	15,184
Tax at the domestic income tax rate of 25%	(18,336)	1,981	3,796
Income tax at concessionary rate	(10,120)	(321)	3,622
Tax effect of income not taxable for tax purpose	–	(2,174)	–
Utilization of tax losses and deductible temporary differences previously not recognised	(277)	(172)	(140)
Tax effect of expenses not deductible for tax purpose	1,160	710	330
The effect of tax losses and deductible temporary differences not recognised	5,580	6,499	3,904
Tax effect attributable to the additional qualified tax deduction relating to research and development expenditures *(note)*	(6,740)	(4,527)	(4,483)
Income tax (credit) expense for the year	**(28,733)**	**1,996**	**7,029**

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

11. (LOSS) PROFIT FOR THE YEAR

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Cost of inventories recognised as an expense	18,274	12,017	14,980
Depreciation of property, plant and equipment	204,159	198,496	247,673
Depreciation of right-of-use assets	5,111	4,392	2,705
Total depreciation	209,270	202,888	250,378
Less: Capitalised in construction in progress	(6,211)	(5,091)	(5,604)
	203,059	197,797	244,774
Impairment losses of property, plant and equipment recognised as cost of sales	110,422	30,375	–
Auditor's remuneration	599	533	495
Staff costs			
– Salaries and other benefits	86,078	83,190	88,331
– Discretionary performance related bonus	7,025	4,742	10,417
– Retirement benefit scheme contributions	7,838	6,342	6,879
Total staff costs	100,941	94,274	105,627
Less: Capitalised in construction in progress	(6,901)	(4,613)	(3,806)
	94,040	89,661	101,821
Analysed as:			
– Cost of sales	17,665	16,432	18,439
– Selling and marketing expenses	21,760	30,978	43,693
– Administrative expenses	16,769	17,129	16,229
– Research and development expenses	37,846	25,122	23,460
	94,040	89,661	101,821
Research and development costs analysed as:			
– Staff cost	37,846	25,122	23,460
– Service fees	5,390	4,469	5,500
– Others	1,700	607	925
	44,936	30,198	29,885

12. DIRECTORS' AND CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

Details of the emoluments paid or payable by the entities comprising the Group to the directors, supervisors and chief executive of the Company (including emoluments for services as employee of the group entities prior to their becoming directors and supervisors of the Company) for their services during the Track Record Period are as follows:

	Date of appointment	Salaries and other benefits	Discretionary performance related bonus*	Retirement benefit scheme contributions	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2023					
Executive directors:					
Mr. Li (i)	11 June 2018	489	–	13	502
Mr. Du Yan	11 June 2018	449	–	16	465
Mr. Lan Zhiqing (ii)	11 June 2018	550	–	29	579
Non-executive directors:					
Mr. Zhou Hongbin	18 January 2018	–	–	–	–
Mr. Guo Dongshao	17 December 2021	–	–	–	–
Mr. Zhang Teng	26 December 2023	–	–	–	–
Supervisors:					
Mr. Cheng Haiyang	18 January 2018	247	148	8	403
Mr. Tang Yuan	31 May 2019	–	–	–	–
Ms. Lian Jingyu	17 December 2021	–	–	–	–
		1,735	148	66	1,949

	Date of appointment	Salaries and other benefits	Discretionary performance related bonus*	Retirement benefit scheme contributions	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2024					
Executive directors:					
Mr. Li (i)	11 June 2018	517	–	19	536
Mr. Du Yan	11 June 2018	481	–	19	500
Mr. Li Ziang	28 March 2024	–	–	–	–
Non-executive directors:					
Mr. Zhou Hongbin	18 January 2018	–	–	–	–
Mr. Guo Dongshao	17 December 2021	–	–	–	–
Mr. Zhang Teng	26 December 2023	–	–	–	–
Supervisors:					
Mr. Cheng Haiyang	18 January 2018	309	78	8	395
Mr. Tang Yuan	31 May 2019	–	–	–	–
Ms. Lian Jingyu	17 December 2021	–	–	–	–
		1,307	78	46	1,431

	Date of appointment	Salaries and other benefits	Discretionary performance related bonus*	Retirement benefit scheme contributions	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2025					
Executive directors:					
Mr. Li (i)	11 June 2018	513	–	19	532
Mr. Du Yan	11 June 2018	446	35	19	500
Mr. Li Ziang	28 March 2024	240	–	34	274
Non-executive directors:					
Mr. Zhou Hongbin	18 January 2018	–	–	–	–
Mr. Guo Dongshao (iii)	17 December 2021	–	–	–	–
Mr. Zhang Teng (iv)	26 December 2023	–	–	–	–
Ms. Jiang Chuanmin	8 January2025	–	–	–	–
Ms. Fu Lihua	21 July 2025	–	–	–	–
Supervisors:					
Mr. Cheng Haiyang	18 January 2018	310	34	8	352
Mr. Tang Yuan	31 May 2019	–	–	–	–
Ms. Lian Jingyu	17 December 2021	–	–	–	–
		1,509	**69**	**80**	**1,658**

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

Notes:

i. Mr. Li is the Chief Executive Officer of the Company.

ii. Mr. Lan Zhiqing resigned as executive director in December 2023.

iii. Mr. Guo Dongshao resigned as non-executive director in January 2025.

iv. Mr. Zhang Teng resigned as non-executive director in July 2025.

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

The non-executive directors' and supervisors' emoluments shown above were for their services as directors and supervisors of the Company during the Track Record Period.

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

13. FIVE HIGHEST PAID EMPLOYEES

The five individuals with the highest emoluments in the Group, included 3, 2 and 2 directors of the Company whose emoluments are included in the disclosures in Note 12 above for the years ended 31 December 2023, 2024 and 2025. The emoluments of the remaining 2, 3 and 3 individuals for each of the three years, respectively, ended 31 December 2023, 2024 and 2025 were as follows:

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Salaries and other benefits	1,080	2,186	2,061
Discretionary performance related bonus	148	1	–
Retirement benefit scheme contributions	66	140	109
	1,294	**2,327**	**2,170**

The numbers of the five highest paid individuals (including directors of the Company) are within the following bands (presented in Hong Kong Dollar ("HK$")):

	Year ended 31 December		
	2023	**2024**	**2025**
HK$250,001 to HK$500,000	1	–	–
HK$500,001 to HK$750,000	3	2	3
HK$750,001 to HK$1,000,000	1	3	2
	5	**5**	**5**

14. DIVIDENDS

No dividend was declared or paid by the Company in respect of the Track Record Period, nor has any dividend been proposed since the end of the Track Record Period.

15. (LOSS) EARNINGS PER SHARE

The calculation of the basic (loss) earnings per share from continuing operations attributable to owners of the Company is based on the following data:

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
(Loss) profit for the year attributable to owners of the Company, for the purpose of basic earnings per share	(42,973)	8,323	8,155

	Year ended 31 December		
	2023	**2024**	**2025**
	'000	*'000*	*'000*
Weighted average number of ordinary shares for the purpose of basic (loss) earnings per share	69,642	69,658	81,022

The Company was converted from a limited liability company into a joint stock company with limited liability on 20 April 2026. The Company's net assets value as of 31 January 2026 was converted into 99,830,929 ordinary shares with a par value of RMB1.00 each.

For the purpose of determining basic (loss) earnings per share, the number of shares in issue was deemed to be the weighted average number of ordinary shares as if the Company's conversion into a joint stock limited liability company had occurred on 1 January 2023.

Certain investors' shares, which are recorded as redemption liabilities in Note 29, are not treated as outstanding shares and thus are excluded in the calculation of basic earnings per share.

The potential ordinary shares arising from aforementioned redemption liabilities, as well as the impact of the investors' capital contributions to the subsidiaries recorded as other long-term liabilities in Note 30, were not included the calculation of diluted earnings per share for the years ended 31 December 2023, 2024 and 2025, as their inclusion would be anti-dilutive.

16. PROPERTY, PLANT AND EQUIPMENT

The Group

	Operating equipment *RMB'000*	Buildings and Plants *RMB'000*	Machinery *RMB'000*	Leasehold improvements and others *RMB'000*	Construction in progress *RMB'000*	Total *RMB'000*
COST						
At 1 January 2023	612,644	85,102	21,792	52,267	22,087	793,892
Additions	126,854	–	1,450	17,345	437,043	582,692
Disposals	(51,417)	–	–	(9,642)	–	(61,059)
Transfer	377,531	–	811	–	(378,342)	–
At 31 December 2023	1,065,612	85,102	24,053	59,970	80,788	1,315,525
Additions	–	–	1,298	4,765	230,560	236,623
Disposals	(95,259)	–	–	(15,062)	–	(110,321)
Transfer	231,324	–	7,368	708	(239,400)	–
At 31 December 2024	1,201,677	85,102	32,719	50,381	71,948	1,441,827
Additions	–	–	6	1,850	280,801	282,657
Disposals	(139,563)	–	–	(3,413)	–	(142,976)
Transfer	232,951	–	785	593	(234,329)	–
At 31 December 2025	1,295,065	85,102	33,510	49,411	118,420	1,581,508
DEPRECIATION AND IMPAIRMENT						
At 1 January 2023	282,484	674	950	24,355	–	308,463
Provided for the year	186,405	4,042	2,063	11,649	–	204,159
Impairment loss recognised(note)	110,422	–	–	–	–	110,422
Eliminated on disposals	(49,980)	–	–	(9,604)	–	(59,584)
At 31 December 2023	529,331	4,716	3,013	26,400	–	563,460
Provided for the year	180,661	4,043	2,444	11,348	–	198,496
Impairment loss recognised (note)	22,481	–	–	–	7,894	30,375
Eliminated on disposals	(84,871)	–	–	(14,683)	–	(99,554)
At 31 December 2024	647,602	8,759	5,457	23,065	7,894	692,777
Provided for the year	230,699	4,042	3,011	9,921	–	247,673
Eliminated on disposals	(134,188)	–	–	(2,852)	–	(137,040)
At 31 December 2025	744,113	12,801	8,468	30,134	7,894	803,410
CARRYING VALUES						
At 31 December 2023	536,281	80,386	21,040	33,570	80,788	752,065
At 31 December 2024	554,075	76,343	27,262	27,316	64,054	749,050
At 31 December 2025	550,952	72,301	25,042	19,277	110,526	778,098

