The following is the text of a report set out on pages I-1 to I-78, received from the Company's reporting accountant, [•], Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.

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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF FJD INC. AND CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED AND MORGAN STANLEY ASIA LIMITED

Introduction

We report on the historical financial information of FJD Inc. (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages I-3 to I-78, 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-78 forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [date] (the "**Document**") in connection with the initial **[REDACTED]** of shares of the Company on **[REDACTED]**.

Directors' responsibility for the Historical Financial Information

The directors of the Company (the "**Directors**") 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 3 to the Historical Financial Information, and for such internal control as the Directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

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

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgment, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 3 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the 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 3 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 30 to the Historical Financial Information which states that no dividend was declared or paid by the Company or its subsidiaries in respect of the Track Record Period.

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

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 IFRS Accounting Standards as issued by International Accounting Standards Board (the "**IASB**") and were audited by us in accordance with International Standards on Auditing issued by International Auditing and Assurance Standards Board ("**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	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Revenue	*5*	529,614	569,837	739,918
Cost of revenue		(245,777)	(202,386)	(253,068)
Gross profit		283,837	367,451	486,850
Other income	*6*	8,141	24,488	11,818
Selling and distribution expenses		(166,521)	(159,361)	(204,175)
Administrative expenses		(93,049)	(72,411)	(51,234)
Other gains/(losses), net	*7*	6,074	(24)	(962)
Research and development expenses		(269,561)	(232,058)	(230,960)
Finance costs	*8*	(5,422)	(11,011)	(10,959)
Fair value change of financial assets at fair value through profit or loss ("**FVTPL**")	*41.4*	(1,682)	(14,142)	(20,772)
Fair value changes of preferred shares	*41.4*	(185,529)	(239,145)	(241,461)
Fair value changes of warrants	*41.4*	(4,782)	(9,235)	(2,627)
(Impairment losses) reversal of impairment under expected credit loss model, net	*9*	(43,141)	15,091	562
Impairment of investment properties	*19*	(3,610)	—	—
Share of result of a joint venture		—	436	(472)
[REDACTED]		**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Loss before tax	*11*	(475,245)	(329,921)	(281,732)
Income tax credit/(expense)	*10*	4,184	(3,587)	642
Loss for the year		(471,061)	(333,508)	(281,090)
Other comprehensive income/(expense)				
Item that may be reclassified subsequently to profit or loss:				
Exchange differences arising on translation of foreign operations		350	(999)	3,987
Total comprehensive expense for the year		(470,711)	(334,507)	(277,103)
(Loss)/profit for the year attributable to:				
Owners of the Company		(469,371)	(333,785)	(281,997)
Non-controlling interests		(1,690)	277	907
		(471,061)	(333,508)	(281,090)
Total comprehensive (expense)/income the year attributable to:				
Owners of the Company		(469,021)	(334,784)	(278,010)
Non-controlling interests		(1,690)	277	907
		(470,711)	(334,507)	(277,103)
Loss per share		*RMB*	*RMB*	*RMB*
Basic	*15*	(0.90)	(0.62)	(0.53)
Diluted	*15*	(0.91)	(0.62)	(0.53)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December		
		2023	2024	2025
	Notes	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS				
Property, plant and equipment	*17*	35,800	24,509	29,841
Investment properties	*19*	12,665	12,043	—
Right-of-use assets	*18(a)*	31,253	21,180	13,196
Intangible assets	*20*	9,451	8,041	6,670
Interest in a joint venture	*16*	—	472	—
Financial assets at FVTPL	*21*	48,318	34,176	13,404
Deferred tax assets	*10*	14,997	11,410	12,310
		152,484	111,831	75,421
CURRENT ASSETS				
Inventories	*25*	133,770	114,630	185,965
Trade and bills receivables	*22*	109,884	115,362	130,760
Prepayments, deposits and other receivables	*23*	70,430	56,837	87,149
Amounts due from related parties	*24*	52,017	27,174	25,769
Restricted bank deposits	*26(a)*	21,732	125,255	106,178
Cash and cash equivalents	*26(b)*	208,662	124,995	244,306
		596,495	564,253	780,127
CURRENT LIABILITIES				
Trade and bills payables	*31*	101,571	61,810	119,238
Bills payables under supplier chain financing	*32*	—	46,197	48,994
Other payables and accruals	*34*	78,127	54,927	58,316
Lease liabilities	*18(b)*	16,407	11,630	9,124
Amounts due to related parties	*36*	50,127	26,842	26,910
Contract liabilities	*5*	47,227	36,408	37,599
Borrowings	*33*	75,961	132,347	137,000
Financial guarantee contracts liabilities	*35*	392	—	—
Financial liabilities arising from warrants	*37*	4,782	14,017	—
Preferred shares	*37*	—	1,639,916	2,033,772
Obligation arising from put option	*38*	—	—	112,156
		374,594	2,024,094	2,583,109
NET CURRENT ASSETS/(LIABILITIES)		221,901	(1,459,841)	(1,802,982)
TOTAL ASSETS LESS CURRENT LIABILITIES		374,385	(1,348,010)	(1,727,561)
NON-CURRENT LIABILITIES				
Lease liabilities	*18(b)*	17,473	10,772	5,521
Obligation arising from put option	*38*	101,126	106,156	—
Borrowings	*33*	10,000	—	—
Deferred income		591	562	533
Preferred shares	*37*	1,389,986	—	—
		1,519,176	117,490	6,054
NET LIABILITIES		(1,144,791)	(1,465,500)	(1,733,615)
CAPITAL AND RESERVES				
Share capital	*27*	8	8	8
Reserves		(1,243,109)	(1,564,095)	(1,833,117)
Equity attributable to owners of the Company		(1,243,101)	(1,564,087)	(1,833,109)
Non-controlling interests		98,310	98,587	99,494
TOTAL DEFICIT		(1,144,791)	(1,465,500)	(1,733,615)

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at 31 December		
		2023	2024	2025
	Notes	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS				
Investments in subsidiaries	*43*	1,274,182	1,287,980	1,296,968
Amounts due from subsidiaries	*24*	353,959	475,497	473,071
		1,628,141	1,763,477	1,770,039
CURRENT ASSETS				
Prepayments, deposits and other receivables	*23*	—	—	5,380
Restricted bank deposits	*26(a)*	—	—	25
Cash and cash equivalents	*26(b)*	117,965	10,791	129,792
		117,965	10,791	135,197
CURRENT LIABILITIES				
Other payables and accruals	*34*	—	—	3,442
Amounts due to subsidiaries	*36*	—	—	4,663
Preferred shares	*37*	—	1,639,916	2,033,772
Financial liabilities arising from warrants	*37*	4,782	14,017	—
		4,782	1,653,933	2,041,877
NET CURRENT ASSETS/(LIABILITIES)		113,183	(1,643,142)	(1,906,680)
TOTAL ASSETS LESS CURRENT LIABILITIES		1,741,324	120,335	(136,641)
NON-CURRENT LIABILITY				
Preferred shares	*37*	1,389,986	—	—
NET ASSET/ (LIABILITIES)		351,338	120,335	(136,641)
CAPITAL AND RESERVES				
Share capital	*27*	8	8	8
Reserves	*28*	351,330	120,327	(136,649)
TOTAL EQUITY/(DEFICIT)		351,338	120,335	(136,641)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company								
	Share capital	Share premium	Translation reserve	Share-based payment reserve	Other reserves *(Note)*	Accumulated losses	Sub-total	Non- controlling interests	Total
	RMB'000 *(note 27)*	*RMB'000*	*RMB'000*	*RMB'000* *(note 29)*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	8	–	(2,787)	172,998	353,550	(1,208,269)	(684,500)	–	(684,500)
Loss for the year	–	–	–	–	–	(469,371)	(469,371)	(1,690)	(471,061)
Other comprehensive income for the year	–	–	350	–	–	–	350	–	350
Total comprehensive income/(expense) for the year	–	–	350	–	–	(469,371)	(469,021)	(1,690)	(470,711)
Issuance of shares by a subsidiary *(note 38)*	–	–	–	–	–	–	–	100,000	100,000
Recognition of obligation arising from put options by non-controlling interests *(note 38)*	–	–	–	–	(100,000)	–	(100,000)	–	(100,000)
Recognition of share-based payment expenses	–	–	–	10,420	–	–	10,420	–	10,420
At 31 December 2023 and1 January 2024	8	–	(2,437)	183,418	253,550	(1,677,640)	(1,243,101)	98,310	(1,144,791)
(Loss)/profit for the year	–	–	–	–	–	(333,785)	(333,785)	277	(333,508)
Other comprehensive expense for the year	–	–	(999)	–	–	–	(999)	–	(999)
Total comprehensive (expense)/income for the year	–	–	(999)	–	–	(333,785)	(334,784)	277	(334,507)
Recognition of share-based payment expenses	–	–	–	13,798	–	–	13,798	–	13,798
At 31 December 2024 and 1 January 2025	8	–	(3,436)	197,216	253,550	(2,011,425)	(1,564,087)	98,587	(1,465,500)
(Loss)/profit for the year	–	–	–	–	–	(281,997)	(281,997)	907	(281,090)
Other comprehensive income for the year	–	–	3,987	–	–	–	3,987	–	3,987
Total comprehensive income/(expense) for the year	–	–	3,987	–	–	(281,997)	(278,010)	907	(277,103)
Recognition of share-based payment expenses	–	–	–	8,988	–	–	8,988	–	8,988
At 31 December 2025	8	–	551	206,204	253,550	(2,293,422)	(1,833,109)	99,494	(1,733,615)

Note:

The other reserves as of 1 January 2023 of approximately RMB353,550,000 mainly comprise difference between the cost of the ordinary shares and the fair value of the preferred shares recognised upon the conversion of certain ordinary shares into Series B preferred shares on an one-to-one conversion basis in prior year.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
OPERATING ACTIVITIES			
Loss before tax	(475,245)	(329,921)	(281,732)
Adjustments for:			
Depreciation of property, plant and equipment	14,799	7,873	7,893
Amortisation of intangible assets	1,633	1,410	1,335
Depreciation of investment properties	801	622	311
Depreciation of right-of-use assets	21,967	17,669	14,193
(Gain)/loss on disposal and write-off of property, plant and equipment	(407)	377	2,396
Loss of modification of lease	736	327	—
Finance costs	5,422	11,011	10,959
Interest income	(1,356)	(2,111)	(7,882)
Loss on write-off of intangible assets	23	—	36
Impairment of investment properties	3,610	—	—
Change in deferred income	(30)	(29)	(29)
Change in financial guarantee contracts liabilities	(22,165)	748	—
Fair value changes of financial assets at FVTPL	1,682	14,142	20,772
Fair value changes of preferred shares	185,529	239,145	241,461
Fair value changes of warrants	4,782	9,235	2,627
Impairment loss (reversal of impairment) under expected credit loss model, net	43,141	(15,091)	(562)
Write-down of inventories, net	15,034	14,180	10,895
Share-based payment expenses	10,420	13,798	8,988
Foreign exchange losses/(gains), net	853	(1,572)	(3,844)
Share of result of a joint venture	—	(436)	472
Operating cash flows before movements in working capital	(188,771)	(18,623)	28,289
(Increase)/decrease in trade and bills receivables	(12,128)	7,837	(12,429)
Decrease/(increase) in prepayments, deposits and other receivables	18,507	13,489	(21,482)
(Increase)/decrease in inventories	(7,079)	2,805	(82,230)
Decrease/(increase) in amounts due from related parties	2,129	(25,154)	1,405
(Decrease)/increase in trade and bills payables	(53,577)	49,383	175,400
Increase/(decrease) in other payables and accruals	4,632	(23,201)	2,687
Increase/(decrease) in contract liabilities	18,253	(10,819)	1,191
Increase/(decrease) in amounts due to related parties	47,971	(23,285)	68
Cash (used in)/generated from operations	(170,063)	(27,568)	92,899
Income taxes paid	—	—	(258)
NET CASH (USED IN)/GENERATED FROM OPERATING ACTIVITIES	(170,063)	(27,568)	92,641

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
INVESTING ACTIVITIES			
Placement of restricted bank deposits	(68,072)	(131,814)	(125,297)
Withdrawal of restricted bank deposits	78,827	28,291	144,374
Interest received	1,356	2,111	4,402
Capital injection in an associate	—	(36)	—
Purchase of intangible asset	(574)	—	—
Purchase of financial assets at FVTPL	(35,000)	—	—
Purchases of property, plant and equipment	(13,927)	(8,327)	(4,814)
Placement of deposits for financial guarantee contracts	—	(3)	—
Refund of deposits for financial guarantee contracts	478	—	—
Proceed from disposal of property, plant and equipment	2,827	11,337	977
NET CASH (USED IN) FROM INVESTING ACTIVITIES	(34,085)	(98,441)	19,642
FINANCING ACTIVITIES			
Principal portion of lease payments	(23,056)	(18,852)	(14,708)
Interest paid	(4,296)	(5,981)	(4,959)
Net proceeds from issuance of preferred shares	132,789	10,785	—
Issuance of shares by a subsidiary	50,000	—	—
Exercise of warrants	—	—	135,751
Payment for deferred share issue costs	—	—	(3,608)
Repayment from a non-controlling shareholder	—	50,000	—
Repayment of bills payable under supplier chain financing	—	(38,970)	(114,700)
New borrowings raised	90,900	132,968	170,268
Repayment of borrowings	(60,951)	(86,611)	(165,693)
NET CASH FROM FINANCING ACTIVITIES	185,386	43,339	2,351
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(18,762)	(82,670)	114,634
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	227,076	208,662	124,995
EFFECTS OF FOREIGN EXCHANGE RATE CHANGES	348	(997)	4,677
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	208,662	124,995	244,306

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 7 June 2021. The respective address of registered office and the principal place of business of the Company are set out in the section headed "Corporate Information" in the Document.

The Company acts as an investment holding company, and the principal activities of its subsidiaries are design, development and production of robotic solutions and the associated technologies in various industries, including agriculture and livestock farming, construction and facility management.

No statutory financial statements of the Company have been prepared since its date of incorporation as it is incorporated in the jurisdiction where there are no statutory audit requirements.

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

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

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

In the current year, the Group has not early applied the following new and amendments to IFRS Accounting Standards issued by the IASB that have been issued but are not yet effective:

Standards/Amendments	Contents	Effective for annual periods beginning on or after
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments	January 1, 2026
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity	January 1, 2026
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards — Volume 11	January 1, 2026
IFRS 18	Presentation and Disclosure in Financial Statements	January 1, 2027
Amendments to IAS 21	Translation to a Hyperinflationary Presentation Currency	January 1, 2027
IFRS 20	Regulatory Assets and Regulatory Liabilities	January 1, 2029

Except for the new IFRS Accounting Standard below, the management of the Company anticipate that the application of all the other new and amendments to IFRS Accounting Standards above will have no material impact on the financial statements of the Company and its subsidiaries in the foreseeable future.

