The following is the text of a report set out on pages I-[1] to I-[62], received from the Company's reporting accountants, Rongcheng (Hong Kong) CPA Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document. It is prepared and addressed to the directors of the Company and to the Sole Sponsor pursuant to the requirements of HKSIR 200 Accountants' Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants.

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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF DDPAI TECHNOLOGY CO., LTD., AND CEB INTERNATIONAL CAPITAL CORPORATION LIMITED

Introduction

We report on the historical financial information of DDPai Technology Co., Ltd. (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages I-[3] to I-[62], which comprises the consolidated statements of financial position of the Group as at December 31, 2023, 2024 and 2025, the statements of financial position of the Company as at December 31, 2023, 2024 and 2025 and the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the years ended December 31, 2023, 2024 and 2025 (the "**Track Record Period**") and material accounting policy information and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on page I-[3] to I-[62] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [●] (the "**Document**") in connection with the **[REDACTED]** of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for the Historical Financial Information

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

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants ("**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 presentation and preparation set out in Note 2 to the Historical Financial

Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion

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

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") 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 35 to the Historical Financial Information which states that no dividend has been paid by the Company in respect of the Track Record Period.

Rongcheng (Hong Kong) CPA Limited
Certified Public Accountants
[●]
Practicing Certificate Number: **[●]**
Hong Kong
[Date]

I. HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

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

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with IFRS Accounting Standards issued by the International Accounting Standards Board ("**IASB**"), and were audited by Rongcheng (Hong Kong) CPA Limited in accordance with International Standards on Auditing issued by the International Auditing and Assurance Standards Board (the "**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 COMPREHENSIVE INCOME

		Year ended December 31,		
		2023	**2024**	**2025**
	Notes	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	*5*	394,463	352,393	475,604
Cost of sales	*8*	(251,040)	(218,628)	(294,025)
Gross profit		143,423	133,765	181,579
Other income	*6*	4,895	3,978	4,825
Other losses, net	*7*	(5,958)	(4,137)	(905)
Net impairment losses (recognized)/ reversed on financial assets		(491)	174	146
Research and development expenses	*8*	(31,582)	(26,907)	(32,125)
General and administrative expenses	*8*	(31,696)	(27,790)	(35,015)
Selling expenses	*8*	(55,997)	(53,030)	(77,410)
Finance costs	*10*	(4,362)	(3,306)	(1,868)
Profit before income tax		18,232	22,747	39,227
Income tax credit/(expense)	*11*	397	252	(2,616)
Profit for the year		18,629	22,999	36,611
Profit for the year attributable to:				
Owners of the Company		18,629	22,999	36,611
Other comprehensive (loss)/income for the year, net of tax				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of financial statements of foreign operations, net of tax		(1)	1	(15)
Total comprehensive income for the year		18,628	23,000	36,596
Total comprehensive income for the year attributable to:				
Owners of the Company		18,628	23,000	36,596
Earnings per share ("EPS") attributable to owners of the Company				
Basic and diluted (RMB per share)	*12*	0.11	0.14	0.24

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at December 31,		
		2023	2024	2025
	Notes	*RMB'000*	*RMB'000*	*RMB'000*
ASSETS AND LIABILITIES				
Non-current assets				
Property, plant and equipment	*13*	12,792	12,224	11,189
Right-of-use assets	*14*	9,307	10,624	7,765
Intangible assets	*15*	594	1,047	801
Prepayments, other receivables and other assets	*19*	1,251	13	497
Deferred tax assets	*21*	17,651	17,933	15,382
		41,595	41,841	35,634
Current assets				
Inventories	*17*	105,039	84,984	120,491
Trade receivables	*18*	34,282	18,771	16,320
Prepayments, other receivables and other assets	*19*	25,299	28,891	36,569
Financial assets at fair value through other comprehensive income	*16*	4,000	4,219	10,194
Cash and cash equivalents	*20*	27,400	46,869	72,653
		196,020	183,734	256,227
Current liabilities				
Trade payables	*22*	95,596	80,070	126,460
Other payables and accruals	*23*	32,545	23,208	30,147
Contract liabilities	*24*	3,442	2,910	4,831
Borrowings	*25*	26,026	45,335	41,231
Provisions	*26*	1,640	2,024	1,420
Lease liabilities	*14*	4,083	2,885	3,009
Income tax payable		10	–	47
		163,342	156,432	207,145
Net current assets		32,678	27,302	49,082
Total assets less current liabilities		74,273	69,143	84,716