The Company

	Operating equipment	Leasehold improvements and others	Total
	RMB'000	*RMB'000*	*RMB'000*
COST			
At 1 January 2023	43,686	31,317	75,003
Additions	12,144	349	12,493
Disposals	(467)	(9,628)	(10,095)
At 31 December 2023	55,363	22,038	77,401
Additions	287,450	1,221	288,671
Disposals	(126,626)	(14,980)	(141,606)
At 31 December 2024	216,187	8,279	224,466
Additions	1,966	1,398	3,364
Disposals	(1,263)	(1,856)	(3,119)
At 31 December 2025	216,890	7,821	224,711
DEPRECIATION AND IMPAIRMENT			
At 1 January 2023	24,816	23,089	47,905
Provided for the year	7,032	5,058	12,090
Impairment loss recognised	472	–	472
Eliminated on disposals	(418)	(9,589)	(10,007)
At 31 December 2023	31,902	18,558	50,460
Provided for the year	64,545	2,220	66,765
Impairment loss recognised	1,186	–	1,186
Eliminated on disposals	(56,622)	(14,680)	(71,302)
At 31 December 2024	41,011	6,098	47,109
Provided for the year	52,380	1,041	53,421
Eliminated on disposals	(1,253)	(1,564)	(2,817)
At 31 December 2025	92,138	5,575	97,713
CARRYING VALUES			
At 31 December 2023	23,461	3,480	26,941
At 31 December 2024	175,176	2,181	177,357
At 31 December 2025	124,752	2,246	126,998

The above items of property, plant and equipment, other than construction in progress, are depreciated on a straight-line basis, after taking into account their estimated residual value, at the following bases per annum:

Operating equipment	19.00%–31.67%
Buildings and plants	4.75%
Machinery	9.50%
Leasehold improvements and others	9.50%–31.67%

Note: During the years ended 31 December 2023 and 2024, the Group recognised impairment losses on operating equipment amounting to approximately RMB110,422,000 and RMB22,481,000, respectively, due to quality defects identified in certain externally purchased lithium batteries during quality inspections. Such losses have been recorded in profit and loss.

During the year ended 31 December 2024, the management of the Group conducted a review and decided to discontinue the development of certain battery cabinets that lacked viable market applications. As a result, the construction-in-progress related to these battery cabinets was impaired and an impairment loss of approximately RMB7,894,000 was recognised in profit or loss.

As at 31 December 2023, 2024 and 2025, the Group has pledged buildings with carrying amounts of RMB80,386,000, RMB76,343,000 and RMB72,301,000 respectively, operating equipment with carrying amounts of RMB50,903,000, RMB26,104,000 and RMB9,959,000 respectively, construction in progress with carrying amounts of nil, RMB27,066,000 and RMB35,517,000 respectively to secure borrowing of the Group as summarized in Note 38.

17. RIGHT-OF-USE ASSETS

The Group

	Leased properties *RMB'000*	**Leasehold lands** *RMB'000*	**Total** *RMB'000*
COST			
At 1 January 2023 and 31 December 2023	16,961	81,719	98,680
Additions	2,583	–	2,583
Decrease due to termination of leases	(16,961)	–	(16,961)
At 31 December 2024	2,583	81,719	84,302
Additions	1,176	–	1,176
At 31 December 2025	3,759	81,719	85,478
DEPRECIATION			
At 1 January 2023	3,834	2,788	6,622
Additions	3,477	1,634	5,111
At 31 December 2023	7,311	4,422	11,733
Additions	2,758	1,634	4,392
Decrease due to termination of leases	(9,870)	–	(9,870)
At 31 December 2024	199	6,056	6,255
Additions	1,070	1,635	2,705
At 31 December 2025	1,269	7,691	8,960

	Leased properties	Leasehold lands	Total
	RMB'000	*RMB'000*	*RMB'000*
CARRYING AMOUNT			
At 31 December 2023	9,650	77,297	86,947
At 31 December 2024	2,384	75,663	78,047
At 31 December 2025	2,490	74,028	76,518

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Expense relating to short-term leases	4,020	764	5,271
Expense relating to lease of low-value assets, excluding short-term leases	154	637	53
Total cash outflow for leases	7,996	4,881	6,364

During the Track Record Period, the Group leases various properties for its operations. Lease contracts are entered into for a fixed term ranging from 2 year to 5 years. Lease terms are negotiated on an individual basis and contain different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

Leasehold lands mainly represent upfront payments for leasehold lands in the PRC for 50 years. Land use right certificates for leasehold lands in the PRC have been obtained.

Certain leasehold lands of the Group had been pledged as securities for borrowings as at 31 December 2023, 2024 and 2025 as summarized in Note 38.

The Group regularly entered into short-term leases for equipment and warehouses.

Restrictions or covenants on leases

As at 31 December 2023, 2024 and 2025, lease liabilities of RMB10,937,000, RMB2,379,000 and RMB2,657,000 are recognised with related right-of-use assets of RMB9,650,000, RMB2,384,000 and RMB2,490,000. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Sale and leaseback transactions – seller-lessee

To better manage the Group's capital structure and financing needs, the Group sometimes enters into sale and leaseback arrangements in relation to operating equipment leases. These legal transfers do not satisfy the requirements of IFRS 15 to be accounted for as a sale of the operation equipment. During the year ended 31 December 2023, the Group has raised RMB122,791,000 borrowings in respect of such sale and leaseback arrangements.

Details of the lease maturity analysis of lease liabilities are set out in Notes 27 and 34.

The Company

	Leased properties
	RMB'000
COST	
At 1 January 2023 and 31 December 2023	15,712
Additions	2,583
Decrease due to early termination of leases	(15,712)
At 31 December 2024	2,583
Additions	1,176
At 31 December 2025	3,759
DEPRECIATION	
At 1 January 2023	3,349
Additions	3,090
At 31 December 2023	6,439
Additions	2,382
Decrease due to early termination of leases	(8,622)
At 31 December 2024	199
Additions	1,070
At 31 December 2025	1,269
CARRYING AMOUNT	
At 31 December 2023	9,273
At 31 December 2024	2,384
At 31 December 2025	2,490

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Expense relating to short-term leases	3,432	558	1,849
Expense relating to lease of low-value assets, excluding short-term leases	95	380	8
Total cash outflow for leases	**6,964**	**4,290**	**2,897**

During the Track Record Period, the Company leases various properties for its operations. Lease contracts are entered into for fixed term of 2 to 5 years. Lease terms are negotiated on an individual basis and contain different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Company applies the definition of a contract and determines the period for which the contract is enforceable.

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

Restrictions or covenants on leases

As at 31 December 2023, 2024 and 2025, lease liabilities of RMB10,814,000, RMB2,379,000 and RMB2,657,000 are recognised with related right-of-use assets of RMB9,273,000, RMB2,384,000 and RMB2,490,000. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

18. INTERESTS IN JOINT VENTURES

The Group and The Company

	At 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Cost of investments, unlisted	2,940	2,940	2,940
Share of post-acquisition profit or loss and other comprehensive income	(468)	(1,080)	(1,631)
	2,472	1,860	1,309

Details of each of the Group's joint ventures at the end of each of years ended 31 December 2023, 2024 and 2025 are as follow:

Name of entity	Country of registration	Principal place of business	Proportion of ownership interest and voting rights held by the Group 2023	2024	2025	At date of report	Principal Activities
Zhizu Binjiang Energy (Anhui) Co., Ltd.* (智租濱江能源(安徽)有限公司) ("Zhizu Binjiang") *(note i)*	PRC	PRC	49%	49%	49%	[49%]	Emerging energy technology R&D
Shanghai Chenyi Internet Technology Co., Ltd.* (上海晨旖互聯網科技有限公司) ("Shanghai Chenyi") *(note ii)*	PRC	PRC	49%	49%	49%	[49%]	Technology development in IoT and computer technology

Notes:

i. Zhizu Binjiang was established by the Company and a third party in June 2022. The Company held 49% equity interest in Zhizu Binjian since its establishment with an investment cost of RMB2,940,000. Pursuant to the shareholder agreement, unanimous consent from both shareholders is required to direct the relevant activities of Zhizu Binjiang.

ii. During the year ended 31 December 2018, the Company entered into an investment agreement with a third party to establish Shanghai Chenyi. As at the date of this report, no capital contribution had been made into the entity.

* *English name is for identification purpose only.*

Aggregate information of joint ventures that are not individually material:

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
The Group's share of loss from continuing operation	(418)	(612)	(551)
The Group's total comprehensive expense	(418)	(612)	(551)

19. INVENTORIES

The Group

	At 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Spare parts	6,060	7,131	10,408

The Company

	At 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Spare parts	2,103	6,253	4,661

20. TRADE AND BILLS RECEIVABLES

The Group

	At 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables			
– third parties	766	1,683	4,906
– related party	1,117	21	23
Bills receivables	300	145	22
	2,183	1,849	4,951
Less: Allowance for credit losses	(1,265)	(1,389)	(1,785)
Total trade and bill receivables	**918**	**460**	**3,166**

As at 1 January 2023, trade receivables from contracts with customers amounted to RMB10,816,000.

The following is an aged analysis of trade receivables net of allowance for credit losses presented based on the date of revenue recognition at the end of the reporting period, which approximated the respective revenue recognition dates:

	At 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
0–60 days	543	262	2,313
61–120 days	14	15	236
121–180 days	61	38	124
181–365 days	–	–	471
	618	**315**	**3,144**

Details of impairment assessment of trade and bill receivables are set out in Note 34(b).

The remaining dates to maturity of bills receivables are within 180 days at the end of each reporting period.

The Company

	At 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables			
– third parties	714	1,011	900
– subsidiaries	11,609	25,479	23,798
	12,323	26,490	24,698
Less: Allowance for credit losses	(116)	(248)	(427)
Total trade receivables	**12,207**	**26,242**	**24,271**

As at 1 January 2023, trade receivables from contracts with customers amounted to RMB20,232,000.