IFRS 18 "Presentation and Disclosure in Financial Statements"

IFRS 18 "Presentation and Disclosure in Financial Statements" sets out requirements on presentation and disclosures in financial statements and will replace IAS 1 "Presentation of Financial Statements". This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 "Changes in Accounting Policies, Estimates and Errors" and IFRS 7 "Financial instruments: Disclosures". Minor amendments to IAS 7 "Statement of Cash Flows" and IAS 33 "Earnings per Share" are also made. IFRS 18 will be effective for annual periods beginning on or after 1 January 2027 with early application permitted. The Directors anticipate that the application of IFRS 18 is expected to affect the presentation of the consolidated statement of profit or loss and disclosures in future consolidated financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the consolidated statement of profit or loss, even though the IFRS 18 will have no material impact on the financial position and performance of the Group given it will not impact the recognition or measurement of items in the consolidated financial statements.

3. BASIS OF PREPARATION OF HISTORICAL FINANCIAL INFORMATION AND MATERIAL ACCOUNTING POLICY INFORMATION

Basis of preparation

The Historical Financial Information has been consistently prepared based on the accounting policies which conform with IFRS Accounting Standards as issued by the IASB throughout the Track Record Period. In addition, the Historical Financial Information include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and by the Hong Kong Companies Ordinance.

Going concern assessment

As at 31 December 2025, the Group had net current liabilities of RMB1,802,982,000, net liabilities of RMB1,733,615,000 and accumulated losses of RMB2,293,422,000. According to the Memorandum and Articles of Association of the Company and the shareholder resolutions agreed by the holders of preferred shares and the Company on 29 May 2026, the redemption right of preferred shares has been suspended until 31 December 2027, details of which are disclosed in Note 37. The Directors are of the opinion that the preferred shares with carrying amount of RMB2,033,772,000 as at 31 December 2025 will not have cash flow impact to the Group in the next twelve months from the date of this report.

[Taking into account the Group's net operating cash inflow of RMB92,641,000 for the year ended 31 December 2025, the Group's cash and cash equivalent of RMB244,306,000 as at 31 December 2025 and the Group's cash flow projection for the next twelve months from the date of this report, the Directors believe that the Group will have sufficient working capital to meet its financial liabilities and obligations as and when they fall due and to sustain its operations for the next twelve months from the date of the report. Accordingly, the Directors consider that it is appropriate that the Historical Financial Information is prepared on a going concern basis.]

Material accounting policy information

3.1 Basis of consolidation

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

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

- has the ability to use its power to affect its returns.

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

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

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

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 upon liquidation.

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.

3.2 Revenue from contracts with customers

Information about the Group's accounting policies related to revenue from contracts with customers is provided in Note 5.

3.3 Leases

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

The Group as a lessee

The Group applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

Short-term leases

The Group applies the short-term lease recognition exemption to leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

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

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

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

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

Refundable rental deposits

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

Lease liabilities

At the commencement date of a lease, the Group 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 lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable.

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.

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

The Group as a lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases 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.

Rental income which are not derived from the Group's ordinary course of business are presented as other income.

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.

3.4 Foreign currency translation

The Group's presentation currency is RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

In preparing the financial statements of each individual entity, transactions in currencies other than the functional currency of that entity ("**foreign currencies**") are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the Historical Financial Information, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve (attributed to non-controlling interests as appropriate).

3.5 Employee benefits

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.

Pension obligations

The employees of the Group which operates in Mainland China are required to participate in a central pension scheme operated by the local municipal government. The subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

3.6 Government grants

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

Government grants related to income that are receivables 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".

3.7 Share-based payments

Equity-settled share-based payment transactions

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

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of awarded shares that will eventually vest, with a corresponding increase in equity (share-base payment reserve).

3.8 Taxation

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

The tax currently payable is based on taxable loss for the year. Taxable loss differs from loss before tax because of income or expense that is taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of each 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 profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

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

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

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

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

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, except when they relate to items that are recognised directly in equity, in which case, the current and deferred tax are also recognised directly in equity, respectively.

3.9 Property, plant and equipment

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

Depreciation is recognised so as to write off the cost of assets 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.

3.10 Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

If an investment property becomes owner-occupied due to a change in use, evidenced by the commencement of owner-occupation, the carrying amount of the investment property at the date of the change in use shall be regarded as the deemed cost for subsequent accounting of the owner-occupied property.

An investment is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

3.11 Intangible assets

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

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

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

The recoverable amount of property, plant and equipment, investment properties, right-of-use assets and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit 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 assets 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. 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 or a pro-rata basis based on the carrying amount of each asset in the unit of 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.

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

3.13 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average method. Net realised 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.

3.14 Provisions

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

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

3.15 Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. 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 by regulation or convention in the marketplace.

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 "Revenue from Contracts with Customers". Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

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

(a) 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.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("**FVTOCI**"):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; 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. 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 or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses 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 "fair value changes of financial assets at fair value through profit or loss".

Impairment of financial assets

The Group performs impairment assessment under expected credit loss model on financial assets (including trade and bills receivables, deposits, other receivables, amounts due from related parties, restricted bank deposits, cash and cash equivalents), which are subject to impairment under IFRS 9. The amount of expected credit loss ("**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 assets. 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. Assessment is 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 both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables.

For all other assets, 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.

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

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

Despite the aforegoing, 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.

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of the financial guarantee contracts liabilities, the Group considers changes in the risk that the specified debtor will default on the contract.

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 of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender 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. 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 adjusted by 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 forward looking information 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.

For a financial guarantee contract, the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, the ECL is the present value of the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

For ECL on financial guarantee contracts for which the effective interest rate cannot be determined, the Group will apply a discount rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flow but only if, and to the extent that, the risks are taken into account by adjusting the discount rate instead of adjusting the cash shortfalls being discounted.

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

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade and bills 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.

(b) Financial liabilities and equity

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

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

Financial liabilities at amortised cost

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

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. Financial guarantee contract liabilities are measured initially at their fair values. It is subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with IFRS 9; and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised over the guarantee period.

Preferred shares

The preferred shares are initially recognised at fair value. The Group does not account for the embedded derivatives separately from the host contract and designates each of preferred shares as financial liabilities at FVTPL as a whole with fair value change recognised in "fair value changes of preferred shares" in profit or loss.

For financial liabilities that are designated as at FVTPL, the amount of changes in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. For financial liabilities that contain embedded derivatives, the changes in fair value of the embedded derivatives are excluded in determining the amount to be presented in other comprehensive income. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to retained profits upon derecognition of the financial liability.

Obligation arising from put option

A contract that contains an obligation to purchase the equity instruments of the Group's subsidiary for cash or other financial assets gives rise to a financial liability to be determined based on the present value of the redemption amount. At initial recognition, the Group recognises a gross obligation as a financial liability equal to the present value of the redemption amount, with a corresponding debit in equity. The financial liability is subsequently measured at amortised cost with accretion of interest thereon recognised over time and charged to profit or loss as "finance costs".

Derivative financial instruments

Warrants for subscription of preferred shares are initially recognised at fair value at the date when the warrants are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on amortised cost of the instruments. These foreign exchange gains and losses are recognised in the "Other gains/(losses), net" line item in profit or loss (Note 7).

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

Derecognition of financial liabilities

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

3.16 Research and development costs

All research costs are charged to the statement of profit or loss and other comprehensive income as incurred. Where no internally generated intangible assets can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the Directors are required to make judgments, 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 each reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next twelve months.

Estimation of the fair value of the preferred shares

The preferred shares issued by the Company are not traded in an active market and the respective fair value is determined using valuation techniques. The Group applied the discounted cash flow method to determine the underlying equity value of the Company and adopted liquidation value and redemption value to determine the fair value of the preferred shares. The details of key assumptions and key inputs are included in Note 37. The fair value of preferred shares were RMB1,389,986,000, RMB1,639,916,000 and RMB2,033,772,000 as at 31 December 2023, 2024 and 2025 respectively. The fair value changes of preferred shares loss of RMB185,529,000, RMB239,145,000 and RMB241,461,000, were recognised in profit or loss for the years ended 31 December 2023, 2024 and 2025, respectively.

Provision of ECL for trade receivables

Credit-impaired trade receivables are assessed for ECL individually. In addition, the Group uses practical expedient in estimating ECL on trade receivables which are not assessed individually using a provision matrix. The provision rates are based on aging of debtors as groupings of various debtors taking into consideration the Group's historical default rates and forward-looking information that is reasonable and supportable available without undue costs or effort. At the end of each reporting period, the historical observed default rates are reassessed and changes in the forward-looking information including forecast of gross domestic product ratio, forecast of consumer price index and other relevant factors are considered. The provision of ECL is sensitive to changes in estimates. The carrying amounts of trade receivables, net of allowance of ECL, were RMB109,884,000, RMB115,043,000 and RMB130,705,000 as at 31 December 2023, 2024 and 2025 respectively. The impairment under ECL model of trade receivables comprising impairment of RMB24,340,000, reversal of impairment of RMB14,056,000, and impairment of RMB502,000, were recognised in profit or loss for the years ended 31 December 2023, 2024 and 2025, respectively.

Impairment of inventories

Adjustments are recorded to write down the cost of inventories to the estimated net realisable value due to slow-moving merchandise and damaged goods, which is dependent upon factors such as historical and forecasted consumer demand, and promotional environment. The carrying amounts of inventories were RMB133,770,000, RMB114,630,000 and RMB185,965,000 as at 31 December 2023, 2024 and 2025 respectively. The write-down of inventories of RMB15,034,000, RMB14,180,000, and RMB10,895,000 were recognised in profit or loss for the years ended 31 December 2023, 2024 and 2025, respectively.

Estimated impairment of non-current assets (other than interest in a joint venture, financial assets at FVTPL and deferred tax assets)

Non-current assets (other than interest in a joint venture, financial assets at FVTPL and deferred tax assets) are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate, or income approach for investment properties. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the assets belongs, including allocation of corporate assets when a reasonable and consistent basis of allocation can be established, otherwise recoverable amount is determined at the smallest group of cash generating units, for which the relevant corporate assets have been allocated. Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts.

As at 31 December 2023, 2024 and 2025, the carrying amounts of property, plant and equipment were RMB35,800,000, RMB24,509,000 and RMB29,841,000, respectively; the carrying amounts of right-of-use assets were RMB31,253,000, RMB21,180,000 and RMB13,196,000, respectively; and the carrying amounts of intangible assets were RMB9,451,000, RMB8,041,000 and RMB6,670,000, respectively. After performing the impairment assessment on these assets, it was determined that no impairment was recognised for the Track Record Period.

As at 31 December 2023 and 2024, the carrying amounts of investment properties subject to impairment assessment were RMB12,665,000 and RMB12,043,000 respectively, after taking into account the impairment losses charged during the years end 31 December 2023 and 2024 of RMB3,610,000 and nil respectively. Details of the impairment of investment properties are disclosed in Note 19.

5. REVENUE AND SEGMENT INFORMATION AND CONTRACT LIABILITIES

(a) Revenue

(i) Disaggregation of revenue from contracts with customers

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Sales of products recognised at a point in time:			
Agriculture and livestock farming equipment	470,348	443,177	497,536
Construction equipment	41,027	82,807	118,890
Facility management equipment	12,610	32,174	89,696
Software	5,629	11,679	33,796
Total	529,614	569,837	739,918

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

Revenue from sales of products

The Group primarily provides agricultural and livestock farming equipment, construction equipment, facility management equipment and software to distributors.

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods underlying the particular performance obligation is transferred to the customer.

Revenue is recognised at a point in time when the customer obtains control of the distinct good.

Variable consideration

For contracts that contain variable consideration, the Group estimates the amount of consideration to which it will be entitled using the expected value method, which better predicts the amount of consideration to which the Group will be entitled.

The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved.

At the end of each reporting period, the Group updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

For contracts which provide a customer with a right to return the products if the products are damaged, the expected method is used to estimate the products that will not be returned because this method best predicts the amount of variable considerations to which the Group will be entitled. The requirement in IFRS 15 on constraining estimates of variable consideration are applied in order to determine the amount of variable consideration that can be included in the transaction price. For products that are expected to be returned for a refund, instead of revenue, a refund liability is recognised. A right-of-return asset (and the corresponding adjustment to cost of revenue) is also recognised for the Group's right to recover products from a customer.

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

All the contracts with customers of the Group are for periods of one year or less. A permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

(b) Segment information

Information reported to the Group's chief operating decision maker ("**CODM**"), being the chief executive officer ("**CEO**") of the Group, for the purposes of resources allocation and assessment of segment performance focuses on types of goods or services rendered, which is also consistent with the basis of organisation of the Group.

The Group's operating and reportable segments under IFRS 8 "Operating Segments" are as follows:

(i) Agriculture and livestock farming equipment

(ii) Construction equipment

(iii) Facility management equipment

(iv) Software

The CODM makes decisions according to gross profit of each segment. No analysis of segment asset and segment liability is presented as the CODM does not regularly review such information for the purpose of resources allocation and performance assessment. Therefore, only segment revenue and segment gross profit are presented.

	Agriculture and livestock farming equipment	Construction equipment	Facility management equipment	Software	Year ended 31 December 2023 Consolidated
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue	470,348	41,027	12,610	5,629	529,614
Segment expense	(225,560)	(12,017)	(8,200)	—	(245,777)
Segment gross profit	244,788	29,010	4,410	5,629	283,837
Unallocated corporate expenses					(569,808)
Other unallocated income					8,141
Fair value changes of preferred shares					(185,529)
Fair value of financial assets at FVTPL					(1,682)
Fair value changes of warrants					(4,782)
Finance costs					(5,422)
Loss before tax					(475,245)

	Agriculture and livestock farming equipment	Construction equipment	Facility management equipment	Software	Year ended 31 December 2024 Consolidated
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue	443,177	82,807	32,174	11,679	569,837
Segment expense	(162,647)	(22,294)	(17,445)	—	(202,386)
Segment gross profit	280,530	60,513	14,729	11,679	367,451
Unallocated corporate expenses					(448,763)
Other unallocated income					24,488
Fair value changes of preferred shares					(239,145)
Fair value of financial assets at FVTPL					(14,142)
Fair value changes of warrants					(9,235)
Share of result of a joint venture					436
Finance costs					(11,011)
Loss before tax					(329,921)

	Agriculture and livestock farming equipment	Construction equipment	Facility management equipment	Software	Year ended 31 December 2025 Consolidated
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Segment revenue	497,536	118,890	89,696	33,796	739,918
Segment expense	(183,198)	(36,275)	(33,595)	—	(253,068)
Segment gross profit	314,338	82,615	56,101	33,796	486,850
Unallocated corporate expenses					(504,109)
Other unallocated income					11,818
Fair value changes of preferred shares					(241,461)
Fair value of financial assets at FVTPL					(20,772)
Fair value changes of warrants					(2,627)
Share of result of a joint venture					(472)
Finance costs					(10,959)
Loss before tax					(281,732)

The accounting policies of the operating segments are the same as the Group's accounting policies. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Geographic information

Information about the Group's revenue from external customers is presented based on the location of customers. The Group's customers are located in the following geographical areas, even though they are managed on a worldwide basis.