		As at December 31,		
		2023	2024	2025
	Notes	*RMB'000*	*RMB'000*	*RMB'000*
Non-current liabilities				
Deferred income		–	1,200	1,200
Borrowings	*25*	33,932	11,609	–
Lease liabilities	*14*	5,822	8,845	5,835
		39,754	21,654	7,035
Net assets		34,519	47,489	77,681
EQUITY				
Share capital	*27*	20,610	20,610	20,610
Other reserves	*28*	22,162	14,395	10,187
(Accumulated losses)/retained earnings	*28*	(8,253)	12,484	46,884
Equity attributable to owners of the Company		34,519	47,489	77,681
Total equity		34,519	47,489	77,681

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at December 31,		
		2023	2024	2025
	Notes	*RMB'000*	*RMB'000*	*RMB'000*
ASSETS AND LIABILITIES				
Non-current assets				
Property, plant and equipment	*13*	2,783	2,083	2,030
Right-of-use assets	*14*	5,298	4,076	2,853
Intangible assets	*15*	434	264	138
Investments in subsidiaries	*30*	2,000	2,367	7,859
Prepayments, other receivables and other assets	*19*	–	–	50
Deferred tax assets	*21*	10,028	12,073	11,399
		20,543	20,863	24,329
Current assets				
Inventories	*17*	14,527	65,090	82,620
Trade receivables	*18*	90,490	38,204	62,773
Dividend receivables		–	20,000	–
Prepayments, other receivables and other assets	*19*	11,511	35,017	33,830
Financial assets at fair value through other comprehensive income	*16*	4,000	3,970	6,941
Cash and cash equivalents	*20*	22,364	29,958	57,278
		142,892	192,239	243,442
Current liabilities				
Trade payables	*22*	61,903	70,101	107,827
Other payables and accruals	*23*	22,786	38,661	39,118
Contract liabilities	*24*	3,374	2,512	3,468
Borrowings	*25*	21,021	34,526	36,228
Provisions	*26*	1,640	2,024	1,420
Lease liabilities	*14*	1,220	1,273	1,329
		111,944	149,097	189,390
Net current asset		30,948	43,142	54,052
Total assets less current liabilities		51,491	64,005	78,381

		As at December 31,		
		2023	2024	2025
	Notes	*RMB'000*	*RMB'000*	*RMB'000*
Non-current liabilities				
Deferred income		–	1,200	1,200
Lease liabilities	*14*	4,466	3,193	1,864
		4,466	4,393	3,064
Net assets		47,025	59,612	75,317
EQUITY				
Share capital	*27*	20,610	20,610	20,610
Other reserves	*28*	22,163	14,395	10,202
Retained earnings	*28*	4,252	24,607	44,505
Total equity		47,025	59,612	75,317