The following is an aged analysis of trade receivables net of allowance for credit losses presented based on the date of revenue recognition at the end of the reporting period, which approximated the respective revenue recognition dates:

	At 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
0–60 days	12,133	26,238	23,959
61–120 days	14	4	–
121–180 days	60	–	103
181–365 days	–	–	209
	12,207	**26,242**	**24,271**

Details of impairment assessment of trade and bill receivables are set out in Note 34(b).

21. PREPAYMENTS AND OTHER RECEIVABLES

The Group

	At 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Prepayments to suppliers	20,022	18,275	16,791
Deductible VAT	46,293	15,049	9,228
Deposits	3,524	3,557	3,037
Amount due from shareholders *(note i)*	27,270	27,272	27,272
Amount due from a supplier *(note ii)*	120,799	101,086	83,307
Amount due from an independent third party *(note iii)*	20,000	20,000	20,000
Others	1,071	4,742	801
Less: Allowance for credit losses	–	–	(431)
Total prepayments and other receivables	**238,979**	**189,981**	**160,005**

Notes:

i. Amount due from shareholders was non-trade in nature, interest free and repayable on demand. Such balance was settled in full in March 2026.

ii. As at 31 December 2023, 2024 and 2025, RMB120,799,000, RMB101,086,000 and RMB83,307,000, respectively, represent lending to a supplier which is unsecured and carried at an interest rate of 5%.

iii. The amount of RMB20,000,000 represents a short-term amount due from an independent third party, which is unsecured and carried at a fixed interest rate of 5% per annum. Such balance was settled in full in April 2026.

The Company

	At 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Prepayments to suppliers	9,563	9,766	10,625
Deductible VAT	7,434	6,993	953
Deposits	1,034	798	2,435
Amount due from a shareholder *(note i)*	520	10,522	10,522
Amount due from subsidiaries *(note ii)*	250,566	95,922	92,292
Others	790	99	555
Less: Allowance for credit losses	–	–	(386)
Total prepayments and other receivables	**269,907**	**124,100**	**116,996**

Notes:

i. Amount due from a shareholder was non-trade in nature, interest free and repayable on demand. Such balance was settled in full in March 2026.

ii. Amount due from subsidiaries was non-trade in nature, interest free and repayable on demand.

22. CASH AND CASH EQUIVALENTS/ RESTRICTED BANK DEPOSITS/TIME DEPOSITS

Cash and cash equivalents

Cash and cash equivalents comprise demand deposits and short-term bank deposits held by the Group. Bank balances carry interests at market rates which was from 0.05% to 1.55%, from 0.10% to 1.25% and from 0.05% to 0.85% per annum as at 31 December 2023, 2024 and 2025, respectively.

Details of impairment assessment of cash and cash equivalents are set out in the Note 34(b).

Time deposits

Time deposits with an original maturity over three months carry interests at market rates which was from 1.00% to 1.30% as at 31 December 2025.

Details of impairment assessment of time deposits are set out in the Note 34(b).

Restricted bank deposits

The Group

Restricted bank deposits amounting to RMB161,742,000, RMB127,138,000, RMB110,661,000 as at 31 December 2023, 2024 and 2025, respectively, which have been pledged to secure for the issue of bills payables. Upon settlement of these bills payable, the restricted bank deposits will be released and become freely available to the Group. Given that the remaining maturities of the bills payable are within 180 days at the end of each reporting period, the Group has classified these restricted bank deposits as current assets.

The Company

Restricted bank deposits amounting to RMB250,000, RMB49,251,000, RMB251,000 as at 31 December 2023, 2024 and 2025, respectively, which have been pledged to secure for the issue of bills payables. Upon settlement of these bills payable, the restricted bank deposits will be released and become freely available to the Company. Given that the remaining maturities of the bills payable are within 180 days at the end of each reporting period, the Company has classified these restricted bank deposits as current assets.

Restricted bank deposits carry interests at market rates which was from 0.05% to 1.95%, 0.10% to 1.95% and 0.05% to 1.60% per annum as at 31 December 2023, 2024 and 2025, respectively.

Details of impairment assessment of restricted bank deposits are set out in the Note 34(b).

23. TRADE, BILLS AND OTHER PAYABLES

The Group

	At 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	25,494	30,276	29,684
Bills payables	161,381	117,767	139,370
	186,875	148,043	169,054
Other payables			
Payables for acquisition of property, plant and equipment	307,082	185,704	183,930
Payroll and welfare payables	6,392	6,004	8,606
Other tax payable	9,204	4,578	18,145
Amount due to a related party *(note)*	9,800	–	–
Deposits	19,850	18,354	22,928
Others	3,691	6,144	4,868
Total trade, bills and other payables	**542,894**	**368,827**	**407,531**

Note: Amount due to a related party was non-trade in nature, interest free and repayable on demand. Such balance was settled in full in September 2024.

The remaining maturities of bills payables are within 180 days at the end of each reporting period.

The suppliers generally allow a credit period of 0 to 90 days to the Group over the Track Record Period.

The following is an aged analysis of trade payable presented based on the invoice date at the end of the reporting period:

	At 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
0–60 days	23,682	28,871	29,670
61–120 days	24	14	–
121–180 days	–	8	4
181–365 days	1,782	1,383	4
Over 365 days	6	–	6
	25,494	**30,276**	**29,684**

The Company

	At 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Trade payables			
– Third parties	407	22,588	28,709
– Subsidiaries	–	3,600	10,167
Bills payables	–	49,001	9,000
	407	75,189	47,876
Payables for acquisition of property, plant and equipment	4,281	3,301	3,248
Payroll and welfare payables	776	1,228	1,919
Other tax payable	26	49	16,330
Amount due to subsidiaries *(note)*	48,454	208,025	110,565
Deposits	17,532	16,653	21,287
Others	2,229	1,802	943
Total trade, bills and other payables	**73,705**	**306,247**	**202,168**

Note: Amount due to subsidiaries was non-trade in nature, interest free and repayable on demand.

The remaining maturities of bills payables are within 180 days at the end of each reporting period.

The suppliers generally allow a credit period of 0 to 90 days to the Company over the Track Record Period.

The following is an aged analysis of trade payable presented based on the invoice date at the end of the reporting period:

	At 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
0–60 days	407	26,188	38,876

24. CONTRACT LIABILITIES

The Group

	At 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Battery-swapping solutions	44,721	42,878	46,305

As at 1 January 2023, contract liabilities amounted to RMB28,345,000.

The following table shows how much of the revenue recognised relates to carried-forward contract liabilities and how much relates to performance obligations that were satisfied in prior periods.

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Battery-swapping solutions	28,345	44,721	42,878

The Company

	At 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Battery-swapping solutions	42,908	42,102	47,022

As at 1 January 2023, contract liabilities amounted to RMB25,965,000.

The following table shows how much of the revenue recognised relates to carried-forward contract liabilities and how much relates to performance obligations that were satisfied in prior periods.

	At 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Battery-swapping solutions	25,965	42,908	42,102

25. DEFERRED TAXATION

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

The Group

	At 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Deferred tax assets	80,809	78,040	70,863
Deferred tax liabilities	(2,173)	(696)	–
	78,636	**77,344**	**70,863**

The following are the major deferred tax assets recognised and movements thereon during the Track Record Period:

	Impairment loss on assets	Other long term liabilities	Redemption liabilities	Deferred income	Lease liabilities	Tax losses	Unrealised profit	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	21,647	2,538	–	4,135	2,049	9,734	6,047	46,150
Credit (charge) to profit or loss	29,088	1,128	521	949	(427)	(1,187)	9,378	39,450
At 31 December 2023	50,735	3,666	521	5,084	1,622	8,547	15,425	85,600
Credit (charge) to profit or loss	1,653	(350)	3,415	(503)	(1,265)	54,911	8,050	65,911
At 31 December 2024	52,388	3,316	3,936	4,581	357	63,458	23,475	151,511
(Charge) credit to profit or loss	(7,830)	750	3,900	(351)	42	31,711	6,719	34,941
At 31 December 2025	44,558	4,066	7,836	4,230	399	95,169	30,194	186,452

The following are the major deferred tax liabilities recognised and movements thereon during the Track Record Period:

	Right of use assets	Accelerated tax depreciation	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2023	(1,855)	(5,411)	(7,266)
Credit (charge) to profit or loss	464	(162)	302
At 31 December 2023	(1,391)	(5,573)	(6,964)
Credit (charge) to profit or loss	1,033	(68,236)	(67,203)
At 31 December 2024	(358)	(73,809)	(74,167)
Charge to profit or loss	(15)	(41,407)	(41,422)
At 31 December 2025	(373)	(115,216)	(115,589)

At 31 December 2023, 2024 and 2025, the Group has unused tax losses of RMB75,132,000, RMB373,550,000 and RMB502,041,000 respectively, available for offset against future profits. A deferred tax asset has been recognised in respect of RMB34,188,000, RMB310,712,000 and RMB431,497,000 of such losses. No deferred tax asset has been recognised in respect of the remaining RMB40,944,000, RMB62,838,000 and RMB70,544,000 due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of RMB40,944,000, RMB62,838,000 and RMB70,544,000 with expiry dates as disclosed in the following table.

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Tax loss expire in 2024	1,326	N/A	N/A
Tax loss expire in 2025	5,509	5,509	N/A
Tax loss expire in 2026	7,838	7,838	7,838
Tax loss expire in 2027	6,738	6,738	6,738
Tax loss expire in 2028	19,533	19,533	19,533
Tax loss expire in 2029	N/A	23,220	23,220
Tax loss expire in 2030	N/A	N/A	13,215
	40,944	62,838	70,544

At 31 December 2023, 2024 and 2025, the Group has deductible temporary differences of RMB33,803,000, RMB35,516,000 and RMB37,356,000, for which no deferred tax asset has been recognised as it is not probable that taxable profit will be available to utilise these deductible temporary differences.