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Europe	220,807	301,076	396,973
Asia	245,857	187,537	223,749
The Americas	51,016	66,777	87,593
Rest of the world	11,934	14,447	31,603
Total	529,614	569,837	739,918

During the years ended 31 December 2023, 2024 and 2025, based on location of customers, revenue generated from the countries of the corresponding years contributing over 10% of the total revenue are as follows:

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
People Republic of China ("**PRC**")	171,435	129,874	138,925
Germany	N/A	66,863	N/A

Non-current assets excluding interest in a joint venture, financial instruments, and deferred tax assets, based on location of assets, are as follows:

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
PRC	78,979	58,379	43,051
Sweden	10,190	7,394	5,564
Singapore	—	—	1,092
Total	89,169	65,773	49,707

Information about major customers

During the Track Record Period, no revenue from a single customer contributed over 10% of the total revenue for each reporting period.

(c) Contract liabilities

The Group collected payments in advances from customers primarily for sales of products. The Group has recognised the following liabilities related to contracts with customers under "contract liabilities":

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Contract liabilities	47,227	36,408	37,599

As at 1 January 2023, contract liabilities amounted to around RMB28,974,000. The Directors considered that the entire balance of contract liabilities as at 31 December 2023, 2024 and 2025 would be realised within one year based on the Group's earliest obligation to deliver products to the customers and are classified as current liabilities.

The following table shows the amount of the revenue recognised during the Track Record Period relates to carried-forward contract liabilities at the beginning of the year:

	For the year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	28,974	47,227	36,408

6. OTHER INCOME

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Interest income	1,356	2,111	7,882
Government grants *(Note)*			
— related to assets	29	29	29
— related to expense items	5,775	21,162	3,292
Rental income	850	567	—
Others	131	619	615
Total	8,141	24,488	11,818

Note: The government grants were mainly incentives provided by local government authorities in Hong Kong and Mainland China, including various forms of government financial incentives, to reward the Group's contribution for the research and development of technology. There were no unfulfilled conditions or contingencies relating to these government grants at the end of each reporting period.

7. OTHER GAINS/(LOSSES), NET

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Exchange (losses)/gains, net	(2,802)	314	2,800
Gains on financial guarantee	5,192	392	—
Loss on modification of leases	(736)	(327)	—
Gains/(losses) on disposal and write-off of property, plant and equipment	407	(377)	(2,396)
Waiver of payable due to a supplier	3,053	—	—
Input value-added tax receivable written-off	—	—	(1,292)
Others	960	(26)	(74)
Total	6,074	(24)	(962)

8. FINANCE COSTS

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Interest expenses on obligation arising from NCI put option	1,126	5,030	6,000
Interest expenses on borrowings	1,956	4,356	4,090
Interest expenses on lease liabilities	2,340	1,338	849
Interest expenses on supplier chain financing	—	287	20
Total	5,422	11,011	10,959

9. (IMPAIRMENT LOSSES) REVERSAL OF IMPAIRMENT UNDER EXPECTED CREDIT LOSS MODEL, NET

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Impairment losses recognised, net of reversal, on:			
— trade receivables	(24,340)	14,056	(502)
— other receivables	(1,828)	(105)	(82)
— financial guarantee contracts liabilities	(16,973)	1,140	1,146
Total	(43,141)	15,091	562

Details of impairment assessment are set out in Note 41.2.

10. INCOME TAX CREDIT/(EXPENSE) AND DEFERRED TAX ASSETS

Income tax

Cayman Islands

Under the current laws of the Cayman Islands, the Company, which is incorporated in the Cayman Islands, is not subject to tax on income or capital gains.

British Virgin Islands ("BVI")

Under the current laws of the BVI, entities incorporated in the BVI are not subject to tax on their income or capital gains.

Sweden

Pursuant to the Corporate Tax Act, the Group's Swedish subsidiary is subject to a statutory corporate income tax rate of 20.6%, applied to global income for entities resident in Sweden.

Hong Kong

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first Hong Kong dollars ("**HKD**") 2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits above HKD 2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%. Accordingly, the Hong Kong Profits Tax of the qualifying group entity is calculated at 8.25% on the first HKD 2 million of the estimated assessable profits and at 16.5% on the estimated assessable profits above HKD 2 million.

Mainland China

Pursuant to the Enterprise Income Tax Law of the PRC and its Implementation Regulations, the PRC subsidiaries of the Group are subject to a statutory enterprise income tax rate of 25%, while certain subsidiaries meeting the criteria for "High and New Technology Enterprise" (HNTE) status under the EIT Law effective from 1 January 2008 are entitled to a preferential tax rate of 15% for periods up to three years (renewable for additional three-year terms upon reapplication and qualification). As of 31 December 2023, 2024, and 2025, FJ Intelligent (Shenzhen) Limited, FJ Intelligent Technology Limited, FJ Intelligent Software Technology (Nanjing) Limited, and FJ Intelligent Technology Academy (Changzhou) Limited maintained valid HNTE statuses, except for FJ Intelligent Technology Limited which did not renew its HNTE status in November 2023, resulting in its applicable tax rate reverted to 25% for the 2023 financial year before regaining HNTE status in October 2024 and the preferential 15% rate in November 2024. The subsidiaries' HNTE qualifications remain subject to periodic reassessment by tax authorities.

During the Track Record Period, several subsidiaries in PRC were qualified as small and micro enterprises under the PRC EIT regime, which enjoy an enterprise income tax rate of 5%.

Withholding tax on undistributed dividends

Under the EIT Law, a 10% withholding tax applies to dividends distributed by a foreign-invested enterprise ("**FIE**") in Mainland China to its immediate non-PRC resident holding company, provided such holding company has no establishment or place of business in Mainland China, or the dividends are not connected to such establishment. However, pursuant to the August 2006 Arrangement between Mainland China and the Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income. Dividends paid by a Mainland FIE to its Hong Kong-resident immediate holding company are subject to withholding tax capped at 5%, provided the foreign investor directly holds at least 25% of the FIE's shares. As the Company did not declare, distribute, or plan to distribute dividends in foreseeable future, no withholding tax was incurred or recorded on PRC subsidiary profits.

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Current income tax expense:			
PRC EIT	—	—	—
Oversea taxation	—	—	(258)
Deferred income tax credit (expense)	4,184	(3,587)	900
Total	4,184	(3,587)	642

The income tax credit/(expense) for the years can be reconciled to the loss 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 before tax	(475,245)	(329,921)	(281,732)
Tax at the domestic income tax rate of 25%	(118,811)	(82,480)	(70,433)
Tax effects of:			
Share of results of a joint venture	—	(109)	118
Expenses not deductible for tax purpose	78,596	150,628	151,143
Income not taxable for tax purpose	(56,976)	(77,945)	(102,192)
Super deduction for research and development expenses	(33,769)	(28,367)	(33,890)
Tax losses not recognised	118,952	49,430	55,887
Deductible temporary differences not recognised	12,629	7,314	4,670
Utilisation of deductible temporary differences previously not recognised	(4,044)	(6,952)	(6,434)
Tax-exempt entities	1,334	(1,389)	4,526
Different tax rates of subsidiaries operating in other jurisdictions	(2,095)	(6,543)	(4,037)
Total income tax (credit)/expense	(4,184)	3,587	(642)

Deferred tax

The Group

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 deferred tax assets (liabilities) recognised and movements thereon during the Track Record Period:

	Tax losses	ECL provision	Inventory provision	Right-of-use assets	Lease liability	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2023	4,464	1,359	3,158	(5,496)	5,865	1,463	10,813
Credited/(charged) to profit or loss	6,222	1,699	(2,895)	1,802	(1,873)	(771)	4,184
As at 31 December 2023	10,686	3,058	263	(3,694)	3,992	692	14,997
(Charged)/credited to profit or loss	(4,817)	225	49	1,363	(1,522)	1,115	(3,587)
As at 31 December 2024	5,869	3,283	312	(2,331)	2,470	1,807	11,410
Credited/(charged) to profit or loss	569	919	976	1,066	(1,143)	(1,487)	900
As at 31 December 2025	6,438	4,202	1,288	(1,265)	1,327	320	12,310

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

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Tax losses	1,593,946	1,791,665	2,015,215
Deductible temporary differences	81,906	83,351	76,296
	1,675,852	1,875,016	2,091,511

As at 31 December 2023, 2024 and 2025, the Group has unused tax losses of approximately RMB1,665,186,000, RMB1,830,794,000, RMB2,058,140,000 available for offset against future profits. A deferred tax asset has been recognised in respect of approximately RMB71,240,000, RMB39,129,000 and RMB42,925,000 of such losses. No deferred tax asset has been recognised in respect of the remaining approximately RMB1,593,946,000, RMB1,791,665,000 and RMB2,015,215,000 due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of approximately RMB1,525,343,000, RMB1,707,009,000 and RMB1,924,291,000 with expiry dates as disclosed in the following table. Other losses may be carried forward indefinitely.

	2023/12/31	2024/12/31	2025/12/31
	RMB'000	*RMB'000*	*RMB'000*
2024	482	—	—
2025	3,268	3,268	—
2026	1,063	1,063	1,063
2027	49,049	49,049	49,049
2028	161,185	161,185	161,185
2029	202,623	229,850	229,850
2030	308,157	308,157	365,684
2031	214,791	214,791	214,791
2032	303,574	303,574	303,574
2033	281,151	281,151	281,151
2034	—	154,921	154,921
2035	—	—	163,023
	1,525,343	1,707,009	1,924,291

11. LOSS BEFORE TAX

Loss before tax has been arrived at after charging:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Cost of inventories sold	230,743	188,206	242,173
Write down of inventory, net (included in cost of revenue)	15,034	14,180	10,895
Employee benefit expenses *(Note 12)*	383,719	346,046	353,315
Depreciation of property, plant and equipment	14,799	7,873	7,893
Depreciation of investment properties	801	622	311
Amortisation of intangible assets	1,633	1,410	1,335
Depreciation of right-of-use assets	21,967	17,669	14,193
Auditor's remuneration	843	420	420

12. EMPLOYEE BENEFIT EXPENSES

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Salaries and bonuses	292,910	258,359	268,780
Share-based payments	10,420	13,798	8,988
Welfare, medical and other benefits	80,389	73,889	75,547
Total	383,719	346,046	353,315

The employee benefit expenses include the remuneration of directors as disclosed in Note 13 during the Track Record Period.

13. DIRECTORS' EMOLUMENTS

Directors' remuneration for the Track Record Period, disclosed pursuant to the applicable Listing Rules and Hong Kong Companies Ordinance, is as follows:

(a) The remuneration of directors is set out below:

	For the year ended 31 December 2023					
Names	Salaries and other emoluments	Bonuses	Share-based compensation expenses	Pension costs — defined contribution plans	Welfare, medical and other benefits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive director and CEO:						
Mr. Wu Di[1]	2,686	—	—	63	78	2,827
Executive director and CFO:						
Ms. Zhang Qi[2]	1,730	—	—	16	—	1,746
Executive director:						
Mr. Qin Shuo[3]	755	100	2,097	63	97	3,112
Non-executive directors:						
Mr. Gao Shangyu[4]	—	—	—	—	—	—
Mr. Lyu Feng[5]	—	—	—	—	—	—
Mr. Lyu Yapeng[6]	—	—	—	—	—	—
Mr. Diao Guangyun[7]	—	—	—	—	—	—
Mr. Ding Shaobin[8]	—	—	—	—	—	—
Mr. Yin Cong[9]	—	—	—	—	—	—
Total	5,171	100	2,097	142	175	7,685

	For the year ended 31 December 2024					
Names	Salaries and other emoluments	Bonuses	Share-based compensation expenses	Pension costs — defined contribution plans	Welfare, medical and other benefits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive director and CEO:						
Mr. Wu Di[1]	2,713	—	—	70	71	2,854
Executive director and CFO:						
Ms. Zhang Qi[2]	1,751	—	—	16	—	1,767
Executive director:						
Mr. Qin Shuo[3]	809	100	3,220	70	93	4,292
Non-executive directors:						
Mr. Diao Guangyun[7]	—	—	—	—	—	—
Mr. Ding Shaobin[8]	—	—	—	—	—	—
Mr. Yin Cong[9]	—	—	—	—	—	—
Mr. Bian Lishan[10]	—	—	—	—	—	—
Total	5,273	100	3,220	156	164	8,913

	For the year ended 31 December 2025					
Names	Salaries and other emoluments	Bonuses	Share-based compensation expenses	Pension costs — defined contribution plans	Welfare, medical and other benefits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive director and CEO:						
Mr. Wu Di[1]	2,690	—	—	46	36	2,772
Executive director and CFO:						
Ms. Zhang Qi[2]	1,757	—	—	16	—	1,773
Executive director:						
Mr. Qin Shuo[3]	1,028	100	2,030	57	62	3,277
Non-executive directors:						
Mr. Diao Guangyun[7]	—	—	—	—	—	—
Mr. Yin Cong[9]	—	—	—	—	—	—
Mr. Bian Lishan[10]	—	—	—	—	—	—
Mr. Huang Zeyu[11]	—	—	—	—	—	—
Total	5,475	100	2,030	119	98	7,822

Notes:

1. Appointed as executive director and CEO since July 2021. The emoluments disclosed above include those for services rendered by Mr. Wu Di as the CEO of the Group.

2. Appointed as executive director and CFO since July 2021. The emoluments disclosed above include those for services rendered by Ms. Zhang Qi as the CFO of the Group.

3. Appointed as executive director since September 2021. Mr. Qin Shuo was entitled to bonus payment which are determined based on certain key financial performance of the Group.

4. Appointed as non-executive director since September 2021 and resigned in October 2023.

5. Appointed as non-executive director since September 2021 and resigned in October 2023.

6. Appointed as non-executive director since September 2021 and resigned in December 2023.

7. Appointed as non-executive director since October 2023 and resigned in May 2025.

8. Appointed as non-executive director since October 2023 and resigned in September 2024.

9. Appointed as non-executive director since December 2023 and resigned in September 2025.

10. Appointed as non-executive director since September 2024 and resigned in September 2025.

11. Appointed as non-executive director since May 2025 and resigned in September 2025.

The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Group.

Mr. Wu Di and Ms. Zhang Qi are also the CEO and CFO of the Group, respectively, their emoluments disclosed above include those for services rendered by them as the CEO and CFO, respectively.

During the Track Record Period, no emoluments were paid by the Group to the Directors as an inducement to join or upon joining the Group or as compensation for loss of office. None of the director has waived or agreed to waive any emoluments during the Track Record Period.

No independent non-executive directors were appointed by the Company during the Track Record Period.

14. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees include three, three, three directors for the years ended 31 December 2023, 2024 and 2025, respectively, whose remuneration during the Track Record Period is set out in Note 13. The emoluments payable to the remaining two, two, two individuals for the years ended 31 December 2023, 2024 and 2025, respectively, who are neither a director nor the CEO of the Company, during the Track Record Period, were as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Salaries and other emoluments	1,772	1,928	2,038
Bonuses	70	173	178
Share-based payment expenses	1,271	1,878	1,321
Pension costs-defined contribution plans	118	133	140
Welfare, medical and other benefits	210	208	213
Total	3,441	4,320	3,890

The number of the five highest paid employees including the directors whose emoluments fell within the following bands:

	Number of individuals		
	Year ended 31 December		
	2023	2024	2025
	No. of employees	*No. of employees*	*No. of employees*
Emolument bands *(in HKD)*			
HKD1,500,001 to HKD2,000,000	2	2	2
HKD2,000,001 to HKD2,500,000	1	—	—
HKD2,500,001 to HKD3,000,000	—	1	1
HKD3,000,001 to HKD3,500,000	2	1	1
HKD3,500,001 to HKD4,000,000	—	—	1
HKD4,500,001 to HKD5,000,000	—	1	—
Total	5	5	5

During the Track Record Period, no emoluments were paid by the Group to the five highest paid employees as an inducement to join or upon joining the Group or as compensation for the loss of office.

15. LOSS PER SHARE

The calculation of the loss per share 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*
Numerator:			
Loss for the year attributable to owners of the Company for the purpose of calculating basic loss per share	(469,371)	(333,785)	(281,997)
Add: Adjustments for obligation arising from put options by non-controlling interests	(564)	—	—
Loss for the purpose of calculating diluted loss per share	(469,935)	(333,785)	(281,997)

	Year ended 31 December		
	2023	**2024**	**2025**
Denominator:			
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share *(thousand shares)*	518,975	535,376	535,376
Basic loss per share attributable to owners of the Company *(RMB per share)*	(0.90)	(0.62)	(0.53)
Diluted loss per share attributable to owners of the Company *(RMB per share)*	(0.91)	(0.62)	(0.53)

The computation of diluted loss per share for the years ended 31 December 2023, 2024 and 2025 do not assume the conversion of the Company's outstanding preferred shares and the vesting of the share awards since their assumed exercise and vesting would result in a decrease in loss per share.

The computation of diluted loss per share for the years ended 31 December 2024 and 2025 do not assume the exercise of the put option held by non-controlling shareholder of a subsidiary since their assumed exercise would result in a decrease in loss per share.

16. INTEREST IN A JOINT VENTURE

The Group

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Cost of investment in a joint venture	—	36	36
Share of post-acquisition profit and comprehensive income, net of dividend received	—	436	(36)
	—	472	—

As at 31 December 2025, the Group has unrecognised share of losses of this joint venture amounting to approximately RMB842,000.

General information of the joint venture is as follow:

Name of entity	Place of incorporation/ operation	Issued and fully paid ordinary share capital	Proportion of nominal value of issued capital held by the Company: As at 31 December 2023	As at 31 December 2024	As at 31 December 2025	Principal activity
Lighthouse Inno-Lab Limited	Hong Kong	HK$100,000	—	40%	40%	Product research and development

On 20 March 2024, the Group entered into agreement with an independent third party in relation to the investment in the joint venture. Pursuant to the agreement, the major business decisions of the joint venture require the unanimous consent of both parties.

17. PROPERTY, PLANT AND EQUIPMENT

	Properties	Machinery and equipment	Computer and other equipment	Leasehold Improvement	Motor vehicles	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost							
As at 1 January 2023	—	34,359	21,799	10,128	1,160	27	67,473
Additions	—	5,439	2,524	4,775	97	1,092	13,927
Disposals	—	(3,994)	(944)	—	(51)	(28)	(5,017)
Transfer	—	1,039	—	—	—	(1,039)	—
Exchange realignment	—	117	67	—	—	—	184
As at 31 December 2023	—	36,960	23,446	14,903	1,206	52	76,567
Additions	—	4,111	3,434	393	6	383	8,327
Disposals and written-off	—	(15,298)	(1,233)	(1,525)	(82)	(52)	(18,190)
Transfer	—	383	—	—	—	(383)	—
Exchange realignment	—	(139)	(81)	—	—	—	(220)
As at 31 December 2024	—	26,017	25,566	13,771	1,130	—	66,484
Additions	—	2,816	1,725	255	18	—	4,814
Disposals and written-off	—	(6,202)	(1,097)	(2,556)	(373)	—	(10,228)
Transfer from investment properties	11,732	—	—	—	—	—	11,732
Exchange realignment	—	219	166	—	—	—	385
As at 31 December 2025	11,732	22,850	26,360	11,470	775	—	73,187
Depreciation and impairment							
As at 1 January 2023	—	14,233	9,276	4,432	469	—	28,410
Provided for the year	—	3,977	4,597	6,039	186	—	14,799
Disposals	—	(2,203)	(383)	—	(11)	—	(2,597)
Exchange realignment	—	102	53	—	—	—	155
As at 31 December 2023	—	16,109	13,543	10,471	644	—	40,767
Provided for the year	—	2,376	3,582	1,806	109	—	7,873
Disposals and written-off	—	(5,142)	(841)	(470)	(23)	—	(6,476)
Exchange realignment	—	(124)	(65)	—	—	—	(189)
As at 31 December 2024	—	13,219	16,219	11,807	730	—	41,975
Provided for the year	312	4,326	2,799	356	100	—	7,893
Disposals and written-off	—	(4,721)	(755)	(1,051)	(328)	—	(6,855)
Exchange realignment	—	199	134	—	—	—	333
As at 31 December 2025	312	13,023	18,397	11,112	502	—	43,346
Carrying values							
As at 31 December 2023	—	20,851	9,903	4,432	562	52	35,800
As at 31 December 2024	—	12,798	9,347	1,964	400	—	24,509
As at 31 December 2025	11,420	9,827	7,963	358	273	—	29,841

The above items of property, plant and equipment except for construction in progress, after taking into account the residual values, are depreciated on a straight-line basis at the following rates per annum:

Property	4%
Machinery and equipment	8.33% to 20%
Computer and other equipment	20%
Motor vehicles	12.5% to 33.33%
Leasehold improvement	The term of the lease

Properties with carrying value of RMB11,420,000 were pledged as securities for bank facilities of RMB20,000,000 as at 31 December 2025.

Note: On 1 July 2025, all investment properties of the Group have been transferred to property, plant and equipment upon commencement of owner-occupation.

18. LEASES

The Group leases certain of its offices and warehouses under operating lease arrangements, which are negotiated for terms ranging from 1 to 9 years.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the Track Record Period are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount at the beginning of the year	42,938	31,253	21,180
Additions	14,276	15,455	5,837
Reduction and modifications *(Note)*	(4,620)	(7,151)	—
Depreciation charge	(21,967)	(17,669)	(14,193)
Exchange realignment	626	(708)	372
Carrying amount at the end of the year	31,253	21,180	13,196

Note: The reduction and modifications of right-of-use assets during the years ended 31 December 2023 and 2024 mainly arose from early termination and modification of lease contracts under negotiation, that were mutually agreed with lessor to amend or early terminate the lease, with losses of RMB736,000 and RMB327,000 recognised in the profit or loss during the years end 31 December 2023 and 2024, respectively.

(b) Lease liabilities

The carrying amounts of the Group's lease liabilities and the movements during the Track Record Period are as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount at the beginning of the year	45,837	33,880	22,402
New leases	14,276	15,455	5,837
Accretion of interest recognised	2,340	1,338	849
Payments	(25,396)	(20,190)	(15,557)
Reduction and modifications	(3,884)	(6,824)	—
Exchange realignment	707	(1,257)	1,114
Carrying amount at the end of the year	33,880	22,402	14,645
Present value of lease liabilities payable:			
— within one year	16,407	11,630	9,124
— between 1 and 2 years	9,061	6,555	3,788
— between 2 and 5 years	8,412	4,217	1,733
— over 5 years	—	—	—
	33,880	22,402	14,645
Analysed as:			
Non-current	17,473	10,772	5,521
Current	16,407	11,630	9,124

The lease liabilities were measured at the present value of the lease payments that are not yet paid using incremental borrowing rates. The weighted average discount rates applied by the Group were 4.75%, 4.5% and 4.5% per annum as at 31 December 2023, 2024 and 2025, respectively.

19. INVESTMENT PROPERTIES

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Cost			
At the beginning of the year	20,078	20,078	20,078
Transfer to property, plant and equipment	—	—	(20,078)
At the end of the year	20,078	20,078	—
Accumulated depreciation and impairment			
At the beginning of the year	3,002	7,413	8,035
Impairment	3,610	—	—
Charge for the year	801	622	311
Transfer to property, plant and equipment	—	—	(8,346)
At the end of the year	7,413	8,035	—
Net book value			
At the end of the year	12,665	12,043	—

The office units are depreciated on a straight-line basic over a period of 25 years.

All investment properties were pledged as securities for bank facilities granted to the Group as at 31 December 2023 and 2024 (Notes 33 and 46). The relevant borrowings have been fully repaid in 2023 and the facilities of RMB20,000,000 is available as at 31 December 2023 and 2024.

The fair value of the investment properties as at 31 December 2023 and 2024, as set out below, was determined based on the income approach, where the market rentals of all lettable units of the properties are assessed and discounted at the market yield expected by investors for this type of properties. The market rentals are assessed by reference to the rentals achieved in the lettable units of the properties as well as other lettings of similar properties in the neighbourhood. The discount rate is determined by reference to the yields derived from analysing the sales transitions of similar commercial properties in Wuhan and adjust to take into account the market expectation from property investors to reflect factors specific to the Group's investment properties.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

As at 31 December 2023, an amount of RMB3,610,000 impairment was provided due to downturn of real estate market and rental market in Wuhan.

Details of the Group's investment properties and information about the fair value hierarchy as at the end of each reporting period are as follows:

	As at December		
Office units located in Wuhan	**2023**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount	12,665	12,043	—
Fair value at Level 3 hierarchy	12,665	11,633	—

The fair value of investment properties was determined by the Directors.

20. INTANGIBLE ASSETS

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Cost			
At the beginning of the year	14,631	15,165	15,165
Additions	574	—	—
Written-off	(40)	—	(195)
At the end of the year	15,165	15,165	14,970
Accumulated depreciation			
At the beginning of the year	4,098	5,714	7,124
Charge for the year	1,633	1,410	1,335
Written-off	(17)	—	(159)
At the end of the year	5,714	7,124	8,300
Net book value			
At the end of the year	9,451	8,041	6,670

The intangible assets represent software that are amortised on a straight-line basis at 10% to 20% per annum.

21. FINANCIAL ASSETS AT FVTPL

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Equity investment in an unlisted entity at fair value	48,318	34,176	13,404

Equity investment in an unlisted entity at fair value

The Group invested in an unlisted entity, which represented approximately 2.01% equity interest in the entity. The unlisted entity is controlled by a shareholder of the Group. The Group's strategy of holding this investment is for long-term purposes and realising its performance potential in the long run. The Group does not control nor has significant influence in the unlisted entity and measures the investment at FVTPL. Details of fair value of the financial assets are set out in Note 41.4.

22. TRADE AND BILLS RECEIVABLES

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables from third parties	160,603	151,706	169,640
Less: allowance for ECL	(50,719)	(36,663)	(38,935)
	109,884	115,043	130,705
Bill receivables	—	319	55
	109,884	115,362	130,760

As at 1 January 2023, trade and bills receivables from contracts with customers, net of allowance for credit losses, amounted to approximately RMB121 million.

The Group grants the credit period ranging from 90 days to 180 days to its trade customers.

The following is an ageing analysis of trade receivables, net of allowance for credit losses, presented based on the revenue recognition date for trade receivables at the end of each reporting period:

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 3 months	54,960	67,199	86,855
3 to 6 months	17,726	7,737	7,142
6 months to 1 year	20,316	26,787	13,381
Over 1 year	16,882	13,320	23,327
	109,884	115,043	130,705

As at 31 December 2023, 2024 and 2025, included in the Group's trade receivables balance were debtors with aggregate carrying amount of RMB37,848,000, RMB42,508,000 and RMB28,960,000, respectively, which were past due but not credit-impaired as at each reporting date. Out of the past due balances, RMB26,719,000, RMB38,930,000 and RMB24,325,000 have been past due 90 days or more and is not considered as in default after considering the creditworthiness and past payment history of these debtors. The Group did not hold any collateral over these balances. Details of impairment assessment of trade receivables are set out in Note 41.2.

23. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Recoverable value-added tax and prepaid taxes	38,534	28,563	40,167
Prepayment and prepaid expense	14,789	11,397	19,122
Rental and other deposits	6,264	4,801	5,544
Fund held by payment platform	2,648	3,335	4,497
Advance to employees	907	657	488
Deferred share issue cost	—	—	4,312
Interest receivables	—	—	3,480
Others	7,906	8,880	10,417
	71,048	57,633	88,027
Less: allowance for credit losses	(618)	(796)	(878)
	70,430	56,837	87,149

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Interest receivables	—	—	1,068
Deferred share issue cost	—	—	4,312
	—	—	5,380

24. AMOUNTS DUE FROM RELATED PARTIES/SUBSIDIARIES

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Amounts due from related parties:			
Trade in nature			
Entities controlled by a shareholder of the Group	1,195	21,060	23,022
A joint venture of the Group	—	3,312	1,922
Entity that has joint control over the joint venture of the Group	—	1,977	—
	1,195	26,349	24,944
Non-trade in nature *(Note)*			
A shareholder of the Company	50,000	—	—
Entity controlled by a shareholder of the Group	822	825	825
	50,822	825	825
	52,017	27,174	25,769

Note: The amounts are unsecured, interest free and repayable on demand. [As represented by the Directors, the non-trade amounts due from related parties will be settled prior to the **[REDACTED]** of the Company's share on **[REDACTED]**.]

As at 1 January 2023, trade and non-trade in nature amounts due from related parties amounted to approximately RMB3,324,000 and RMB1,300,000, respectively.

The maximum outstanding balances that are of non-trade in nature during the years ended 31 December 2023, 2024 and 2025 were RMB50,822,000, RMB50,822,000 and RMB825,000, respectively.

The following is an ageing analysis of amounts due from related parties which are trade in nature presented based on the revenue recognition date at the end of each reporting period.

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 3 months	—	16,291	3,041
3 to 6 months	—	8,037	4,261
6 months to 1 year	—	—	14,482
Over 1 year	1,195	2,021	3,160
Total	1,195	26,349	24,944

The normal credit term grants to the related parties is 3 to 6 months. RMB1,195,000, RMB10,058,000 and RMB20,034,000 are past due as at 31 December 2023, 2024 and 2025. Out of the past due balances, RMB1,195,000, RMB2,021,000 and RMB15,406,000 have been past due for more than 90 days and are not considered as in default after considering the past payment history of the related parties. The Group did not hold any collateral over these balances.

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Amounts due from subsidiaries			
Non-trade in nature *(Note)*	353,959	475,497	473,071

Note: The amounts due from subsidiaries are unsecured, interest free and repayable on demand. These balances are expected to be realised after 12 months from the end of each reporting period.