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company							
	Share capital	Treasury shares reserve	Capital reserve	Statutory reserve	Other comprehensive (loss)/ income reserve	(Accumulated losses)/ retained earnings	Sub-total	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	Note 27	*Note 28*	*Note 28*	*Note 28*	*Note 28*	*Note 28*		
As at January 1, 2023	20,610	–	20,987	1,176	–	(26,882)	15,891	15,891
Profit for the year	–	–	–	–	–	18,629	18,629	18,629
Exchange differences on translation of financial statements of foreign operations, net of tax	–	–	–	–	(1)	–	(1)	(1)
Total comprehensive income for the year	–	–	–	–	(1)	18,629	18,628	18,628
As at December 31, 2023	20,610	–	20,987	1,176	(1)	(8,253)	34,519	34,519
As at January 1, 2024	20,610	–	20,987	1,176	(1)	(8,253)	34,519	34,519
Profit for the year	–	–	–	–	–	22,999	22,999	22,999
Exchange differences on translation of financial statements of foreign operations, net of tax	–	–	–	–	1	–	1	1
Total comprehensive income for the year	–	–	–	–	1	22,999	23,000	23,000
Appropriation of statutory reserve	–	–	–	2,262	–	(2,262)	–	–
Repurchase of shares	–	(10,030)	–	–	–	–	(10,030)	(10,030)
As at December 31, 2024	20,610	(10,030)	20,987	3,438	–	12,484	47,489	47,489

	Attributable to owners of the Company							
	Share capital	**Treasury shares reserve**	**Capital reserve**	**Statutory reserve**	**Other comprehensive (loss)/ income reserve**	**(Accumulated losses)/ retained earnings**	**Sub-total**	**Total equity**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	Note 27	*Note 28*	*Note 28*	*Note 28*	*Note 28*	*Note 28*		
As at January 1, 2025	20,610	(10,030)	20,987	3,438	–	12,484	47,489	47,489
Profit for the year	–	–	–	–	–	36,611	36,611	36,611
Exchange differences on translation of financial statements of foreign operations, net of tax	–	–	–	–	(15)	–	(15)	(15)
Total comprehensive income for the year	–	–	–	–	(15)	36,611	36,596	36,596
Appropriation of statutory reserve	–	–	–	2,211	–	(2,211)	–	–
Repurchase of shares	–	(6,404)	–	–	–	–	(6,404)	(6,404)
As at December 31, 2025	20,610	(16,434)	20,987	5,649	(15)	46,884	77,681	77,681

Notes:

(a) Statutory reserve represents the statutory reserve of the Company in the People's Republic of China (the "**PRC**"). In accordance with the Company Law of the PRC, companies registered in the PRC are required to allocate 10% of the statutory after-tax profits to the statutory reserve until the cumulative total of the reserve reaches 50% of the companies' registered capital. Subject to approval from the relevant PRC authorities, the statutory reserve may be used to offset any accumulated losses or increase the registered capital of the companies. The statutory reserve is not available for dividend distribution to equity holders of the PRC companies.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Operating activities			
Profit before income tax	18,232	22,747	39,227
Adjustments for:			
Depreciation of property, plant and equipment *(Note 13)*	5,477	4,836	3,545
Depreciation of right-of-use assets *(Note 14)*	4,472	3,088	2,859
Amortization of intangible assets *(Note 15)*	331	305	321
Net losses on disposal of property, plant and equipment and intangible assets and right-of-use assets *(Note 7)*	2,364	556	83
Net impairment losses recognized on inventories	5,883	4,311	7,918
Finance costs *(Note 10)*	4,362	3,306	1,868
Net impairment losses recognized/(reversed) on financial assets	491	(174)	(146)
Investment loss on disposals of financial assets at fair value through other comprehensive income	92	107	52
(Increase)/decrease in trade receivables	(15,325)	15,545	2,745
Increase in financial assets at fair value through other comprehensive income	(4,092)	(326)	(6,027)
(Increase)/decrease in prepayments, other receivables and other assets	(14,635)	5,034	(16,125)
Decrease/(increase) in inventories	(6,299)	15,744	(43,425)
Increase in deferred income	–	1,200	–
Increase/(decrease) in trade payables	36,054	(15,526)	46,390
Increase/(decrease) in other payables and accruals	10,938	(9,337)	6,362
Increase/(decrease) in contract liabilities	1,057	(532)	1,921
Increase/(decrease) in provisions	672	384	(604)
Cash generated from operations	50,074	51,268	46,964
Income tax paid	(6)	(40)	(18)
Net cash flows generated from operating activities	50,068	51,228	46,946