The Company

	At 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Deferred tax assets	–	–	8,392
Deferred tax liabilities	(2,173)	(696)	–
	(2,173)	**(696)**	**8,392**

The following are the major deferred tax assets recognised and movements thereon during Track Record Period:

	Impairment loss on assets	Redemption liabilities	Deferred income	Lease liabilities	Tax losses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	2,199	–	–	2,049	2,488	6,736
(Charge) credit to profit or loss	(129)	521	578	(427)	(2,488)	(1,945)
At 31 December 2023	2,070	521	578	1,622	–	4,791
(Charge) credit to profit or loss	(1,474)	3,415	(365)	(1,265)	21,330	21,641
At 31 December 2024	596	3,936	213	357	21,330	26,432
Credit (charge) to profit or loss	8	3,900	(213)	42	(2,272)	1,465
At 31 December 2025	604	7,836	–	399	19,058	27,897

The following are the major deferred tax liabilities recognised and movements thereon during the Track Record Period:

	Right of use assets	Accelerated tax depreciation	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2023	(1,855)	(5,411)	(7,266)
Credit (charge) to profit or loss	464	(162)	302
At 31 December 2023	(1,391)	(5,573)	(6,964)
Credit (charge) to profit or loss	1,033	(21,197)	(20,164)
At 31 December 2024	(358)	(26,770)	(27,128)
(Charge) credit to profit or loss	(15)	7,638	7,623
At 31 December 2025	(373)	(19,132)	(19,505)

26. BORROWINGS

The Group

	At 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Bank loans	364,260	346,581	375,282
Other loans	99,746	21,807	335
	464,006	368,388	375,617
Secured and guaranteed	231,113	177,711	154,051
Secured and unguaranteed	99,746	21,807	335
Unsecured and guaranteed	128,141	138,837	221,231
Unsecured and unguaranteed	5,006	30,033	–
	464,006	368,388	375,617
Fixed-rate borrowings	222,887	149,962	191,466
Variable-rate borrowings	241,119	218,426	184,151
	464,006	368,388	375,617
Carrying amount repayable:			
Within one year	276,568	211,783	245,131
Within a period of more than one year but not exceeding two years	59,863	51,355	57,086
Within a period of more than two years but not exceeding five years	103,095	103,330	73,400
Within a period of more than five years	24,480	1,920	–
	464,006	368,388	375,617

Types of borrowings	Guaranteed/Secured by	As at 31 December		
		2023	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
Secured and guaranteed bank loans	Guaranteed by Mr. Li* and Ms. Wang Juan ("Ms. Wang")*, spouse of Mr. Li, and secured by certain property, plant and equipment of the Group	–	18,996	31,154
	Guaranteed by Mr. Li and Ms. Wang, and secured by a pledge of a portion of the Company's equity	61,503	–	–

Types of borrowings	Guaranteed/Secured by	As at 31 December 2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
	Guaranteed by a third party and secured by certain property, plant and equipment and leasehold lands of the Group	169,610	148,705	122,897
	Guaranteed by Mr. Li and secured by certain patents of the Group	–	10,010	–
		231,113	177,711	154,051
Secured other loans	Secured by certain property, plant and equipment of the Group under sale and leaseback arrangement	99,746	21,807	335
Guaranteed bank loans	Guaranteed by Mr. Li* and Ms. Wang*	60,073	113,821	176,191
	Guaranteed by Mr. Li*	23,027	10,011	35,031
	Guaranteed by Mr. Li*, Ms. Wang* and a third party	40,046	10,010	10,009
	Guaranteed by a third party	4,995	4,995	–
		128,141	138,837	221,231

* These guarantees will be released prior to the **[REDACTED]** as represented by management of the Group.

Details of the securities pledged in respect of the Group's borrowings are set out in Note 38.

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

	At 31 December 2023	2024	2025
Effective interest rate			
– fixed-rate borrowings	3.15% to 6.00%	3.15% to 5.80%	2.45% to 4.10%
– variable-rate borrowings	5.00% to 5.30%	4.10% to 5.00%	2.90% to 4.10%

The Company

	At 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Bank loans	134,592	36,202	65,163
Other loans	11,796	884	–
	146,388	37,086	65,163
Secured and guaranteed	61,503	–	–
Secured and unguaranteed	11,797	884	–
Unsecured and guaranteed	73,088	36,202	65,163
	146,388	37,086	65,163
Fixed-rate borrowings	84,885	11,895	65,063
Variable-rate borrowings	61,503	25,191	100
	146,388	37,086	65,163
Carrying amount repayable:			
Within one year	135,873	37,086	65,163
Within a period of more than one year but not exceeding two years	10,515	–	–
	146,388	37,086	65,163

Types of borrowings	**Guaranteed/secured by**	**At 31 December 2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
Secured and guaranteed bank loan	Guaranteed by Mr. Li, Ms. Wang and pledge a portion equity of the Company	61,503	–	–
Secured other loans	Secured by certain property, plant and equipment of the Company under sale and leaseback arrangement	11,797	884	–
Guaranteed bank loans	Guaranteed by Mr. Li* and Ms. Wang*	20,027	36,202	15,113
	Guaranteed by Mr. Li, Ms. Wang and a third party	25,028	–	–

Types of borrowings	Guaranteed/secured by	At 31 December 2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
	Guaranteed by Mr. Li* and Zhizu Chuangneng (Shanghai) Technology Service Co., Ltd.** (智租創能(上海)技術服務有限公司) ("Zhizu Chuangneng")	10,011	–	–
	Guaranteed by Mr. Li*, Ms. Wang* and Zhizu Chuangneng	10,012	–	50,050
	Guaranteed by Mr. Li	8,010	–	–
		73,088	36,202	65,163

* These guarantees will be released prior to the **[REDACTED]** as represented by management of the Group.

** The English name is for identification purposes only

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

	At 31 December 2023	2024	2025
Effective interest rate			
– fixed-rate borrowings	3.15% to 4.30%	3.40% to 3.45%	3.00% to 3.30%
– variable-rate borrowings	5.08% to 5.73%	4.73% to 5.43%	2.90% to 5.33%

Loan covenants

In respect of bank borrowings with carrying amounts of RMB25,339,000 and RMB17,839,000 as at 31 December 2023 and 2024, respectively, the Group is required to comply with the following financial covenants throughout the continuance of the relevant loan and/or as long as the loan is outstanding:

- the ratio of the liabilities to the asset shall not exceed 75%.

Such bank borrowings balance was settled in full by November 2025.

In respect of bank borrowings with carrying amounts of RMB10,010,000 as at 31 December 2024, Zhixing Xinneng is required to comply with the following financial covenants throughout the continuance of the relevant loan and/or as long as the loan is outstanding:

- the ratio of the liabilities to the asset shall not exceed 70%;
- net cash from operating activities remains negative for three consecutive years.

Such bank borrowings balance was settled in full in June 2024.

In respect of bank borrowings with carrying amounts of RMB10,008,000 as at 31 December 2025, Zhixing Xinneng is required to comply with the following financial covenants throughout the continuance of the relevant loan and/or as long as the loan is outstanding:

- the ratio of the liabilities to the asset shall not exceed 80%.

Such bank borrowings balance was settled in full in April 2026.

In respect of bank borrowings with carrying amounts of RMB30,030,000 as at 31 December 2025, the Company is required to comply with the following financial covenants throughout the continuance of the relevant loan and/or as long as the loan is outstanding:

- the ratio of the liabilities to the asset shall not exceed 65%;
- the ratio of the contingent liabilities to the net asset shall not exceed 80%;
- shall not provide guarantees to entities outside the Group.

Such bank borrowings balance was settled in full in January 2026.

27. LEASE LIABILITIES

The Group

	At 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Lease liabilities payable:			
Within one year	3,445	596	1,301
Within a period of more than one year but not more than two years	3,601	870	1,356
Within a period of more than two years but not more than five years	3,891	913	–
Less: Amount due for settlement within 12 months shown under current liabilities	3,445	596	1,301
Amount due for settlement after 12 months shown under non-current liabilities	7,492	1,783	1,356

The weighted average incremental borrowing rates applied to lease liabilities is 5.00% over the Track Record Period.

The Company

	At 31 December 2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Lease liabilities payable:			
Within one year	3,322	596	1,301
Within a period of more than one year but not more than two years	3,601	870	1,356
Within a period of more than two years but not more than five years	3,891	913	–
Less: Amount due for settlement within 12 months shown under current liabilities	3,322	596	1,301
Amount due for settlement after 12 months shown under non-current liabilities	7,492	1,783	1,356

The weighted average incremental borrowing rates applied to lease liabilities is 5.00% over the Track Record Period.

28. DEFERRED INCOME

The Group

	Assets related
	RMB'000
At 1 January 2023	54,514
Government grants received	8,865
Credited to profit or loss *(Note 7)*	(3,098)
At 31 December 2023	60,281
Credited to profit or loss *(Note 7)*	(3,913)
At 31 December 2024	56,368
Credited to profit or loss *(Note 7)*	(2,898)
At 31 December 2025	53,470

The Company

	Assets related
	RMB'000
At 1 January 2023	–
Government grants received	5,680
Credited to profit or loss	(1,826)
At 31 December 2023	3,854
Credited to profit or loss	(2,434)
At 31 December 2024	1,420
Credited to profit or loss	(1,420)
At 31 December 2025	–

These deferred income primarily comprises government grants received by the Group for investment in land-use rights and operating equipment. The grants are recognised in the profit or loss over the useful lives of the related assets.

29. REDEMPTION LIABILITIES

In August 2023, the Company entered into a subscription agreement with Anhui Jintong New Energy Vehicle Phase II Fund Partnership (Limited Partnership)* (安徽金通新能源汽車二期基金合夥企業(有限合夥)), Anqing New Energy Investment Development Co., Ltd.* (安慶新能源投資發展有限公司, Hubei Tongying Phase II Equity Investment Fund Partnership (Limited Partnership)* (湖北通瀛二期股權投資基金合夥企業(有限合夥)) ("Tongying Phase II") and Xuancheng Western Advantage Science and Technology Innovation Industry Fund Partnership (Limited Partnership)* (宣城西部優勢科創產業基金合夥企業(有限合夥)) (collectively, the "Investors"), pursuant to which the Investors subscribed to registered capital of RMB8,391,585 for a total consideration of RMB145,000,000. The Company has fully received the subscription amount by 31 December 2023, and recognised approximately RMB8,392,000 as paid-in capital and RMB136,608,000 as capital reserve in the consolidated statement of changes in equity for the year ended 31 December 2023.