25. INVENTORIES

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	80,312	84,362	113,125
Semi-finished goods	18,116	19,092	17,109
Finished goods	73,511	63,180	102,983
	171,939	166,634	233,217
Less: allowance for inventories	(38,169)	(52,004)	(47,252)
Total	133,770	114,630	185,965

26. CASH AND BANK BALANCES

26(a) Restricted bank deposits

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Restricted bank deposits	21,373	124,353	104,594
Others	359	902	1,584
Total	21,732	125,255	106,178

The restricted bank deposits represented deposits pledged to secure general banking or letter of guarantee facilities granted to the Group (Notes 33 and 46).

Restricted bank deposits denominated in foreign currencies of the respective entities within the Group are as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
United States dollar ("**USD**")	—	107,826	70,288

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Restricted bank deposits	—	—	25

26(b) Cash and cash equivalents

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Cash and bank balances	208,662	124,995	244,306

Cash and cash equivalents denominated in foreign currencies of the respective entities within the Group are as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
USD	135,622	37,472	156,648
Euro ("**EUR**")	21,707	32,755	27,989
Swedish Krona ("**SEK**")	—	2	2
Australian Dollar ("**AUD**")	635	2,557	1,215
HKD	924	3,644	2,122
Others	1,512	2,692	7,189
	160,400	79,122	195,165

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Cash and bank balances	117,965	10,791	129,792

Cash and cash equivalents denominated in foreign currency of the Company are as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
USD	117,940	10,766	129,792

27. SHARE CAPITAL

The Company

	Number of shares	Share capital
		RMB'000
Ordinary shares of US$0.000001 each		
Authorised		
As at 1 January 2023	49,419,062,056	300
Converted to Series B-1 preferred shares	(37,655,201)	—
As at 31 December 2023 and 1 January 2024	49,381,406,855	300
Converted to Series B-1 preferred shares	(3,053,124)	—
As at 31 December 2024 and 1 January 2025	49,378,353,731	300
Converted to Series B-1 Preferred Shares	(58,009,364)	—
As at 31 December 2025	49,320,344,367	300
Issued and fully paid		
At 1 January 2023, 31 December 2023, 2024 and 2025	689,882,742	8

As at 1 January 2023, 31 December 2023, 2024 and 2025, 173,040,193, 154,506,454, 154,506,454 and 154,506,454 ordinary shares were held by Future Sharing International Limited, the employee shareholding incentive platform of the Company and accounted for as treasury shares of the Company, respectively.

28. RESERVES

The Company

	Share-based payment reserve	Other reserve	Retained earnings/ (Accumulated losses)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2023	172,998	356,483	7,181	536,662
Loss and total comprehensive expense for the year	—	—	(195,752)	(195,752)
Recognition of share-based payment expenses	10,420	—	—	10,420
As at 31 December 2023	183,418	356,483	(188,571)	351,330
Loss and total comprehensive expense for the year	—	—	(244,801)	(244,801)
Recognition of share-based payment expenses	13,798	—	—	13,798
As at 31 December 2024	197,216	356,483	(433,372)	120,327
Loss and total comprehensive expense for the year	—	—	(265,964)	(265,964)
Recognition of share-based payment expenses	8,988	—	—	8,988
As at 31 December 2025	206,204	356,483	(699,336)	(136,649)

29. LONG-TERM INCENTIVE SCHEME

Pre-[REDACTED] Share Award Scheme

During the Track Record Period, certain employees of the Group are eligible for the Pre-**[REDACTED]** Share Award Scheme, which adopted by the Company on 30 December 2021.

The number of shares award granted to employees and remained outstanding under the Pre-**[REDACTED]** Share Award Scheme to employees were 23,312,203 shares, 20,040,174 shares and 91,614,905 shares as at 31 December 2023, 2024 and 2025, respectively, representing 1.79%, 1.53% and 6.75% of the total number of ordinary and preferred shares of the Group in issue at that date respectively.

(i) Purpose

The purpose of the Pre-**[REDACTED]** Share Award Scheme is to recognise the contributions by certain employees and to incentivise them to continue their employment within the Group, and to attract suitable candidates for the future development of the Group.

(ii) Eligible grantees

The eligible Grantees of the Pre-**[REDACTED]** Share Award Scheme include any employee (including but not limited to any executive director) of the Group.

(iii) Total number of shares

The number of shares underlying the Share Awards granted or to be granted under the Pre-**[REDACTED]** Share Award Scheme shall not exceed 154,506,454 shares at the date of adoption of the Pre-**[REDACTED]** Share Award Scheme.

(iv) Term

Subject to any early termination as may be determined by the Board, the Pre-**[REDACTED]** Share Award Scheme is valid and effective for a term of 10 years, commencing on the adoption date of the Pre-**[REDACTED]** Share Award Scheme.

Details of the movements within the Pre-**[REDACTED]** Share Award Scheme of the Company for the years ended 31 December 2023, 2024 and 2025 are set out below:

For the year ended 31 December 2023

	Year of grant	Year of vesting	Fair value per share at grant date	Outstanding as at 1.1.2023	Awarded during the year	Vested during the year	Forfeited during the year	Outstanding as at 31.12.2023
Director	2021	2023	RMB0.79	1,050,000	—	(1,050,000)	—	—
Director	2021	2024	RMB0.79	1,050,000	—	—	—	1,050,000
Employees	2021	2023	RMB0.79	4,435,500	—	(3,535,500)	(900,000)	—
Employees	2021	2024	RMB0.79	4,345,500	—	—	(990,000)	3,355,500
Employees	2021	2025	RMB0.79	45,000	—	—	—	45,000
Employees	2021	2026	RMB0.79	45,000	—	—	—	45,000
Employees	2022	2023	RMB0.80	2,703,924	—	(2,703,924)	—	—
Employees	2022	2024	RMB0.80	2,149,747	—	—	(307,500)	1,842,247
Employees	2022	2025	RMB0.80	2,149,747	—	—	(307,500)	1,842,247
Employees	2022	2026	RMB0.80	487,209	—	—	(7,500)	479,709
Director	2023	2024	RMB1.00	—	750,000	—	—	750,000
Director	2023	2025	RMB1.00	—	750,000	—	—	750,000
Director	2023	2026	RMB1.00	—	750,000	—	—	750,000
Director	2023	2027	RMB1.00	—	750,000	—	—	750,000
Employees	2023	2023	RMB1.00	—	62,739	(62,739)	—	—
Employees	2023	2024	RMB1.00	—	2,993,125	—	—	2,993,125
Employees	2023	2025	RMB1.00	—	2,993,125	—	—	2,993,125
Employees	2023	2026	RMB1.00	—	3,003,125	—	—	3,003,125
Employees	2023	2027	RMB1.00	—	2,663,125	—	—	2,663,125
				18,461,627	14,715,239	(7,352,163)	(2,512,500)	23,312,203

For the year ended 31 December 2024

	Year of grant	Year of vesting	Fair value per share at grant date	Outstanding as at 1.1.2024	Awarded during the year	Vested during the year	Forfeited during the year	Outstanding as at 31.12.2024
Director	2021	2024	RMB0.79	1,050,000	—	(1,050,000)	—	—
Employees	2021	2024	RMB0.79	3,355,500	—	(2,258,500)	(1,097,000)	—
Employees	2021	2025	RMB0.79	45,000	—	—	(20,000)	25,000
Employees	2021	2026	RMB0.79	45,000	—	—	(20,000)	25,000
Employees	2022	2024	RMB0.80	1,842,247	—	(1,814,747)	(27,500)	—
Employees	2022	2025	RMB0.80	1,842,247	—	—	(105,030)	1,737,217
Employees	2022	2026	RMB0.80	479,709	—	—	(62,500)	417,209
Director	2023	2024	RMB1.00	750,000	—	(750,000)	—	—
Director	2023	2025	RMB1.00	750,000	—	—	—	750,000
Director	2023	2026	RMB1.00	750,000	—	—	—	750,000
Director	2023	2027	RMB1.00	750,000	—	—	—	750,000
Employees	2023	2024	RMB1.00	2,993,125	—	(2,993,125)	—	—
Employees	2023	2025	RMB1.00	2,993,125	—	—	(353,625)	2,639,500
Employees	2023	2026	RMB1.00	3,003,125	—	—	(353,625)	2,649,500
Employees	2023	2027	RMB1.00	2,663,125	—	—	(353,625)	2,309,500
Director	2024	2025	RMB2.23	—	500,000	—	—	500,000
Director	2024	2026	RMB2.23	—	500,000	—	—	500,000
Director	2024	2027	RMB2.23	—	500,000	—	—	500,000
Director	2024	2028	RMB2.23	—	500,000	—	—	500,000
Employees	2024	2025	RMB2.23	—	1,814,159	—	(317,347)	1,496,812
Employees	2024	2026	RMB2.23	—	1,814,159	—	(317,347)	1,496,812
Employees	2024	2027	RMB2.23	—	1,814,159	—	(317,347)	1,496,812
Employees	2024	2028	RMB2.23	—	1,814,159	—	(317,347)	1,496,812
				23,312,203	9,256,636	(8,866,372)	(3,662,293)	20,040,174

For the year ended 31 December 2025

	Year of grant	Vesting year	Fair value of grant date	Outstanding as at 1.1.2025	Awarded during the year	Vested during the year	Forfeited during the year	Outstanding as at 31.12.2025
Employees	2021	2025	RMB0.79	25,000	—	(25,000)	—	—
Employees	2021	2026	RMB0.79	25,000	—	—	—	25,000
Employees	2022	2025	RMB0.80	1,737,217	—	(1,682,007)	(55,210)	—
Employees	2022	2026	RMB0.80	417,209	—	—	(72,727)	344,482
Director	2023	2025	RMB1.00	750,000	—	(750,000)	—	—
Director	2023	2026	RMB1.00	750,000	—	—	—	750,000
Director	2023	2027	RMB1.00	750,000	—	—	—	750,000
Employees	2023	2025	RMB1.00	2,639,500	—	(2,053,750)	(585,750)	—
Employees	2023	2026	RMB1.00	2,649,500	—	—	(1,010,500)	1,639,000
Employees	2023	2027	RMB1.00	2,309,500	—	—	(670,500)	1,639,000
Director	2024	2025	RMB2.23	500,000	—	(500,000)	—	—
Director	2024	2026	RMB2.23	500,000	—	—	—	500,000
Director	2024	2027	RMB2.23	500,000	—	—	—	500,000
Director	2024	2028	RMB2.23	500,000	—	—	—	500,000
Employees	2024	2025	RMB2.23	1,496,812	—	(1,406,029)	(90,783)	—
Employees	2024	2026	RMB2.23	1,496,812	—	—	(178,171)	1,318,641
Employees	2024	2027	RMB2.23	1,496,812	—	—	(178,171)	1,318,641
Employees	2024	2028	RMB2.23	1,496,812	—	—	(178,171)	1,318,641
Director	2025	2026	RMB2.64	—	100,000	—	—	100,000
Director	2025	2027	RMB2.64	—	100,000	—	—	100,000
Director	2025	2028	RMB2.64	—	100,000	—	—	100,000
Director	2025	2029	RMB2.64	—	100,000	—	—	100,000
Director	2025	2026	RMB3.58	—	14,752,019	—	—	14,752,019
Director	2025	2027	RMB3.58	—	14,752,019	—	—	14,752,019
Director	2025	2028	RMB3.58	—	14,752,019	—	—	14,752,019
Director	2025	2029	RMB3.58	—	14,752,019	—	—	14,752,019
Employees	2025	2026	RMB2.64	—	773,299	—	(65,193)	708,106
Employees	2025	2027	RMB2.64	—	773,299	—	(65,193)	708,106
Employees	2025	2028	RMB2.64	—	773,299	—	(65,193)	708,106
Employees	2025	2029	RMB2.64	—	773,299	—	(65,193)	708,106
Employees	2025	2026	RMB3.58	—	4,692,750	—	—	4,692,750
Employees	2025	2027	RMB3.58	—	4,692,750	—	—	4,692,750
Employees	2025	2028	RMB3.58	—	4,692,750	—	—	4,692,750
Employees	2025	2029	RMB3.58	—	4,692,750	—	—	4,692,750
				20,040,174	81,272,272	(6,416,786)	(3,280,755)	91,614,905

The fair value of the awarded shares at grant date was determined by Kroll (HK) Limited. The address of the valuer is Level 3, Three Pacific Place, 1 Queen's Road East, Hong Kong, an independent value not connected with the Group. The valuer had used the cash flow projection to determine the fair value of the awarded shares of the Company as at the respective grant dates, which was to be expensed over the relevant vesting period. The weighted average fair value of shares granted during the years ended 31 December 2023, 2024 and 2025 were RMB1.00, RMB2.23 and RMB3.53 per share respectively.

Significant judgements on parameters used in the cash flow projection include risk-free rate, terminal growth rate and the estimate of cash inflows/outflows which included budgeted sales and gross margins based on management's expectation of the market development.

The Group recognises share-based payment expenses in the profit or loss based on awards ultimately expected to vest, after considering estimated forfeitures of the Group. Forfeitures are estimated based on the historical experience and revised in the subsequent periods if actual forfeitures differ from those estimates. The impact of the revision of the original estimates on non-market vesting conditions, if any, is recognised in the profit or loss over the remaining vesting period, with a corresponding adjustment to share-based payment reserve.

During the years ended 31 December 2023, 2024 and 2025, share based payments of RMB10,420,000, RMB13,798,000, and RMB8,988,000 were recognised by the Group.

30. DIVIDENDS

No dividends had been paid or declared by the Company or its subsidiaries for the Track Record Period nor has any dividend been proposed since the end of the Track Record Period.

31. TRADE AND BILLS PAYABLES

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	63,645	32,797	70,875
Bills payables *(Note)*	37,926	29,013	48,363
Total	101,571	61,810	119,238

The trade payables are non-interest-bearing and are normally settled within 6 months.

Note: These relate to trade payables in which the Group has issued bills to the relevant supplier for future settlement trade payables. The Group continues to recognise these trade payables as the relevant banks are obliged to make payments only on due dates of the bills, under the same conditions as agreed with the suppliers without further extension. In the consolidated statements of cash flows, settlements of these bills are included within operating cash flows based on the nature of the arrangements.

An ageing analysis of the trade payables as at the end of each reporting period, based on the invoice date, is as follows:

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Within 3 months	46,056	21,552	35,988
3 to 6 months	8,902	3,792	10,084
6 to 12 months	2,554	1,457	12,925
Over 12 months	6,133	5,996	11,878
Total	63,645	32,797	70,875

32. BILLS PAYABLES UNDER SUPPLIER CHAIN FINANCING

The Group has entered into certain supplier finance arrangements with banks. Under these arrangements, the banks pay suppliers the amounts owed by the Group in advance of the original due dates at a discount offered by the suppliers. The Group's obligations to suppliers are legally extinguished on settlement by the relevant banks. The Group then settles with the banks between 120–365 days after settlement by the banks with interest rate of 3.85% and nil per year in 2024 and 2025 respectively, which may be extended beyond the original due dates of respective invoices. The interest rates are consistent with the Group's short-term borrowing rates. In the consolidated statements of cash flows, repayments to the banks are included within financing cash flows based on the nature of the arrangements of and payments to the suppliers by the banks of nil, RMB85,167,000, and RMB117,497,000 for the years ended 31 December 2023, 2024 and 2025 respectively are disclosed as non-cash transactions. For the Group's obligation to suppliers without entering into supplier finance arrangements with bank, the Group normally settles with suppliers within 6 months as disclosed in Note 31.