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Investing activities			
Purchase of property, plant and equipment and intangible assets	(10,167)	(5,429)	(3,152)
Proceeds from disposals of property, plant and equipment and intangible assets	112	1,085	–
Proceeds from repayment of advances to related parties	71	1,160	19,160
Payment for advances to a related party	–	(8,900)	(9,231)
Net cash flows (used in)/generated from investing activities	(9,984)	(12,084)	6,777
Financing activities			
Proceeds from bank borrowings	40,800	64,100	70,500
Repayment of bank and other borrowings	(71,200)	(64,800)	(84,600)
Interest paid for bank and other borrowings	(4,474)	(5,066)	(3,040)
Payment for **[REDACTED]** expenses	–	–	(368)
Principal elements and interest elements of lease payments	(4,568)	(2,948)	(3,327)
Payment of repurchase of shares	–	(10,030)	(6,404)
Net cash flows used in financing activities	(39,442)	(18,744)	(27,239)
Net increase in cash and cash equivalents	642	20,400	26,484
Cash and cash equivalents at beginning of the year	26,114	27,400	46,869
Effect of foreign exchange rate changes, net	644	(931)	(700)
Cash and cash equivalents at end of the year	27,400	46,869	72,653

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Company was a limited liability company incorporated in the PRC on April 1, 2013 and converted into a joint stock limited company on June 3, 2016. The address of the Company's registered office and its principal place of business is Room 2801, Block A, Building 8, Shenzhen International Innovation Valley, Dashi First Road, Xili Community, Xili Sub-district, Nanshan District, Shenzhen, PRC.

During the Track Record Period, the Company and its subsidiaries (collectively the "**Group**") are principally engaged in the research, development, production, and distribution of dash cameras and other products.

As at December 31, 2025, the Company's controlling shareholder is Luo Yong ("**Mr. Luo**"), directly holds approximately 20.32% of total share capital of the Company.

As the date of this report, the Company's subsidiaries during the Track Record Period are set out in Note 30.

2. BASIS OF PRESENTATION AND PREPARATION

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards, which collective term includes all applicable individual International Financial Reporting Standards ("**IFRSs**"), International Accounting Standards (**"IAS"**) and Interpretations approved by the IASB. In addition, the Historical Financial Information includes applicable disclosures required by the Listing Rules and by the Hong Kong Companies Ordinance.

The Historical Financial Information has been prepared on the historical cost basis except for certain financial assets which are stated at fair value.

It should be noted that accounting estimates and assumptions are used in preparation of the Historical Financial Information. Although these estimates are based on management's best knowledge and judgment of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in Note 4.

The material accounting policy information that has been used in the preparation of this Historical Financial Information are disclosed in Note 3.2. These accounting policies have been consistently applied to all the periods presented in the Historical Financial Information, unless otherwise stated.

All IFRS Accounting Standards effective for the accounting period commencing from January 1, 2025, together with the relevant transitional provisions, have been adopted by the Group in the preparation of the Historical Financial Information throughout the Track Record Period. The adoption of the IFRS Accounting Standards do not have any significant impact on the financial positions or results of the Group during the Track Record Period.