In December 2023, the Company entered into a subscription agreement with Wuxi Shenqi Haohui Venture Capital Partnership (Limited Partnership)* (無錫神騏好匯創業投資合夥企業(有限合夥)) ("Wuxi Shenqi"), pursuant to which Wuxi Shenqi subscribed for registered capital of RMB2,893,650 for a consideration of RMB50,000,000. The Company received an initial subscription payment of RMB25,000,000 in December 2023, of which approximately RMB1,447,000 was recognised as paid-in capital and RMB23,553,000 recognised as capital reserve in the consolidated statement of changes in equity for the year ended 31 December 2023. The remaining subscription amount of RMB25,000,000 was received in June 2024, with approximately RMB1,447,000 recognised as paid-in capital and RMB23,553,000 as capital reserve in the consolidated statement of changes in equity for the year ended 31 December 2024.

In December 2023, the Company entered into a subscription agreement with Jingdezhen Fengchao Lingxuan New Energy Industry Investment Center (Limited Partnership)* (景德鎮蜂巢鈴軒新能源產業投資中心(有限合夥)) ("Fengchao New Energy"), pursuant to which Fengchao New Energy subscribed for registered capital of RMB1,736,190 for a consideration of RMB30,000,000. The Company has fully received the subscription amount in January 2024, and recognised approximately RMB1,736,000 as paid-in capital and RMB28,264,000 as capital reserve in the consolidated statement of changes in equity for the year ended 31 December 2024.

In December 2023, the Company entered into a subscription agreement with Huaining Xizheng Innovation Growth Equity Investment Fund Partnership (Limited Partnership)* (懷寧西證創新成長股權投資基金合夥企業(有限合夥)) ("Xizheng Innovation"), pursuant to which Xizheng Innovation subscribed for registered capital of RMB1,157,460 for a consideration of RMB20,000,000. The Company has fully received the subscription amount in January 2024, and recognised approximately RMB1,157,000 as paid-in capital and RMB18,843,000 as capital reserve in the consolidated statement of changes in equity for the year ended 31 December 2024.

In March 2024, the Company entered into a subscription agreement with Tongying Phase II, pursuant to which Tongying Phase II subscribed for registered capital of RMB578,730 for a consideration of RMB10,000,000. The Company has fully received the subscription amount in March 2024, and recognised approximately RMB579,000 as paid-in capital and RMB9,421,000 as capital reserve in the consolidated statement of changes in equity for the year ended 31 December 2024.

In March 2024, the Company entered into a subscription agreement with Guoyuan Innovation Investment Co., Ltd. (國元創新投資有限公司) ("Guoyuan Innovation Investment"), pursuant to which Guoyuan Innovation Investment subscribed for registered capital of RMB1,157,460 for a consideration of RMB20,000,000. The Company has fully received the subscription amount in April 2024, and recognised approximately RMB1,157,000 as paid-in capital and RMB18,843,000 as capital reserve in the consolidated statement of changes in equity for the year ended 31 December 2024.

In March 2024, the Company entered into a subscription agreement with Anqing Economic Development Zone Fund, pursuant to which Anqing Economic Development Zone Fund subscribed for registered capital of RMB2,893,650 for a consideration of RMB50,000,000. The Company has fully received the subscription amount in May 2024, and recognised approximately RMB2,894,000 as paid-in capital and RMB47,106,000 as capital reserve in the consolidated statement of changes in equity for the year ended 31 December 2024.

Pursuant to the respective agreement with the aforementioned investors, these investors have a right to require the Company to redeem their investment if (i) the Company failed to complete **[REDACTED]** before a certain date; (ii) the Company has committed a major breach to the agreements; (iii) the Company has committed a significant violation of laws and regulations, which has an adverse impact on the Company or results in the Company being unable to complete **[REDACTED]** ; (iv) the core management personnel has resigned from the Company, which has a significant adverse impact on the Company's operations; or (v) the Company failed to meet the agreed financial targets.

The redemption amount is calculated at the original investment principal from investors, plus an annual simple rate of 8% of the original investment principal for a period of time commencing from the date of capital contribution to the actual payments date of the settlement (calculated as 365 days in a calendar year).

Upon the closure of the investment, in the Group's consolidated statements of the financial position, the Group recognised the contractual obligation to the investors as financial liabilities which are measured at amortized cost using the effective interest rate method over the period from the closure date.

To reflect the aforementioned capital contribution to the Company, "paid-in capital" and "capital reserve" were initially recognised in the consolidated statements of changes in equity, with which the Company's regulatory filings were then aligned. The Company then debited to "other reserve" to the consolidated statements of changes in equity, and recognised the investments as redemption liabilities under IFRS 9 that classified as current liability.

Pursuant to the supplemental agreement to special rights entered into among the Company and its shareholders in May 2026 (the "Supplement Agreement"), except for the redemption rights as described below, all other special rights shall be terminated one day before the **[REDACTED]** .

Pursuant to the Supplemental Agreement, the redemption rights of aforementioned investors shall be terminated one day prior to the Company's submission of first **[REDACTED]** application to the Stock Exchange, provided that such rights may, subject to the terms of the Supplemental Agreement, be automatically restored upon the earliest of (i) the Company voluntarily withdraws the **[REDACTED]** application, or the lapse of Company's **[REDACTED]** application submitted to the relevant stock exchange (including but not limited to the Stock Exchange) and no application for **[REDACTED]** has been made by the Company within 6 months after the lapse of **[REDACTED]** ; (ii) the **[REDACTED]** application of the Company being ultimately rejected, denied, or its vetting being terminated by the China Securities Regulatory Commission or the relevant stock exchange (including but not limited to the Stock Exchange); (iii) the Company fails to achieve the **[REDACTED]** by 31 December 2027; or (iv) the Company fails to complete the share issuance within the prescribed time period after listing.

* *The English name is for identification purposes only*

The movements of this redemption liabilities are as follows:

	Redemption liabilities
	RMB'000
At 1 January 2023	–
Recognition of financial instruments with redemption rights at amortized cost	170,000
Charged to finance costs	3,475
At 31 December 2023	173,475
Recognition of financial instruments with redemption rights at amortized cost	155,000
Charged to finance costs	22,767
At 31 December 2024	351,242
Charged to finance costs	26,000
At 31 December 2025	377,242

30. OTHER LONG-TERM LIABILITIES

Anqing Economic Development Zone Fund

In July 2020, the Group entered into an agreement and a supplemental agreement with Anqing Economic Development Zone Fund, who agreed to inject capital contribution amounting to RMB150,000,000 into Zhixing Xinneng. Pursuant to the agreement, Anqing Economic Development Zone Fund have a right to require Zhixing Xinneng, the Company or Mr. Li to redeem its investment if (i) Zhixing Xinneng committed a major breach to the agreements; (ii) Zhixing Xinneng have committed a significant violation of laws and regulations, which has an adverse impact on the company or results in the company being unable to complete **[REDACTED]** ; (iii) the core management personnel has resigned from Zhixing Xinneng, which has a significant adverse impact on the company's operations; or (iv) Zhixing Xinneng failed to meet the agreed financial targets.

The redemption amount is calculated as the original investment principal from investors, plus an annual simple rate of 5% of the original investment principal for a period of time commencing from the date of capital contribution to the actual payments date of the settlement (calculated as 365 days in a calendar year).

In March 2024, the Group entered into a supplemental agreement with Anqing Economic Development Zone Fund. Pursuant to the supplemental agreement, the Company has redeemed Anqing Economic Development Zone Fund's investment amounting to RMB50,000,000 plus an annual simple rate of 5% of the original investment principal for a period of time commencing from the date of capital contribution to 31 December 2023. Pursuant to the supplemental agreement, Zhixing Xinneng or the Company will redeem Anqing Economic Development Zone Fund's investment amounting to RMB100,000,000 plus an annual simple rate of 5% of the original investment principal for a period of time commencing from the date of capital contribution to 30 July 2025.

In June 2025, the Group entered into a supplemental agreement with Anqing Economic Development Zone Fund. Pursuant to the supplemental agreement, the maturity date of redemption has been extended to earlier time of (i) twelve months after the Company completed **[REDACTED]** ; or (ii) 31 December 2026. The Company shall pay the redemption amount within 30 working days upon the occurrence of any of the above redemption events.

In May 2026, the Group entered into a supplemental agreement with Anqing Economic Development Zone Fund. Pursuant to the supplemental agreement, the aforementioned redemption right automatically terminated upon the signing of the supplemental agreement.

Xuzhou Runhui Enterprise Management Center (Limited Partnership)* (徐州潤匯企業管理中心(有限合夥)) ("Xuzhou Runhui Fund")

In September 2020, the Group entered into an agreement with Xuzhou Runhui Fund, a local government fund in the PRC, who agreed to inject capital contribution amounting to RMB40,000,000 into Xuzhou Zhizu IoT Technology Co., Ltd.* (徐州智租物聯科技有限公司) ("Xuzhou Zhizu") ((previously known as Zhiwang IoT Technology Xuzhou Co., Ltd.* (智網物聯科技徐州有限公司) from November 2021 to January 2024 and Zhiwang Automobile Industry Xuzhou Co., Ltd.* (智網車業徐州有限公司) prior to November 2021), a subsidiary of the Group. Pursuant to the agreement, Xuzhou Zhizu, the Company or Mr. Li will be obligated to redeem the Xuzhou Runhui Fund's investment if (i) more than five years have elapsed upon the initial capital contribution received from Xuzhou Runhui Fund; (ii) Mr. Li resigns from the Company or there is a change in the Company's actual controller; (iii) Xuzhou Zhizu and the Company is subject to a petition for bankruptcy, dissolution, or cancellation; or (iv) the operating conditions of Xuzhou Zhizu or the Company have materially deteriorated.

The redemption amount is calculated as the original investment principal from investors, plus an annual simple rate of 16% of the original investment principal for a period of time commencing from the date of initial capital contribution to the actual payments date of the settlement and has been designated as current liabilities repayable on demand since not all the triggering circumstances mentioned above are within the control of the Group.

The Group received capital contribution of RMB5,000,000 in September 2020 and RMB10,000,000 in February 2021, respectively.

As at 31 December 2025, the carrying amount of the investment together with the accrued interest was RMB27,087,000. This amount was fully settled in March 2026.