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Bills payable under supplier chain financing .	—	46,197	48,994

33. BORROWINGS

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Secured and unguaranteed bank loans	—	50,000	67,000
Unsecured and unguaranteed bank loans	85,961	82,347	70,000
Total	85,961	132,347	137,000

Included in the secured bank loans stated above, RMB50,000,000 and RMB67,000,000 were secured by restricted bank deposits as at 31 December 2024 and 31 December 2025 respectively. The remaining loan amount of RMB85,961,000, RMB82,347,000 and RMB70,000,000 as at 31 December 2023, 2024 and 2025 respectively were neither unguaranteed nor unsecured.

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
The carrying amounts of the above borrowings are repayable:			
Within one year	75,961	132,347	137,000
Within a period of more than one year but not exceeding two years	10,000	—	—
	85,961	132,347	137,000
Less: Amounts due within one year shown under current liabilities	(75,961)	(132,347)	(137,000)
Amounts shown under non-current liabilities .	10,000	—	—

The bank borrowings as 31 December 2023, 2024 and 2025 are all variable-rate borrowings. The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings are as follow:

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Effective interest rate:			
Variable-rate borrowings (per annum)	3.4% to 4.8%	2.5% to 4.8%	2.5% to 4.5%

34. OTHER PAYABLES AND ACCRUALS

Accrued expenses and other payables consist of the following:

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Salary and welfare payables	37,580	32,057	38,237
Accrued expenses	4,591	7,096	1,146
Accrued service fee	5,537	2,136	1,322
Other tax payables	25,349	7,224	6,938
Accrued **[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Accrued share issue costs	—	—	704
Others	5,070	6,414	7,231
Total	78,127	54,927	58,316

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Accrued **[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Accrued share issue costs	—	—	704
	—	—	3,442

35. FINANCIAL GUARANTEE CONTRACTS LIABILITIES

During the years ended 31 December 2023, 2024 and 2025, the Group provided guarantees to certain independent third parties in respect of loans obtained from several banks and financial institutions with total loan amounts of approximately RMB156,682,000, RMB157,110,000 and nil respectively. The outstanding loan principal amounts as of 31 December 2023, 2024 and 2025 were approximately RMB13,786,000, RMB407,000 and nil, respectively.

The Group recognised the fair value of these guarantees at their initial dates, with amounts of approximately RMB1,568,000, RMB19,000 and nil recorded in other gains during the years ended 31 December 2023, 2024 and 2025, respectively (Note 7).

As of 31 December 2023, 2024, and 2025 management performed impairment assessments. Changes in credit risk since initial recognition of the financial guarantee contracts were recognised in (impairment losses)/reversal of impairment under the expected credit loss model, net of reversals.

36. AMOUNTS DUE TO RELATED PARTIES/SUBSIDIARIES

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Amounts due to related parties:			
Trade in nature *(Note 1)*			
Entities controlled by a shareholder of the Group	48,964	25,762	26,054
Entity jointly controlled by a shareholder of the Group	64	64	64
	49,028	25,826	26,118
Non-trade in nature			
Directors of the Company	1,099	1,016	792
	50,127	26,842	26,910

Note 1: As at 31 December 2023, 2024 and 2025, the balances of refundable prepayment received from an entity controlled by the same shareholder of the Group for product sales were RMB47,992,000, RMB24,790,000 and RMB25,184,000 respectively.

The following is an ageing analysis of amounts due to related parties which are trade in nature presented based on the invoice date at the end of each reporting period.

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 3 months	—	—	—
3 to 6 months	102	—	—
6 to 12 months	20	—	—
Over 12 months	914	1,036	934
Total	1,036	1,036	934

The normal credit term granted by the related parties is 3 to 6 months.

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Amounts due to subsidiaries:			
Non-trade in nature	—	—	4,663

37. PREFERRED SHARES/FINANCIAL LIABILITIES ARISING FROM WARRANTS

Series A-1 preferred shares, Series A-2 preferred shares, Series B preferred shares and Series B-1 preferred shares

A summary of the Company's preferred shares is as follows:

	Number of shares			
	Series A1 preferred shares of US$0.000001 each	Series A2 preferred shares of US$0.000001 each	Series B preferred shares of US$0.000001 each	Series B-1 preferred shares of US$0.000001 each
Authorised				
As at 1 January 2023	152,100,000	211,668,664	217,169,280	—
Converted from ordinary shares	—	—	—	37,655,201
As at 31 December 2023 and 1 January 2024	152,100,000	211,668,664	217,169,280	37,655,201
Converted from ordinary shares	—	—	—	3,053,124
As at 31 December 2024 and 1 January 2025	152,100,000	211,668,664	217,169,280	40,708,325
Converted from ordinary shares	—	—	—	58,009,364
As at 31 December 2025	152,100,000	211,668,664	217,169,280	98,717,689
Issued and fully paid				
As at 1 January 2023	152,100,000	211,668,664	217,169,280	—
Converted from ordinary shares	—	—	—	37,655,201
As at 31 December 2023 and 1 January 2024	152,100,000	211,668,664	217,169,280	37,655,201
Converted from ordinary shares	—	—	—	3,053,124
As at 31 December 2024 and 1 January 2025	152,100,000	211,668,664	217,169,280	40,708,325
Exercised of warrants	—	—	—	38,672,909
As at 31 December 2025	152,100,000	211,668,664	217,169,280	79,381,234

In November 2023, the Company entered into various share purchase agreements pursuant to which the Company allotted and issued a total of 37,655,201 Series B-1 preferred shares to a group of independent investors at US$0.49 per share (approximate to RMB3.15 per share) and a total consideration of US$18,500,000 (approximate to RMB132,789,000) was received by cash in 2023. Pursuant to the share purchase agreements, the Company also issued 30,531,244 warrants to each of two independent investors. The subscription price of each warrant for each new Series B-1 preferred shares is US$0.49 per share.

In November 2024, the Company entered into an amended warrant agreement with one of the two independent investors, pursuant to which the number of Series B-1 preferred shares was entitled to subscribe for a number of shares reduced from 30,531,244 Series B-1 preferred shares to 27,478,120 Series B-1 preferred shares. The Company entered into a share purchase agreement pursuant to which the Company allotted and issued a total of 3,053,124 Series B-1 preferred shares to an independent investor at US$0.49 per share (approximate to RMB3.53 per share) and a total consideration of US$1,500,000 (approximate to RMB10,785,000) was received in cash in 2024.

During the year ended 31 December 2025, 38,672,909 number of warrants were exercised to subscribe Series B-1 preferred shares at an one-to-one ratio for a total consideration of US$17,404,000 (approximately RMB135,751,000). The remaining 19,336,455 number of warrants remained unexercised were lapsed on 6 August 2025.

As of 31 December 2023, 2024 and 2025, the outstanding warrants for subscription of Series B-1 preferred shares of the Company were 61,062,488, 58,009,364 and nil, respectively. The warrants issued by the Company are classified as financial liabilities as they do not meet the definition of equity instruments. The financial liabilities arising from warrants are initially recognised at fair value and subsequently measured at fair value through profit or loss with details set out below.

Pursuant to the Shareholders' Agreement and the memorandum and articles of association of the Company, certain holders of the preferred shares were granted for certain rights including information and inspection rights, election of directors and observers, protection provisions and redemption rights.

Pursuant to the Shareholders' Agreement, the preferred shares shareholders were granted the right to demand the Company to repurchase the preferred shares at pre-determined exit consideration upon the occurrence of certain triggering events, which include the shares of Company are not **[REDACTED]** in any recognised **[REDACTED]** before 31 December 2025. The exit consideration is calculated at the issue price of the preferred shares plus interest accrued at 12% per annum.

On 29 May 2026, according to the shareholder resolutions, the commencement of redemption right of the preferred shares has been suspended prior to the first filing of the **[REDACTED]** application and shall be automatically reinstated upon the earliest of the occurrence of any of the following redemption right restoring events: the Company's **[REDACTED]** application has not been accepted, or has been dismissed, withdrawn, rejected, or has not been approved by the relevant securities regulatory authority or **[REDACTED]**, or the Company's **[REDACTED]** application has been withdrawn or, within six (6) months after the lapse of the previous application, has not been renewed, or the Company's **[REDACTED]** has not been consummated by 31 December 2027.

The preferred shares shareholders were also granted the right to the conversion of its preferred shares into the Company's ordinary shares subject to compliance with certain requirements.

Taking into account the preferential rights including the substantive redemption and liquidation features, the Directors consider these preferred shares do not carry rights that are substantially the same as the Company's ordinary shares and accordingly these preferred shares are accounted for as financial liabilities measured at FVTPL under IFRS 9. Further information relating to the fair value measurement and movement of the balances during the Track Record Period are set out in Note 41.4.

The fair value of the preferred shares and financial liabilities arising from warrants at grant date was determined by Kroll (HK) Limited. The address of the valuer is Level 3, Three Pacific Place, 1 Queen's Road East, Hong Kong, an independent value not connected with the Group. The valuer applied the discounted cash flow method to determine the underlying equity value of the Company and adopted option-pricing method and equity allocation model to determine the fair value of preferred shares and financial liabilities arising from warrants at the end of each reporting period. Key assumptions are set as below:

	As at 31 December		
	2023	**2024**	**2025**
Probability for liquidation	30%	15%	10%
Probability for redemption	30%	25%	10%
Probability for **[REDACTED]**	**[REDACTED]**%	**[REDACTED]**%	**[REDACTED]**%
Time to liquidation (year(s))	2.0	1.0	0.4
Expected volatility value	34%	62%	52%
Discount for lack of marketability	N/A	14%	8%

Discount rate was estimated by weighted average cost of capital as at each valuation date. The Group estimated the risk-free interest rate based on the yield of government bond with maturity matching the time to expiration as at the valuation date plus country risk spread. The discount for lack of marketability was estimated based on the option-pricing method. Under the option pricing method, the cost of put option, which can hedge the price change before the private held share can be sold, was considered as a basis to determine the lack of marketability discount. Volatility was estimated based on annualised standard deviation of daily stock price return of comparable companies for the period on respective valuation date and with similar span as time to expiration. In addition to the assumptions adopted above, the Company's projections of future performance were also factored into the determination of the fair value of preferred shares on each valuation date.

38. OBLIGATION ARISING FROM PUT OPTION

During the year ended 31 December 2023, FJ Dynamics Technology Co., Ltd. ("**FJD Hubei**"), one of the Group's subsidiary, entered into an agreement with a shareholder of the Company (the "**Non-Controlling Shareholder**"), in which the Non-Controlling Shareholder agreed to contribute RMB100,000,000 to FJD Hubei, in exchange for approximately 3.23% equity interest in FJD Hubei.

Pursuant to the agreement, the Non-Controlling Shareholder was granted the right to demand FJD Hubei to repurchase the shares in FJD Hubei if the shares of FJD Hubei or other group entities which hold equity interest in FJD Hubei whether directly or indirectly, are not **[REDACTED]** in any recognised **[REDACTED]** before 31 December 2028 or, FJD Inc. or any entity that, at the relevant time, serves as the ultimate overseas parent company of the Group upon upward consolidation (collectively referred to as the "**overseas [REDACTED] entity**"), intends to submit an application for **[REDACTED]** to any securities regulatory authority, whether domestic or overseas, prior to FJD Hubei's **[REDACTED]**, at a pre-determined exit consideration calculated at the principal of RMB100,000,000 plus interest accrued of 6% per annum. An obligation arising from the put option held by the Non-Controlling Shareholder was recognised in the consolidated statements of financial position of the Group with a corresponding debit in other reserves of the Group.

As the Company has submitted its **[REDACTED]** application in **[REDACTED]**, it has triggered the put option of the Non-Controlling Shareholder and the amount has been classified as current liability since then.

39. RELATED PARTY TRANSACTIONS

Apart from the balances and transactions with related parties set out elsewhere in the Historical Financial Information, the Group entered into the following significant transactions with its related parties during the Track Record Period:

(a) Transactions with related parties

The following transactions were carried out between the Group and its related parties during the Track Record Period. In the opinion of the Directors, the related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties.

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Sales of goods and services:			
A joint venture of the Group	—	6,723	8,068
Entity controlled by a shareholder of the Group	2,257	39,996	17,188
Entity that has joint control over the joint venture of the Group	—	—	629
Interest income:			
Entity controlled by the shareholder of the Group	4	3	1
Interest expenses:			
A shareholder of the Company	1,126	5,030	6,000

(b) Key management personnel remuneration

The key management personnel includes solely the Directors and the compensations paid to them are disclosed in Note 13.

40. COMMITMENTS

The Group had no material capital commitment as at 31 December 2023, 2024 and 2025.

41. FINANCIAL INSTRUMENTS

41.1 Financial instruments by categories

		As at 31 December		
		2023	2024	2025
	Notes	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
Financial assets at fair value:				
Financial assets at FVTPL	*21*	48,318	34,176	13,404
Financial assets at amortised cost		409,402	409,663	530,561
		457,720	443,839	543,965
Financial liabilities				
Financial liabilities at fair value:				
Preferred shares	*37*	1,389,986	1,639,916	2,033,772
Warrants		4,782	14,017	—
Financial guarantee contracts liabilities	*35*	392	—	—
Lease liabilities	*18*	33,880	22,402	14,645
Obligation arising from put option	*38*	101,126	106,156	112,156
Financial liabilities at amortised cost		204,865	258,052	320,099
		1,735,031	2,040,543	2,480,672

The Company

		As at 31 December		
		2023	2024	2025
	Notes	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
Financial assets at amortised cost		471,924	486,288	603,956
Financial liabilities				
Financial liabilities at amortised cost		—	—	8,105
Financial liabilities at fair value:				
Preferred shares	*37*	1,389,986	1,639,916	2,033,772
Warrants	*37*	4,782	14,017	—
		1,394,768	1,653,933	2,041,877

41.2 Financial risk management

The Group's activities expose it to a variety of financial risks, such as market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by the Directors.

The Group's major financial instruments include financial assets at FVTPL, trade and bills receivables, deposits and other receivables, restricted bank deposits, cash and cash equivalents, amounts due from/(to) related parties, preferred shares, borrowings, lease liabilities, financial guarantee contracts liabilities, obligation arising from put option, trade and bills payables, bills payables under supplier chain financing and other payables. Details of the financial instruments are disclosed in respective notes. The policies on how to mitigate these risks are set out below. The Directors manage and monitor these exposures to ensure appropriate measures are implemented on a timely and effective manner.

The Company's major financial instruments include amount due from subsidiaries, interest receivable, restricted bank deposits, cash and cash equivalents, other payable, amounts due to subsidiaries, preferred shares and warrants. Details of the financial instruments are disclosed in respective notes.

(a) Market risk

Foreign exchange risk management

The Group and the Company have foreign currency denominated monetary assets and monetary liabilities which expose the Group and the Company to foreign currency risk. The Group and the Company currently do not have a foreign currency hedging policy. Exposures to currency risk are monitored on an on-going basis and the Group and Company endeavour to keep the net exposures at an acceptable level.