3.1 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

The Group has not early adopted the following new and amended IFRS Accounting Standards which have been issued but are not yet effective:

Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IFRS 7 and IFRS 9	Amendments to the Classification and Measurement of Financial Instruments[1]
Amendments to IFRS 7 and IFRS 9	Contracts Referencing Nature-dependent Electricity[1]
IFRS 18	Presentation and Disclosure in Financial Statements[2]
IFRS 19	Subsidiaries without Public Accountability: Disclosures[2]
Annual Improvements to IFRSs	Annual Improvements to IFRS Accounting Standards — Volume 11[1]
Amendments to IAS 21	Translation to Hyperinflationary Presentation Currency[2]
Amendments to Illustrative Examples on IFRS 7, IFRS 18, IAS 1, IAS 8, IAS36 and IAS 37	Disclosures about Uncertainties in the Financial Statements[2]

1 Effective for accounting periods beginning on or after January 1, 2026
2 Effective for accounting periods beginning on or after January 1, 2027
3 Effective dates not yet determined

Except for new IFRS Accounting Standards mentioned below, the directors of the Company anticipate that the application of the other new and amendments to IFRS Accounting Standards will have no material impact on the Historical Financial Information of the Group in the foreseeable future.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 Presentation and Disclosure in Financial Statements, which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 Presentation of Financial Statements. This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provides 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 and IFRS 7. Minor amendments to IAS 7 Statement of Cash Flows and IAS 33 Earnings per Share are also made.

IFRS 18, and amendments to other standards, will be effective for accounting periods beginning on or after January 1, 2027, with early application permitted. The application of IFRS 18 has no impact on the Group's financial positions and performance, but has impact on presentation of the consolidated statements of comprehensive income.

3.2 MATERIAL ACCOUNTING POLICY INFORMATION

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.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

Intra-group transactions, balances and unrealized gains and losses on transactions between group companies are eliminated in preparing the Historical Financial Information. Where unrealized losses on sales of intra-group assets are reversed in consolidation, the underlying asset is also tested for impairment from the Group's perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of financial position, respectively.

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated fully from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

In the Company's statement of financial position, subsidiaries are carried at cost less any impairment loss unless the subsidiary is held for sale or included in a disposal group. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

The consolidated financial statements incorporate the financial statements of the entities or businesses in which the common control combination occurs as if they had been combined from the date when the entities or businesses first came under the control of the Group.

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling parties' perspective. The assets and liabilities of the acquired entity or business should be recorded at the book values as stated in the financial statements of the controlling party. No amount is recognized as consideration for goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party or parties' interests.

Foreign currency translation

The Historical Financial Information is presented in RMB, which is also the functional currency of the Company. 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 the individual financial statements of the consolidated entities, foreign currency transactions are translated into the functional currency of the individual entity using the exchange rates prevailing at the dates of the transactions. At the end of the reporting period, monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities at the end of the reporting period are recognized in profit or loss.

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 (i.e., only translated using the exchange rates at the transaction date). When a fair value gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is also recognized in profit or loss. When a fair value gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is also recognized in other comprehensive income.

In the Historical Financial Information, all individual financial statements of foreign operations, originally presented in a currency different from the Group's presentation currency, have been converted into RMB. Assets and liabilities have been translated into RMB at the closing rates at the end of the reporting period. Income and expenses have been converted into RMB at the exchange rates ruling at the transaction dates, or at the average rates over the reporting period provided that the exchange rates do not fluctuate significantly. Any differences arising from this procedure have been recognized in other comprehensive income and accumulated separately in the other comprehensive income reserve in equity.

Property, plant and equipment

Property, plant and equipment are initially recognized at acquisition cost and/or manufacturing cost (including any cost directly attributable to bringing the assets to the location and condition necessary for them to be capable of operating in the manner intended by the Group's management, including costs of testing whether the related assets are functioning properly). They are subsequently stated at cost less accumulated depreciation and accumulated impairment losses, if any.

Depreciation is recognized so as to write off the cost of assets other than construction in progress less their residual values using the straight-line basis over their estimated useful lives as follow:

Mold	3-5 years
Machinery	3–10 years
Leasehold improvement	3-5 years
Office equipment and others	2-5 years

Estimates of residual value and useful life are reviewed, and adjusted if appropriate, at the end of each year for the Track Record Period.

Gain or loss arising on retirement or disposal is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Subsequent costs are included in the assets' carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other costs, such as repairs and maintenance, are charged to profit or loss during the financial period in which they are incurred.