The movements of above other long-term liabilities are as follows:

	Anqing Economic Development Zone Fund	**Xuzhou Runhui Fund**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2023	166,918	19,887	186,805
Charged to finance costs	7,521	2,400	9,921
At 31 December 2023	174,439	22,287	196,726
Charged to finance costs	4,993	2,400	7,393
Repayments of other long-term liabilities	(57,322)	–	(57,322)
At 31 December 2024	122,110	24,687	146,797
Charged to finance costs	5,000	2,400	7,400
At 31 December 2025	127,110	27,087	154,197

* *The English name is for identification purposes only*

31. PAID-IN CAPITAL OF THE COMPANY

The Company was converted from a limited liability company into a joint stock company with limited liability on 20 April 2026. The Company's net assets value as of 31 January 2026 was converted into 99,830,929 ordinary shares with a par value of RMB1.00 each.

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

	Paid-in capital
	RMB'000
At 1 January 2023	69,642
Capital injection by new investors *(Note 29)*	9,839
At 31 December 2023	79,481
Capital contribution from existing shareholders *(note)*	11,380
Capital injection by new investors *(Note 29)*	8,970
At 31 December 2024 and 2025	99,831

Note: During the year ended 31 December 2024, RMB11,380,000 registered capital was paid by existing shareholders.

32. RETIREMENT BENEFITS PLAN

The employees of the Group entities in the PRC are members of the state-sponsored retirement benefit scheme organized by the relevant local government authority in the PRC. The PRC entities are required to contribute, based on a certain percentage of the payroll costs of their employees, to the retirement benefit scheme and have no further obligations for the actual payment of pensions or post-retirement benefits beyond the annual contributions. Contributions to the scheme vest immediately, there are no forfeited contributions that may be used by the Group to reduce the existing level of contribution.

For the years ended 31 December 2023, 2024 and 2025, the total amount provided by the Group to the scheme in the PRC and charged to profit or loss are RMB7,838,000, RMB6,342,000 and RMB6,879,000, respectively.

33. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged through the Track Record Period.

The capital structure of the Group consists of net debt, which includes the borrowings, lease liabilities, redemption liabilities and other long-term liabilities disclosed in respective notes, net of cash and cash equivalents and equity attribute to owners of the Company, comprising paid-in capital, reserves and non-controlling interests.

The management of the Group reviews the capital structure on a regular basis and considers the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends, the issue of new shares, new debts or the redemption of existing debts.

34. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The Group

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Financial assets			
Financial assets at FVTPL	103	–	–
Financial assets at amortised cost	413,117	312,697	374,828
	413,220	312,697	374,828
Financial liabilities			
Amortised cost	1,361,505	1,224,672	1,287,836

The Company

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Financial assets			
Financial assets at FVTPL	103	–	–
Financial assets at amortised cost	317,787	198,854	160,016
	317,890	198,854	160,016
Financial liabilities			
Amortised cost	392,766	693,298	626,324

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade and bill receivables, other receivables, cash and cash equivalents, financial assets at FVTPL, restricted bank deposits, time deposits, borrowings, trade, bills and other payables, redemption liabilities and other long-term liabilities. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below.

The management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

Market risk

The Group's activities expose it primarily to the financial risks of interest rates. There has been no change in the Group's exposure to market risk or the manner in which it manages and measures the risk during the reporting period.

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to restricted bank deposits (see Note 22 for details), time deposits (see Note 22 for details), fixed-rate borrowings (see Note 26 for details), lease liabilities (see Note 27 for details), redemption liabilities (see Note 29 for details) and other long-term liabilities (see Note 30 for details). The Group is also exposed to cash flow interest rate risk in relation to cash and cash equivalents (see Note 22 for details) and variable-rate borrowings (see Note 26 for details). The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of the market rates from the cash and cash equivalents and borrowings. The Group manages its interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook. The management will review the proportion of borrowings in fixed rates and ensure they are within reasonable range.

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

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates at the end of the reporting period. The analysis are prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 50 basis point increase or decrease in interest rates of variable-rate bank borrowings is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. Cash and cash equivalents are excluded from sensitivity analysis as the management considers that the exposure of cash flow interest rate risk arising from variable-rate bank balances is insignificant.

If interest rate had been 50 basis points higher/lower and all other variables were held constant, the Group's post-tax loss for the year would have increased/decreased by RMB1,206,000 for the year ended 31 December 2023, and the Group's post-tax profit for the year would have decreased/increased by RMB1,092,000 and RMB921,000 for the years ended 31 December 2024 and 2025, respectively. This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank borrowings.

Credit risk and impairment assessment

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

Trade receivables

For trade receivables, the Group has applied the simplified approach in IFRS 9 to measure the impairment loss allowance at lifetime ECL. The Group determines the ECL on these items on an individual basis for customers which are credit-impaired and the remaining is estimated collectively by using a provision matrix, estimated based on debtors' aging because these customers consist of a large number of customers with common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms.

The Group has concentration of credit risk as 37.72%, 23.37% and 22.06% of the total trade receivables were due from the Group's largest customer and 89.82%, 54.22% and 63.93% of the total trade receivables were due from the Group's five largest customers as at the years ended 31 December 2023, 2024 and 2025, respectively.

Other receivables

The Group's other receivables represent amount due from shareholders, deposits, amount due from a supplier, amount due from an independent third party, amount due from subsidiaries and others as set out in Note 21. Taking into account counterparties' historical settlements records and credit quality, the directors of the Company consider the amounts are expected to be recoverable and the ECL on other receivables are insignificant, except for the loss of certain deposits with gross carrying amounts of RMB431,000 as 31 December 2025.

Restricted bank deposits/Time deposits/cash and cash equivalents/Bills receivables

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

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

The Group

31 December 2023	**Notes**	**12m or lifetime ECL**	**Gross carrying amount** *RMB'000*	**Average loss rate**
Financial assets at amortized cost				
Trade receivables	20	Lifetime ECL (not credit-impaired)	620	0.32%
		Lifetime ECL (credit-impaired)	1,263	100.00%
Bills receivables	20	12m ECL	300	Insignificant
Other receivables	21	12m ECL	172,664	Insignificant
Cash and cash equivalents	22	12m ECL	77,793	Insignificant
Restricted bank deposits	22	12m ECL	161,742	Insignificant
			414,382	

31 December 2024	**Notes**	**12m or lifetime ECL**	**Gross carrying amount** *RMB'000*	**Average loss rate**
Financial assets at amortized cost				
Trade receivables	20	Lifetime ECL (not credit-impaired)	324	2.78%
		Lifetime ECL (credit-impaired)	1,380	100.00%
Bills receivables	20	12m ECL	145	Insignificant
Other receivables	21	12m ECL	156,657	Insignificant
Cash and cash equivalents	22	12m ECL	28,442	Insignificant
Restricted bank deposits	22	12m ECL	127,138	Insignificant
			314,086	

31 December 2025	**Notes**	**12m or lifetime ECL**	**Gross carrying amount** *RMB'000*	**Average loss rate**
Financial assets at amortized cost				
Trade receivables	20	Lifetime ECL (not credit-impaired)	3,371	6.73%

31 December 2025	Notes	12m or lifetime ECL	Gross carrying amount *RMB'000*	Average loss rate
		Lifetime ECL (credit-impaired)	1,558	100.00%
Bills receivables	20	12m ECL	22	Insignificant
Other receivables	21	12m ECL	133,986	Insignificant
		Lifetime ECL (credit-impaired)	431	100.00%
Cash and cash equivalents	22	12m ECL	97,015	Insignificant
Time deposits	22	12m ECL	30,000	Insignificant
Restricted bank deposits	22	12m ECL	110,661	Insignificant
			377,044	

The Company

31 December 2023	Notes	12m or lifetime ECL	Gross carrying amount *RMB'000*	Average loss rate
Financial assets at amortized cost				
Trade receivables	20	Lifetime ECL (not credit-impaired)	12,209	0.02%
		Lifetime ECL (credit-impaired)	114	100.00%
Other receivables	21	12m ECL	252,910	Insignificant
Cash and cash equivalents	22	12m ECL	52,420	Insignificant
Restricted bank deposits	22	12m ECL	250	Insignificant
			317,903	

31 December 2024	Notes	12m or lifetime ECL	Gross carrying amount *RMB'000*	Average loss rate
Financial assets at amortized cost				
Trade receivables	20	Lifetime ECL (not credit-impaired)	26,260	0.07%
		Lifetime ECL (credit-impaired)	230	100.00%
Other receivables	21	12m ECL	107,341	Insignificant
Cash and cash equivalents	22	12m ECL	16,020	Insignificant
Restricted bank deposits	22	12m ECL	49,251	Insignificant
			199,102	

31 December 2025	Notes	12m or lifetime ECL	Gross carrying amount *RMB'000*	Average loss rate
Financial assets at amortized cost				
Trade receivables	20	Lifetime ECL (not credit-impaired)	24,331	0.25%
		Lifetime ECL (credit-impaired)	367	100.00%
Other receivables	21	12m ECL	105,418	Insignificant
		Lifetime ECL (credit-impaired)	386	100.00%
Cash and cash equivalents	22	12m ECL	30,076	Insignificant
Restricted bank deposits	22	12m ECL	251	Insignificant
			160,829	

For trade receivables, the Group has applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors which are credit-impaired, the Group determines the ECL on these items by using a provision matrix. The following table provides information about the exposure to credit risk for trade receivables as at 31 December 2023, 2024 and 2025.