At the end of each reporting period, the significant carrying amounts of monetary assets and monetary liabilities, which are denominated in currencies other than functional currency of the group entity, are as follows:

	The Group					
	Liabilities As at 31 December			Assets As at 31 December		
	2023	2024	2025	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
USD.	878,316	980,293	1,218,965	177,315	178,868	263,326
EUR.	—	—	—	54,609	74,043	70,374
HK$	—	—	—	12,013	16,689	10,431
SEK.	2,635	3,693	6,710	5,434	6,242	6,250

	The Company					
	Liabilities As at 31 December			Assets As at 31 December		
	2023	2024	2025	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
USD.	878,316	980,293	1,218,965	117,940	10,766	130,860

Foreign currency sensitivity

The following table details the sensitivity to a 5% increase or decrease in the relevant foreign currencies against the functional of each group entity. 5% is the sensitivity rate used for management's assessment of the possible change in foreign exchange rate. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their transaction at the period end for a 5% change in foreign currency rates.

If the relevant foreign currency strengthen by 5% against the functional currency of each group entity, loss for the year will increase/(decrease) by:

	The Group			The Company		
	Year ended 31 December			Year ended 31 December		
	2023	2024	2025	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
USD.	26,288	30,053	35,836	38,019	48,476	54,405
EUR	(2,048)	(2,777)	(2,639)	—	—	—
HK$	(450)	(626)	(391)	—	—	—
SEK	(105)	(96)	17	—	—	—

If the relevant foreign currency weakens by 5% against the functional currency of each group entity, the effect on the loss for the year will be vice versa.

Interest rate risk

Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Floating rate instruments expose the Group to cash flow interest rate risk, whereas fixed rate instruments expose the Group to fair value interest risk.

The Group is exposed to cash flow interest rate risk in relation to cash and cash equivalents, restricted bank deposits, and borrowings. The Group is also exposed to fair value interest risk in relation to lease liabilities.

The sensitivity analysis below has been determined based on the exposure to interest rates at the end of each reporting period during the Track Record Period. The analysis is prepared assuming the financial instruments outstanding at the end of each reporting period during the Track Record Period were outstanding for the whole year.

If the interest rate had been 50 basis points higher/lower and all other variable were held constant, the Group's post-tax loss for the years ended 31 December 2023, 2024 and 2025 would have been approximately RMB542,000, RMB442,000 and RMB801,000, respectively, lower/higher, mainly as a result of higher/lower interest income on floating-rate cash and cash equivalents, restricted bank deposits and borrowings.

The Company

If the interest rate had been 50 basis points higher/lower and all other variable were held constant, the Company's post-tax loss for the years ended 31 December 2023, 2024 and 2025 would have been approximately RMB442,000, RMB40,000 and RMB487,000, respectively, lower/higher, mainly as a result of higher/lower interest income on floating-rate cash and cash equivalents.

Price risk

The Group is exposed to price risk in respect of its equity investments in a private company measured as financial assets at FVTPL, warrants and preferred shares measured as financial liabilities at FVTPL. The above financial instruments are exposed to price risk because of changes in market prices, where changes are caused by factors specific to the individual financial instruments or their issuers, or factors affecting all similar financial instruments traded in the market. The sensitivity analysis has been disclosed in Note 41.4.

(b) Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group's credit risk is mainly associated with cash and cash equivalents, restricted bank deposits, trade and bills receivables, other receivables, financial guarantee contracts and amounts due from related parties. The Company's credit risk is mainly associated with amounts due from subsidiaries, interest receivables, restricted bank deposits and cash and cash equivalents. The carrying amounts of each class of the above financial assets represent the Group's and the Company's maximum exposure to credit risk in relation to financial assets.

The Group's cash and cash equivalents and restricted bank deposits and the Company's cash and cash equivalents are mainly deposited in state-owned or reputable financial institutions in Mainland China and reputable international financial institutions outside of Mainland China. There has been no recent history of default in relation to these financial institutions. The Group and the Company consider the instruments have low credit risk because they have a low risk of default and the counterparty has a strong capacity to meet its contractual cash flow obligations in the near term. The identified credit losses are insignificant during the Track Record Period.

In order to minimise credit risk, the Group has tasked its credit management team to develop and maintain the credit risk grading for the Group's trade and bills receivables, other receivables, financial guarantee contracts and amounts due from related parties to categorise exposures according to their degree of risk of default. The credit management team uses publicly available financial information and the Group's own trading records to rate its major customers and other debtors. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The table below sets forth how the Group defines the credit risk grading of its counterparties and its accounting policies for recognition of ECL:

Categories	Group definition of categories	Basis for recognition of ECL	
		Trade receivables	Other receivable and other item (financial guarantee contracts liabilities)
Low risk	The counterparties have a low risk of default and a strong capacity to meet contractual cash flows	Lifetime ECL — not credit-impaired	12m ECL
Watch list	Debtor frequently repays after due dates but usually settle in full	Lifetime ECL — not credit-impaired	
Doubtful	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL — not credit-impaired	
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL — credit impaired	
Write-off	There is evidence indicating that debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Asset is written off	

On that basis, the loss allowance as at 31 December 2023, 2024 and 2025 was determined as follows for trade receivables that are not credit-impaired:

As at 31 December 2023

	Within 3 months	3 to 6 months	Over 6 months	Total
Provision matrix				
Lifetime ECL rate (not credit-impaired) .	0.54%	5.00%	38.27%	
Gross carrying amount (RMB'000)	55,257	18,659	60,264	134,180
Loss allowance (RMB'000)	(297)	(933)	(23,066)	(24,296)

As at 31 December 2024

	Within 3 months	3 to 6 months	Over 6 months	Total
Provision matrix				
Lifetime ECL rate (not credit-impaired) .	0.62%	5.00%	19.16%	
Gross carrying amount (RMB'000)	67,618	8,144	49,611	125,373
Loss allowance (RMB'000)	(419)	(407)	(9,504)	(10,330)

As at 31 December 2025

	Within 3 months	3 to 6 months	Over 6 months	Total
Provision matrix				
Lifetime ECL rate (not credit-impaired)	0.50%	5.00%	18.45%	
Gross carrying amount (RMB'000)	87,291	7,518	45,014	139,823
Loss allowance (RMB'000)	(436)	(376)	(8,306)	(9,118)

The table below shows the credit risk exposures of the Group's major financial assets which are subject to ECL assessment:

The Group

	Notes	External credit Notes rating	Internal credit rating	12m or lifetime ECL	31 December 2023 Gross carrying amount	31 December 2024 Gross carrying amount	31 December 2025 Gross carrying amount
					RMB'000	*RMB'000*	*RMB'000*
Financial assets at amortised cost							
Trade receivables	22	N/A	Low risk/watch list	Lifetime ECL — not credit-impaired	95,301	103,959	108,895
			Doubtful	Lifetime ECL — not credit-impaired	38,879	21,414	30,928
			Loss	Lifetime ECL — credit-impaired	26,423	26,333	29,817
					160,603	151,706	169,640
Bills receivables	22	N/A	Low risk	12m ECL	—	319	55
Amounts due from related parties	24		Low risk	Lifetime ECL — not credit-impaired	1,195	26,349	24,944
	24		Low risk	12m ECL	50,822	825	825
					52,017	27,174	25,769
Other receivables	23	N/A	Low risk	12m ECL	11,461	12,872	15,402
Deposits	23	N/A	Low risk	12m ECL	6,264	4,801	5,544
Interest receivables	23	Above A-	N/A	12m ECL	—	—	3,480
Cash and cash equivalents	26(b)	Above A-	N/A	12m ECL	208,662	124,995	244,306
Restricted bank deposits	26(a)	Above A-	N/A	12m ECL	21,732	125,255	106,178
Financial guarantee contracts liabilities *(Note)*	35	N/A	Low risk	12m ECL	13,786	407	—

Note: The gross carrying amounts represent the total outstanding loan principal amounts the Group has guaranteed under the respective contracts.

The Company

Financial assets at amortised cost							
Amounts due from subsidiaries	24	N/A	Low risk	12m ECL	353,959	475,497	473,071
Interest receivables	23	Above A-	N/A	12m ECL	—	—	1,068
Cash and cash equivalents	26(b)	Above A-	N/A	12m ECL	117,965	10,791	129,792
Restricted bank deposits	26(a)	Above A-	N/A	12m ECL	—	—	25

The Directors estimate the amount of lifetime ECL of trade receivables based on provision matrix through grouping of various debtors that have similar loss patterns, after considering aging, internal credit ratings of trade debtors, repayment history and/or past due status of respective trade receivables. Estimated loss rates are based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. In addition, trade receivables that are credit-impaired are assessed for ECL individually.

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

	Lifetime ECL (not credit-impaired)	**Lifetime ECL (credit-impaired)**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
As at 1 January 2023	23,862	2,517	26,379
Impairment losses recognised, net of reversal	434	23,906	24,340
As at 31 December 2023	24,296	26,423	50,719
Impairment losses recognised, net of reversal	(13,966)	(90)	(14,056)
As at 31 December 2024	10,330	26,333	36,663
Impairment losses recognised, net of reversal	(794)	3,484	2,690
Write-off	(418)	—	(418)
As at 31 December 2025	9,118	29,817	38,935

In addition, during the year ended 31 December 2025, the Group recognised a reversal of impairment losses of RMB2,188,000 for trade receivables written-off in previous years.

No allowance has been provided for bill receivables since the balances are all with the banks which have low credit risks during the Track Record Period.

No concentration of credit risk noted on the trade and bills receivables of the Group for the Track Record Period.

For cash and cash equivalents, pledged bank deposits and interest receivables, the credit risk is limited because the counterparties are reputable banks with high credit ratings assigned by international credit agencies. The Group and the Company assessed 12m ECL for bank balances by reference to information relating to probability of default and loss given default of the respective credit rating grades published by external credit rating agencies. Based on this, the 12m ECL on cash and cash equivalents and restricted bank deposits is considered to be insignificant.

For amounts due from related parties which are trade in nature, the Group regularly monitors the business performance of the related parties. The Group provided impairment based on lifetime ECL. For amounts due from related parties which are non-trade in nature, the Group regularly monitors the business performance of the related parties. The Directors believe that there is no significant increase in credit risk. The Group provided impairment based on 12m ECL.

For other receivables and deposits, the Group makes periodic collective assessment as well as individual assessment on the recoverability of and deposits based on historical settlement records, qualitative information that is reasonable, including but not limited to credit background of the debtors, and forward-looking information. The Group provided impairment based on 12m ECL.

In addition, the management is of the opinion that there has no default occurred for trade receivables past due 90 days or more other than those identified as credit impaired and the balances are still considered fully recoverable due to long-term/on-going relationship and good repayment record from these customers.

For financial guarantee contracts, the Group makes periodic collective assessment as well as individual assessment on the recoverability of expected payments to reimburse the holder for a potential credit loss based on historical settlement records, qualitative information that is reasonable, including but not limited to credit background of the debtors, and forward-looking information. In addition, financial guarantee contracts that are credit-impaired are assessed for ECL individually. Any amounts exceeding the amounts initially recognised less cumulative amortisation recognised over the guarantee period were recognised as impairment losses under expected loss model during the reporting period.

For amounts due from subsidiaries, the Company regularly monitors the business performance of the subsidiaries. The Company's credit risks in balances with the subsidiaries are mitigated through the value of the assets held by these entities and the power to participate the relevant activities of these entities. The management believes that there is no significant increase in credit risk of these amounts since initial recognition.

(c) Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details remaining contractual maturity of the Group's financial liabilities and lease liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities and lease liabilities on the earliest date which the Group can be required to pay. The maturity dates are based on the agreed repayment dates.

The Group

	Weighted average interest rate	Carrying amount	On demand or less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2023							
Trade and bills payables		101,571	101,571	—	—	—	101,571
Other payables		15,198	15,198	—	—	—	15,198
Amounts due to related parties		2,135	2,135	—	—	—	2,135
Borrowings	3.89%	85,961	78,097	10,120	—	—	88,217
Lease liabilities	4.75%	33,880	17,614	9,596	8,526	—	35,736
Financial guarantee contracts liabilities		392	13,786	—	—	—	13,786
Obligation arising from put option		101,126	—	—	130,125	—	130,125
Preferred shares	N/A	1,389,986	—	1,818,367	—	—	1,818,367
		1,730,249	228,401	1,838,083	138,651	—	2,205,135

	Weighted average interest rate	Carrying amount	On demand or less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2024							
Trade and bills payables		61,810	61,810	—	—	—	61,810
Bills payables under supplier chain financing		46,197	46,197	—	—	—	46,197
Other payables		15,646	15,646	—	—	—	15,646
Amounts due to related parties		2,052	2,052	—	—	—	2,052
Borrowings	3.45%	132,347	134,701	—	—	—	134,701
Lease liabilities	4.50%	22,402	12,752	6,909	5,961	—	25,622
Financial guarantee contracts liabilities		—	407	—	—	—	407
Obligation arising from put option		106,156	—	112,156	—	—	112,156
Preferred shares	13.5%	1,639,916	1,830,604	—	—	—	1,830,604
		2,026,526	2,104,169	119,065	5,961	—	2,229,195
As at 31 December 2025							
Trade and bills payables		119,238	119,238	—	—	—	119,238
Bills payables under supplier chain financing		48,994	48,994	—	—	—	48,994
Other payables		13,141	13,141	—	—	—	13,141
Amounts due to related parties		1,726	1,726	—	—	—	1,726
Borrowings	2.89%	137,000	139,101	—	—	—	139,101
Lease liabilities	4.50%	14,645	9,589	3,980	1,797	—	15,366
Obligation arising from put option		112,156	118,156	—	—	—	118,156
Preferred shares	13.0%	2,033,772	2,174,594	—	—	—	2,174,594
		2,480,672	2,624,539	3,980	1,797	—	2,630,316

The Company

	Weighted average interest rate	Carrying amount	On demand or less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2023							
Preferred shares	N/A	1,389,986	—	1,818,367	—	—	1,818,367
As at 31 December 2024							
Preferred shares	13.5%	1,639,916	1,830,604	—	—	—	1,830,604
As at 31 December 2025							
Other payables and accruals		3,442	3,442	—	—	—	3,442
Amounts due to subsidiaries		4,663	4,663	—	—	—	4,663
Preferred shares	13.0%	2,033,772	2,174,594	—	—	—	2,174,594
		2,041,877	2,182,699	—	—	—	2,182,699

41.3 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to enhance shareholders' value in the long-term.

The Group monitors capital (including share capital and reserves) by regularly reviewing the capital structure. As a part of this review, the Company considers the cost of capital and the risks associated with the issued share capital. The Group may adjust capital to return to shareholders, new shares to issue, shares of the Company to repurchase and debts to raise/repay. In the opinion of the Directors, the Group's capital risk is low.