The Group

As at 31 December 2023	Average Loss Rate	Gross amount *RMB'000*	ECL amount *RMB'000*
Provision on an individual basis	100.00%	1,263	1,263
Provision on a collective basis	0.32%	620	2
0-60 days	0.00%	543	–*
61-120 days	0.00%	14	–*
121-180 days	3.17%	63	2
		1,883	1,265

As at 31 December 2024	Average Loss Rate	Gross amount *RMB'000*	ECL amount *RMB'000*
Provision on an individual basis	100.00%	1,380	1,380
Provision on a collective basis	2.78%	324	9
0-60 days	0.76%	264	2
61-120 days	6.25%	16	1
121-180 days	13.64%	44	6
		1,704	1,389

As at 31 December 2025	Average Loss Rate	Gross amount	ECL amount
		RMB'000	*RMB'000*
Provision on an individual basis	100.00%	1,558	1,558
Provision on a collective basis	6.73%	3,371	227
0-60 days	2.49%	2,372	59
61-120 days	4.84%	248	12
121-180 days	19.48%	154	30
181-365 days	21.11%	597	126
		4,929	1,785

The Company

As at 31 December 2023	Average Loss Rate	Gross amount	ECL amount
		RMB'000	*RMB'000*
Provision on an individual basis	100.00%	114	114
Provision on a collective basis	0.02%	12,209	2
0-60 days	0.00%	12,133	–*
61-120 days	0.00%	14	–*
121-180 days	3.23%	62	2
		12,323	116

As at 31 December 2024	Average Loss Rate	Gross amount	ECL amount
		RMB'000	*RMB'000*
Provision on an individual basis	100.00%	230	230
Provision on a collective basis	0.07%	26,260	18
0-60 days	0.07%	26,256	18
61-120 days	0.00%	4	–*
		26,490	248

As at 31 December 2025	Average Loss Rate	Gross amount	ECL amount
		RMB'000	*RMB'000*
Provision on an individual basis	100.00%	367	367
Provision on a collective basis	0.25%	24,331	60
0-60 days	0.01%	23,961	2
121-180 days	1.90%	105	2
181-365 days	21.13%	265	56
		24,698	427

* *Less than RMB1,000.*

The following table shows the movements in lifetime ECL that have been recognised for trade receivables under the simplified approach.

The Group

	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	Total
	RMB’000	*RMB’000*	*RMB’000*
As at 1 January 2023	14	1,320	1,334
Impairment losses recognised	8	1,150	1,158
Impairment losses reversed	(20)	(1,207)	(1,227)
As at 31 December 2023	2	1,263	1,265
Impairment losses recognised	34	117	151
Impairment losses reversed	(27)	–	(27)
As at 31 December 2024	9	1,380	1,389
Impairment losses recognised	277	179	456
Impairment losses reversed	(59)	(1)	(60)
As at 31 December 2025	227	1,558	1,785

The Company

	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit-impaired)	Total
	RMB’000	*RMB’000*	*RMB’000*
As at 1 January 2023	13	1,301	1,314
Impairment losses recognised	–	20	20
Impairment losses reversed	(11)	(1,207)	(1,218)
As at 31 December 2023	2	114	116
Impairment losses recognised	28	116	144
Impairment losses reversed	(12)	–	(12)
As at 31 December 2024	18	230	248
Impairment losses recognised	78	137	215
Impairment losses reversed	(36)	–	(36)
As at 31 December 2025	60	367	427

Liquidity risk

The directors of the Company have adopted an appropriate liquidity risk management framework for the management of the Group’s short-term and long-term funding and liquidity management requirements. The Group manages liquidity risk by closely and continuously monitoring the Group’s consolidated financial position. The directors of the Company monitor the sufficiency of cash flows with availability of unutilized borrowing facilities, internally generated funds and alternative refinancing and extension of due date of borrowings. The directors of the Company also review the forecasted cash flows on an on-going basis to ensure that the Group will be able to meet its financial obligations falling due and have sufficient capital for operation.

The following table details the Group's remaining contractual maturity for its financial liabilities and lease liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights.

The table includes both interest and principal cash flows. To the extent that interest cash flows are based on variable rate, the undiscounted amount is derived based on management's best estimates at the end of the reporting period, taking into consideration interest rate curve, if available.

Liquidity tables

The Group

	Weighted average interest rate	On demand or less than 1 year	1–2 years	2–5 years	More than 5 years	Total undiscounted cash flows	Total carrying amounts
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2023							
Trade, bills and other payables	–	527,298	–	–	–	527,298	527,298
Borrowings	5.14	294,317	69,534	108,295	28,792	500,938	464,006
Other long-term liabilities	6.00	196,726	–	–	–	196,726	196,726
Lease liabilities	5.00	3,887	3,872	3,975	–	11,734	10,937
Redemption liabilities	8.00	173,475	–	–	–	173,475	173,475
		1,195,703	73,406	112,270	28,792	1,410,171	1,372,442
As at 31 December 2024							
Trade, bills and other payables	–	358,245	–	–	–	358,245	358,245
Borrowings	4.02	224,742	57,946	107,189	2,830	392,707	368,388
Other long-term liabilities	6.43	146,797	–	–	–	146,797	146,797
Lease liabilities	5.00	700	934	934	–	2,568	2,379
Redemption liabilities	8.00	351,242	–	–	–	351,242	351,242
		1,081,726	58,880	108,123	2,830	1,251,559	1,227,051
As at 31 December 2025							
Trade, bills and other payables	–	380,780	–	–	–	380,780	380,780
Borrowings	3.72	254,600	61,815	75,683	–	392,098	375,617
Other long-term liabilities	6.43	27,087	132,110	–	–	159,197	154,197
Lease liabilities	5.00	1,388	1,388	–	–	2,776	2,657
Redemption liabilities	8.00	377,242	–	–	–	377,242	377,242
		1,041,097	195,313	75,683	–	1,312,093	1,290,493

The Company

	Weighted average interest rate	On demand or less than 1 year	1–2 years	2–5 years	Total undiscounted cash flows	Total carrying amounts
	%	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2023						
Trade, bills and other payables	–	72,903	–	–	72,903	72,903
Borrowings	4.28	140,762	10,771	–	151,533	146,388
Lease liabilities	5.00	3,759	3,872	3,975	11,606	10,814
Redemption liabilities	8.00	173,475	–	–	173,475	173,475
		390,899	14,643	3,975	409,517	403,580
As at 31 December 2024						
Trade, bills and other payables	–	304,970	–	–	304,970	304,970
Borrowings	4.39	38,087	–	–	38,087	37,086
Lease liabilities	5.00	700	934	934	2,568	2,379
Redemption liabilities	8.00	351,242	–	–	351,242	351,242
		694,999	934	934	696,867	695,677
As at 31 December 2025						
Trade, bills and other payables	–	183,919	–	–	183,919	183,919
Borrowings	3.03	76,134	–	–	76,134	65,163
Lease liabilities	5.00	1,388	1,388	–	2,776	2,657
Redemption liabilities	8.00	377,242	–	–	377,242	377,242
		638,683	1,388	–	640,071	628,981

(c) Fair value measurements of financial instruments

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

The Group and Company

	As at 31 December			Fair value hierarchy	Valuation technique and key input	Significant unobservable inputs
	2023	2024	2025			
	RMB'000	*RMB'000*	*RMB'000*			
Financial assets:						
Financial assets at FVTPL	103	–	–	Level 1	Determined based on public market prices	N/A

There were no transfers between Level 1 and 2 during the Track Record Period.

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

The management of the Group considers that the carrying amounts of financial assets and financial liabilities recognised in the Historical Financial Information approximate their fair values. Such fair values of financial assets and financial liabilities of the Group are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

35. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Borrowings	**Lease liabilities**	**Amount due to a related party**	**Other long term liabilities**	**Redemption liabilities**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	420,616	14,148	4,900	186,805	–	626,469
Financing cash flows	15,647	(3,822)	4,900	–	170,000	186,725
Interest expenses	27,743	611	–	9,921	3,475	41,750
At 31 December 2023	464,006	10,937	9,800	196,726	173,475	854,944
Financing cash flows	(109,318)	(3,480)	(9,800)	(57,322)	155,000	(24,920)
Interest expenses	13,700	370	–	7,393	22,767	44,230
New leases entered	–	2,583	–	–	–	2,583
Termination of lease	–	(8,031)	–	–	–	(8,031)
At 31 December 2024	368,388	2,379	–	146,797	351,242	868,806
Financing cash flows	(8,977)	(1,040)	–	–	–	(10,017)
Interest expenses	16,206	142	–	7,400	26,000	49,748
New leases entered	–	1,176	–	–	–	1,176
At 31 December 2025	375,617	2,657	–	154,197	377,242	909,713

36. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

As at 31 December 2023, 2024 and 2025 and the date of this report, the Company has direct and indirect equity interests in the following subsidiaries:

Name of subsidiaries	Place of incorporation/ registration /operations	Date of incorporation/ registration	Paid-in capital/ registered capital	Proportion of ownership interest and voting power held by the Company				Principal activities	Notes
				2023	2024	2025	Date of this report		
			RMB'000	%	%	%	%		
Directly held:									
Beijing Zhizu	The PRC	5 September 2022	10,000/10,000	51	100	100	[100]	Technology services, marketing and information consulting, leasing, wholesale/ retail of electronics, batteries, electric bicycles and IoT devices.	i
Zhizu Chuangneng	The PRC	1 November 2017	200,000/200,000	100	100	100	[100]	Lithium battery and battery swapping cabinets fixed assets holding	ii
Shenzhen Zhizu Chuangneng Technology Co., Ltd.* (深圳智租創能科技有限公司) ("Shenzhen Zhizu")	The PRC	6 June 2024	500/500	NA	100	100	[100]	Provision of charging control equipment	i
Shanghai Xiyi Car Rental Co., Ltd.* (上海曦旖汽車租賃有限公司) ("Shanghai Xiyi")	The PRC	30 March 2017	16,137/16,137	100	100	100	[100]	Business consulting	i
Zhiqian (Shanghai) Information Technology Co., Ltd.* (智錢(上海)信息科技有限公司)	The PRC	9 November 2021	–/5,000	100	NA	NA	NA	Technical services	i and iv
Zhizu IoT Technology (Anhui) Co., Ltd.* (智租物聯科技(安徽)有限公司) ("Zhizu Anhui")	The PRC	6 July 2020	–/10,000	100	100	NA	NA	IoT technical services	i and v
Zhixing Logistics Technology Xuzhou Co., Ltd.* (智行物流科技徐州有限公司)	The PRC	14 August 2020	–/10,000	NA	NA	NA	NA	Road freight transport	i and iii
Zhixing Xinneng	The PRC	28 July 2020	275,000/275,000	60	73	73	[73]	Lithium battery and battery swapping cabinets manufacturing base	ii
Xuzhou Zhizu	The PRC	26 August 2020	5,300/5,300	80	80	80	[80]	Lithium Battery Manufacturing	i