41.4 Fair value measurement of financial instruments

Determination of fair value and fair value hierarchy

For Level 3 financial instruments, prices are determined using valuation methodologies such as discounted cash flow models and other similar techniques. Determinations to classify fair value measurement within Level 3 of the valuation hierarchy are generally based on the significance of the unobservable factors to the overall fair value measurement.

The following table provides the fair value measurement hierarchy of the Group's financial assets and liabilities:

	Level 1	**Level 2**	**Level 3**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2023				
Assets:				
Financial assets at FVTPL:				
Investments in an unlisted entity	—	—	48,318	48,318
Liabilities:				
Financial liabilities arising from warrants	—	—	4,782	4,782
Preferred shares	—	—	1,389,986	1,389,986
As at 31 December 2024				
Assets:				
Financial assets at FVTPL:				
Investments in an unlisted entity	—	—	34,176	34,176
Liabilities:				
Financial liabilities arising from warrants	—	—	14,017	14,017
Preferred shares	—	—	1,639,916	1,639,916
As at 31 December 2025				
Assets:				
Financial assets at FVTPL:				
Investments in an unlisted entity	—	—	13,404	13,404
Liabilities:				
Preferred shares	—	—	2,033,772	2,033,772

The following table provides the fair value measurement hierarchy of the Company's financial liabilities:

	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2023				
Liabilities:				
Financial liabilities arising from warrants	—	—	4,782	4,782
Preferred shares	—	—	1,389,986	1,389,986
As at 31 December 2024				
Liabilities:				
Financial liabilities arising from warrants	—	—	14,017	14,017
Preferred shares	—	—	1,639,916	1,639,916
As at 31 December 2025				
Liabilities:				
Preferred shares	—	—	2,033,772	2,033,772

The following table gives information about how the fair values of the financial assets are determined (in particular, the valuation techniques and inputs used).

	Fair value as at 31 December			Fair value Hierarchy report	Valuation technique(s) and key input(s)	Significant unobservable inputs
	2023	2024	2025			
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*		
Investments in an unlisted entity	48,318	34,176	13,404	Level 3	Market approach by applying market multiples such as the ratio of market capital to sales from comparable companies, and those were 5.77, 5.89 and 3.01 as at 31 December 2023, 2024 and 2025, respectively	The ratio of market capital to sales from comparable companies

An increase in the ratio of market capital to sales from comparable companies used in valuation would result in an increase in the fair value of equity investments, and vice versa. A 5% increase/decrease in market multiples holding all other variables constant would increase/decrease the carrying amount of the equity investments under market approach by RMB733,000, RMB1,709,000 and RMB670,000 as at 31 December 2023, 2024 and 2025, respectively.

As the preferred shares are not traded in an active market, the Group applied the discount cash flow method to determine the underlying equity value of the Company and adopted option-pricing method and equity allocation model to determine the fair value of the preferred shares and financial liabilities arising from warrants. Major assumptions used in the valuation for the preferred shares and financial liabilities arising from warrants are presented in Note 37.

Fair value of preferred shares and financial liabilities arising from warrants is affected by changes in the Company's equity value. If the Company's equity value had increased/decreased by 10% with all other variables held constant, the carrying amount of the preferred shares and financial liabilities arising from warrants would increase/decrease as follows:

	Preferred shares	Financial liabilities arising from warrants
	RMB'000	*RMB'000*
As at 31 December 2023	139,477	2,633
As at 31 December 2024	165,393	14,564
As at 31 December 2025	180,923	—

During the Track Record Period, there were no transfers among different levels of fair value measurement.

The carrying amount of the Group's financial assets and the Group's financial liabilities measured at amortised cost, approximate their fair values.

Reconciliation of Level 3 fair value measurements:

	Financial assets at FVTPL	Warrants	Preferred shares
	RMB'000	*RMB'000*	*RMB'000*
As at 1 January 2023	50,000	—	1,071,668
Addition	—	—	132,789
Changes in fair value			
— Fair value changes of financial assets at FVTPL	(1,682)	—	—
— Fair value changes of warrants	—	4,782	—
— Fair value changes of preferred shares	—	—	185,529
As at 31 December 2023	48,318	4,782	1,389,986
Addition	—	—	10,785
Changes in fair value			
— Fair value changes of financial assets at FVTPL	(14,142)	—	—
— Fair value changes of warrants	—	9,235	—
— Fair value changes of preferred shares	—	—	239,145
As at 31 December 2024	34,176	14,017	1,639,916
Changes in fair value			
— Fair value changes of financial assets at FVTPL	(20,772)	—	—
— Fair value changes of warrants	—	2,627	—
— Fair value changes of preferred shares	—	—	241,461
Exercise of warrants	—	(16,644)	152,395
As at 31 December 2025	13,404	—	2,033,772

42. NOTE TO CONSOLIDATED STATEMENTS OF CASH FLOWS

Reconciliation of liabilities arising from financing activities

	Bank borrowings	Bill payables under supplier chain financing	Financial liabilities arising from warrants	Preferred Shares	Lease liabilities	Obligation arising from NCI put option	Accrued share issue costs	Total
	RMB'000 *(note 33)*	*RMB'000* *(note 32)*	*RMB'000* *(note 37)*	*RMB'000* *(note 37)*	*RMB'000* *(note 18)*	*RMB'000* *(note 38)*	*RMB'000* *(note 34)*	*RMB'000*
At 1 January 2023	56,054	—	—	1,071,668	45,837	—	—	1,173,559
New lease entered	—	—	—	—	14,276	—	—	14,276
Lease terminated	—	—	—	—	(3,884)	—	—	(3,884)
Interest accrued	1,956	—	—	—	2,340	1,126	—	5,422
Capital contribution from non-controlling interest	—	—	—	—	—	100,000	—	100,000
Fair value changes of preferred shares	—	—	—	185,529	—	—	—	185,529
Fair value changes of warrants	—	—	4,782	—	—	—	—	4,782
Exchange adjustments	(42)	—	—	—	707	—	—	665
Financing cashflows	27,993	—	—	132,789	(25,396)	—	—	135,386
At 31 December 2023	85,961	—	4,782	1,389,986	33,880	101,126	—	1,615,735
New lease entered	—	—	—	—	15,455	—	—	15,455
Lease terminated	—	—	—	—	(6,824)	—	—	(6,824)
Interest accrued	4,356	287	—	—	1,338	5,030	—	11,011
Fair value changes of preferred shares	—	—	—	239,145	—	—	—	239,145
Fair value changes of warrants	—	—	9,235	—	—	—	—	9,235
Exchange adjustments	29	—	—	—	(1,257)	—	—	(1,228)
Bills payables issued	—	85,167	—	—	—	—	—	85,167
Financing cashflows	42,001	(39,257)	—	10,785	(20,190)	—	—	(6,661)
At 31 December 2024	132,347	46,197	14,017	1,639,916	22,402	106,156	—	1,961,035
At 1 January 2025	132,347	46,197	14,017	1,639,916	22,402	106,156	—	1,961,035
New lease entered	—	—	—	—	5,837	—	—	5,837
Interest accrued	4,090	20	—	—	849	6,000	—	10,959
Fair value changes of preferred shares	—	—	—	241,461	—	—	—	241,461
Fair value changes of warrants	—	—	2,627	—	—	—	—	2,627
Exercise of warrants	—	—	(16,644)	16,644	—	—	—	—
Exchange adjustments	78	—	—	—	1,114	—	—	1,192
Bills payables issued	—	117,497	—	—	—	—	—	117,497
Deferred issue costs recognised	—	—	—	—	—	—	4,312	4,312
Financing cashflows	485	(114,720)	—	135,751	(15,557)	—	(3,608)	2,351
At 31 December 2025	137,000	48,994	—	2,033,772	14,645	112,156	704	2,347,271

43. PARTICULARS OF SUBSIDIARIES

Details of the subsidiaries held by the Company as at the end of each reporting period and as at the date of this report are set out below:

			Proportion ownership interest attributable to the Company				
			31 December			As at the date of this report	
Name of subsidiaries*	Place of incorporation registration/operations	Registered capital	2023	2024	2025		Principal activities
Directly held							
FJ Dynamics Holdings Limited (d)	BVI	—	100%	100%	100%	100%	Holding company
Indirectly held							
FJ International Holdings Limited (a)	Hong Kong	—	100%	100%	100%	100%	Holding company
Shenzhen FJ Management Co., Ltd. (d)	Mainland China	RMB548,984	100%	100%	100%	100%	Holding company
FJ Automation Technology (Xi'an) Co., Ltd. (d)	Mainland China	RMB10,000	100%	100%	100%	100%	Manufacturing and sales of products
FJ Dynamics Technology (Fujian) Co., Ltd. (d)	Mainland China	RMB50,000	100%	100%	100%	100%	Manufacturing and sales of products
FJ Dynamics Shenzhen Co., Ltd. (d)	Mainland China	RMB100,000	100%	100%	100%	100%	Manufacturing and sales of products
FJ Dynamics Technology Co, Ltd. (d)	Mainland China	RMB962,357	97%	97%	97%	97%	General procurement, and research and development
FJ Dynamics Technology Academy (Changzhou) Co, Ltd. (d)	Mainland China	RMB85,000	97%	97%	97%	97%	Production, sales, and research and development of agricultural machinery
FJ Dynamics Software Technology (Nanjing) Co, Ltd. (d)	Mainland China	RMB76,000	97%	97%	97%	97%	Research and development
FJ Dynamics Technology (Wuhan) Co, Ltd. (d)	Mainland China	RMB22,000	97%	97%	97%	97%	Provision of logistics services
VIRTUX Innovations Pte. Ltd. (b)	Singapore	USD10,000	100%	100%	100%	100%	Holding company
FJD US LLC (d)	United States	—	100%	100%	100%	100%	Sales of products
Svea (HK) Limited (a)	Hong Kong	HKD20,281,530	100%	100%	100%	100%	Sales of products
FJ Dynamics International Ltd. (a)	Hong Kong	HKD7,864,023	100%	100%	100%	100%	Sales of products
Svea Software Development (Shanghai) Co., Ltd. (d)	Mainland China	RMB5,000,000	—	100%	100%	100%	Production, sales, and research and development of agricultural machinery
Sveaverken Svea Agri AB (c)	Sweden	SEK70,000	100%	100%	100%	100%	Sales of products
Sveaverken Intelligent Technology (Shenzhen) Co., Ltd. (d)	Mainland China	—	100%	100%	100%	100%	Sales of products
FJD Japan Co. Ltd. (d)	Japan	JPY1,000,000	100%	100%	100%	100%	Sales of products
FJDYNAMICS Europe Limited Liability Company	Poland	Polish zloty 5,000	—	—	100%	100%	Sales of products
Sveabot Tek AB (c)	Sweden	SEK50,000	100%	100%	100%	100%	Sales of products

* The English names of the subsidiaries established in the PRC are translated from their registered Chinese names for identification only.

The voting power of the subsidiaries held by the Company are same with the ownership interest held by the Company.

(a) The statutory financial statements for the year ended 31 December 2023 were prepared in accordance with HKFRS Accounting Standards issued by the HKICPA and were audited by PricewaterhouseCoopers, Certified Public Accountants registered in Hong Kong. The statutory financial statements for the year ended 31 December 2024 were prepared in accordance with HKFRS Accounting Standards issued by the HKICPA and were audited by Deloitte Touche Tohmatsu, Certified Public Accountants registered in Hong Kong. The statutory financial statements for the year ended 2025 are not yet due for issuance.

(b) The statutory financial statements for the years ended 31 December 2023 and 2024 were prepared in accordance with Financial Reporting Standards in Singapore issued by Singapore Accounting Standards Council and were audited by Lightspring Assurance and KBW Assurance LLP, Certified Public Accountants registered in Singapore. The statutory financial statements for the year ended 2025 are not yet due for issuance.

(c) The statutory financial statements for the years ended 31 December 2023 and 2024 were prepared in accordance with Swedish Accounting Standards issued by Swedish Accounting Standards Board and were audited by LLE Auditing and Consulting AB, Certified Public Accountants registered in Sweden. The statutory financial statements for the year ended 2025 are not yet due for issuance.

(d) No statutory financial statements have been prepared since its date of incorporation as it is incorporated in a jurisdiction where there are no statutory audit requirements.

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

The Company

As at 31 December 2023, 2024 and 2025, the Company recorded investments in subsidiaries of RMB1,274,182,000, RMB1,287,980,000 and RMB1,296,968,000, respectively. Investments in subsidiaries represent capital injection to the subsidiaries of the Company for the purpose of permanent investment and share-based payment expenses recognised.

44. PENSION COST

Full time employees of the Group in the PRC are required to participate in a defined contribution retirement scheme administered and operated by the local municipal government. The Group contributes funds which are calculated on fixed percentage of the employees' salary (subject to a floor and cap) as set by local municipal governments to each scheme locally to fund the retirement benefits of the employees.

45. CONTINGENCIES

The Group did not have any material contingent liabilities as at 31 December 2023, 2024 and 2025.

46. PLEDGE OF ASSETS

The Group's borrowings facilities are secured by the pledge of the Group's assets and the carrying amounts of the respective assets are as follow:

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Investment properties	12,665	12,043	—
Property, plant and equipment	—	—	11,420
Restricted bank deposits	—	107,826	70,288
	12,665	119,869	81,708

47. MAJOR NON-CASH TRANSACTIONS

During the year ended 31 December 2023, the Group entered into a series of non-cash transaction including i) entering into new lease agreements for the use of leased properties, on the lease commencement, right-of-use assets and lease liabilities of RMB14,276,000, respectively were recognised; ii) writing-off existing lease agreements for the use of leased properties, on the date of lease amendment, right-of-use assets and lease liabilities of RMB4,620,000 and RMB3,884,000, respectively, were derecognised; iii) issuance of shares by a subsidiary amounting to RMB100,000,000 that RMB50,000,000 to be settled by the related party; iv) recognition of the redemption right of a non-controlling shareholder of a subsidiary, on the sale and purchase agreement date, obligation arising from put option and other reserve of RMB100,000,000, respectively, were recognised.

During the year ended 31 December 2024, the Group entered into a series of non-cash transaction including i) entering into new lease agreements for the use of leased properties, on the lease commencement, right-of-use assets and lease liabilities of RMB15,455,000, respectively were recognised; ii) writing-off existing lease agreements for the use of leased properties, on the date of lease amendment, right-of-use assets and lease liabilities of RMB7,151,000 and RMB6,824,000, respectively, were derecognised; iii) repayment to supplier by the bank under supplier chain financing of RMB85,167,000.

During the year ended 31 December 2025, the Group entered into a series of non-cash transaction including i) new lease agreements for the use of leased properties, on the lease commencement, right-of-use assets and lease liabilities of RMB5,837,000, respectively were recognised; ii) repayment to supplier by the bank under supplier chain financing of RMB117,497,000; iii) investment properties of RMB11,732,000 have been transferred to property, plant and equipment upon commencement of owner-occupation; iv) exercise of warrants to purchase Series B-1 preferred shares amounted to RMB152,348,000, of which RMB16,596,000 represented the fair value of the warrants at the time of exercise.

48. SUBSEQUENT EVENTS

No significant subsequent events occurred after December 31, 2025.

49. 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.