Name of subsidiaries	Place of incorporation/ registration /operations	Date of incorporation/ registration	Paid-in capital/ registered capital	Proportion of ownership interest and voting power held by the Company 2023	2024	2025	Date of this report	Principal activities	Notes
			RMB'000	%	%	%	%		
Shanghai Xiaozhi Changpao Technology Co., Ltd.* (上海小智暢跑科技有限責任公司)	The PRC	15 December 2025	–/1,000	NA	NA	100	[100]	Technology services, marketing and information consulting, leasing, wholesale/retail of electronics, batteries, electric bicycles and IoT devices.	i
EAZIBATT ENERGY INTERNATIONAL PTE. LTD	Singapore	10 December 2025	–/20,000	NA	NA	100	[100]	Wholesale and Retail Trade	i
Chongqing Zhihongxing Technology Co., Ltd.* (重慶智弘星科技有限公司) ("Chongqing Zhihongxing")	The PRC	15 November 2022	–/10,000	100	NA	NA	NA	Value-added telecommunications services	i and iv
Indirectly held:									
Zhitong Energy (Anhui) Co., Ltd.* (智通能源(安徽)有限公司) ("Zhitong Energy")	The PRC	19 November 2020	42,100/550,000	73	73	73	[73]	Land and Factory holding	i
Anhui Zhixing Advanced Battery Manufacturing Co., Ltd.* (安徽智星先進電池製造有限公司)	The PRC	11 November, 2024	–/50,000	NA	44	44	[44]	Manufacturing of electronic professional equipment; Sales of smart home devices, batteries, battery parts; Battery leasing; Charging equipment leasing; Energy storage technical services; IoT technical services & R&D	i
Zhizu Xinneng (Anhui) Technology Co., Ltd.* (智租新能(安徽)科技有限公司) ("Zhizu Xinneng")	The PRC	13 November 2023	2,000/10,000	73	73	73	[73]	Battery-swapping	i
Zhizu Financial Leasing (Shanghai) Co., Ltd.* (智租融資租賃(上海)有限公司) ("Zhizu Financial Leasing")	The PRC	27 June 2018	20,517/300,000	75	75	75	NA	Financial leasing, domestic/overseas asset purchase, residual value disposal, maintenance, leasing consulting, guarantees, commercial factoring	i and vi
PT Eazibatt Energi Indonesia	Indonesia	26 November 2025	–/20,000	NA	NA	99	[99]	Electricity sales	i

Name of subsidiaries	Place of incorporation/ registration /operations	Date of incorporation/ registration	Paid-in capital/ registered capital	Proportion of ownership interest and voting power held by the Company 2023	2024	2025	Date of this report	Principal activities	Notes
			RMB'000	%	%	%	%		
Xian Zhizu IoT Technology Co., Ltd.* (西安智租物聯科技有限公司)	The PRC	14 August 2020	–/20,000	NA	NA	NA	NA	Bicycle repair, software development	i and iii

* *English name is for identification purpose only.*

All of the subsidiaries adopted 31 December as financial year end.

None of the subsidiaries have issued any debt securities during the Track Record Period.

Notes:

(i) No statutory financial statements have been prepared for these subsidiaries, as there is no statutory audit requirement.

(ii) The statutory financial statements of the entities for the years ended 31 December 2023 and 2024 prepared under Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC and were audited by Shanghai Xinyun. The statutory financial statements of these entities for the years ended 31 December 2025 have not been issued as of the date of this report.

(iii) The entity has been deregistered during the year ended 31 December 2023.

(iv) These entities have been deregistered during the year ended 31 December 2024.

(v) The entity has been deregistered during the year ended 31 December 2025.

(vi) The entity has been deregistered on 28 May 2026.

37. RELATED PARTY TRANSACTIONS

During the Track Record Period, the directors of the Company are of the view that the following are related parties of the Group and the Company:

Name of parties	Relationships
Zhizu Binjiang	Joint venture of the Company
Shanghai Zhizu	Shareholder of the Company
Shanghai Xingchi	Shareholder of the Company
Anqing Zhili Enterprise Management Center (Limited Partnership)* (安慶智立企業管理中心(有限合夥)) ("Anqing Zhili")	Controlled by Mr. Li
Beijing Weiyuan *(note)*	Non-controlling shareholder of a subsidiary

* *English name is for identification purpose only.*

Note: On 31 October 2024, the Company acquired the remaining 49% equity interest in Beijing Zhizu from Beijing Weiyuan. Upon completion of the acquisition, Beijing Zhizu became a wholly owned subsidiary of the Company and Beijing Weiyuan is no longer a related party of the Group.

The Group

(a) Related party transactions

During the Track Record Period, save as disclosed elsewhere in the historical financial information, the Group had the following related party transactions:

(i) Sales of goods and services

	Year ended		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Zhizu Binjiang	1,949	36	1
Anqing Zhili	–	–	83
Total	**1,949**	**36**	**84**

(ii) Purchases of services

	Year ended		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Anqing Zhili	3,302	–	–

(b) Related party balances

Trade in nature

(i) Trade receivables

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Zhizu Binjiang	1,117	21	23

(ii) Prepayments to suppliers

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Anqing Zhili	1,700	2,200	2,200

(iii) Other receivables

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Anqing Zhili	–	–	91

Non-trade in nature

(i) Amount due from shareholders

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Shanghai Xingchi	23,470	23,472	23,472
Shanghai Zhizu	3,800	3,800	3,800
Total	**27,270**	**27,272**	**27,272**

(ii) Amount due to a related party

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Beijing Weiyuan	9,800	–	–

(c) Compensation of key management personnel

The remuneration of directors and other members of key management during the Track Record Period was as follows:

	Year ended		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Salaries and other benefits	2,920	3,626	3,869
Discretionary performance related bonus	148	79	69
Retirement benefit scheme contributions	152	190	218
Total	**3,220**	**3,895**	**4,156**

The Company

(a) Related party transactions

During the Track Record Period, save as disclosed elsewhere in the historical financial information, the Group had the following related party transactions:

(i) Sales of goods and services

	Year ended		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Zhizu Chuangneng	10,609	103,113	47,814
Beijing Zhizu	2,354	3,682	15
Zhixing Xinneng	1,900	2,370	680
Zhizu Xinneng	1,048	2,349	–
Chongqing Zhihongxing	7	–	–
Total	**15,918**	**111,514**	**48,509**

(ii) Purchases of services

	Year ended		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Shenzhen Zhizu	–	3,849	17,506
Zhizu Xinneng	–	33,583	4,748
Zhizu Chuangneng	27	103,539	546
Beijing Zhizu	1,255	4,323	85
Zhixing Xinneng	117	3,821	238
Xuzhou Zhizu	6,140	16	–
Chongqing Zhihongxing	1,490	–	–
Zhizu Financial Leasing	260	–	–
Total	**9,289**	**149,131**	**23,123**

(iii) Purchases of operating equipment

	Year ended		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Zhixing Xinneng	12,144	258,555	1,966
Xuzhou Zhizu	–	28,895	–
Total	**12,144**	**287,450**	**1,966**

(b) Related party balances

Trade in nature

(i) Trade receivables

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Zhizu Chuangneng	7,520	21,523	23,792
Beijing Zhizu	2,484	3,903	6
Zhizu Xinneng	1,185	–	–
Zhixing Xinneng	413	53	–
Chongqing Zhihongxing	7	–	–
Total	**11,609**	**25,479**	**23,798**

(ii) Trade and bill payables

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Zhizu Xinneng	–	2,300	5,121
Shenzhen Zhizu	–	1,300	5,046
Total	**–**	**3,600**	**10,167**

(iii) Prepayments to suppliers

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Zhixing Xinneng	–	–	3,109

Non-trade in nature

(i) Amount due from a shareholder

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Shanghai Xingchi	520	10,522	10,522

(ii) Amount due from subsidiaries

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Zhizu Xinneng	–	57,818	61,522
Beijing Zhizu	8,191	33,672	17,389
Shenzhen Zhizu	–	–	8,999
Shanghai Jiqike	8,180	4,382	4,382
Zhizu Anhui	226,050	50	–
Xuzhou Zhizu	7,647	–	–
Chongqing Zhihongxing	498	–	–
Total	**250,566**	**95,922**	**92,292**

(iii) Amount due to subsidiaries

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Zhixing Xinneng	13,347	155,505	42,136
Xuzhou Zhizu	–	39,017	41,440
Zhizu Chuangneng	6,202	12,063	25,549
Zhizu Xinneng	27,465	–	–
Zhizu Financial Leasing	1,440	1,440	1,440
Total	**48,454**	**208,025**	**110,565**

38. PLEDGE OF ASSETS

The following assets have been pledged to various banks for securing of the Group's borrowings or the issue of bills payables at the end of each reporting period were summarized below:

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Property, plant and equipment	131,289	129,513	117,777
Right-of-use assets	38,207	75,663	74,028
Restricted bank deposits	161,742	127,138	110,661
	331,238	332,314	302,466

39. CAPITAL COMMITMENTS

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Contracted but not provided for:			
Property and equipment	96,371	4,290	16,483

40. INTERESTS IN SUBSIDIARIES

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Cost of investments, unlisted shares	245,237	506,937	506,937

41. MOVEMENTS OF THE COMPANY'S RESERVES

	Capital reserve	**Accumulated losses**	**Other Reserve**	**Sub-total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	110,878	(66,379)	–	44,499
Profit for the year	–	55,652	–	55,652
Capital contribution	160,161	–	–	160,161
Recognition of capital contribution as redemption liabilities	–	–	(170,000)	(170,000)
At 31 December 2023	271,039	(10,727)	(170,000)	90,312
Loss for the year	–	(9,744)	–	(9,744)
Capital contribution	146,030	–	–	146,030
Recognition of capital contribution as redemption liabilities	–	–	(155,000)	(155,000)
At 31 December 2024	417,069	(20,471)	(325,000)	71,598
Loss for the year	–	(41,103)	–	(41,103)
At 31 December 2025	417,069	(61,574)	(325,000)	30,495

42. EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in Notes 29, 30 and 31 and below, there are no material subsequent events undertaken by the Company or by the Group after 31 December 2025 and up to the date of this report.

Pursuant to an agreement dated May 2026, Xuzhou Runhui agreed to subscribe for 302,528 shares of the Company at a total consideration of approximately RMB5,758,000.

43. SUBSEQUENT FINANCIAL STATEMENTS

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