Right-of-use assets

Accounting policies of right-of-use assets (other than prepaid lease payments) are set out in "Leases" below.

Intangible assets

Acquired intangible assets are recognized initially at cost. After initial recognition, intangible assets with finite useful lives are carried at cost less accumulated amortization and any accumulated impairment losses. Amortization for intangible assets with finite useful lives is provided on straight-line basis over their estimated useful lives. Amortization commences when the intangible assets are available for use. The useful lives are as follows:

Software	5 years

The assets' amortization methods and useful lives are reviewed, and adjusted if appropriate, at the end of each year for the Track Record Period.

Intangible assets are tested for impairment as described in "Impairment of non-financial assets" below.

Research and development

Costs associated with research activities are expensed in profit or loss as they incur. Costs that are directly attributable to development activities are recognized as intangible assets provided they meet all of the following recognition requirements:

(i) demonstration of technical feasibility of the prospective product for internal use or sale;

(ii) there is intention to complete the intangible asset and use or sell it;

(iii) the Group's ability to use or sell the intangible asset is demonstrated;

(iv) the intangible asset will generate probable economic benefits through internal use or sale;

(v) sufficient technical, financial and other resources are available for completion; and

(vi) the expenditure attributable to the intangible asset can be reliably measured.

Direct costs include employee costs incurred on development activities along with an appropriate portion of relevant overheads. The costs of development of internally generated software, products or know-how that meet the above recognition criteria are recognized as intangible assets. They are subject to the same subsequent measurement method as acquired intangible assets.

All other development costs are expensed as incurred.

Financial instruments

Recognition and derecognition

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

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all of its risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, canceled or expires.

Financial assets

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15 "Revenue from Contracts with Customers", all financial assets are initially measured at fair value, in case of a financial asset not at fair value through profit or loss ("**FVTPL**"), plus transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

– amortized cost;

– FVTPL; or

– Fair value through other comprehensive income ("**FVTOCI**").

The classification is determined by both:

– the Group's business model for managing the financial asset; and

– the contractual cash flow characteristics of the financial asset.

Subsequent measurement of financial assets

Debt instruments

Financial assets at amortized cost

Financial assets are measured at amortized cost if the assets meet the following conditions (and are not designated as FVTPL):

– they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and

– the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortized cost using the effective interest method. Interest income from these financial assets is included other income in profit or loss. Discounting is omitted where the effect of discounting is immaterial. The Group's restricted bank deposits, cash and cash equivalents, trade receivables, other receivables fall into this category of financial instruments.

Financial assets at FVTOCI — recycling

If the contractual cash flows of the financial assets comprise solely payments of principal and interest and are held within a business model whose objective is achieved by both the collection of contractual cash flows and sale, subsequent changes in fair value are recognized in other comprehensive income, except for the recognition in profit or loss of expected credit loss ("**ECL**"), interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognized, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.

Financial assets at FVTPL

Financial assets that are held within a different business model other than "hold to collect" or "hold to collect and sell" are categorized at FVTPL. Further, irrespective of business model, financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements under IFRS 9 apply.

Equity instruments

An investment in equity securities is classified as FVTPL unless the equity investment is not held for trading purposes and on initial recognition of the investment, the Group elects to designate the investment at FVTOCI (non-recycling) such that subsequent changes in fair value are recognized in other comprehensive income and accumulated in "other comprehensive income reserve" in equity. Such elections are made on an instrument-by-instrument basis but only be made if the investment meets the definition of equity from the issuer's perspective.

The equity instruments at FVTOCI are not subject to impairment assessment. The cumulative gain or loss in "other comprehensive income reserve" will not be reclassified to profit or loss upon disposal of the equity investments and will be transferred to retained earnings.

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

Impairment of financial assets and contract assets

IFRS 9's impairment requirements use forward-looking information to recognize ECL — the "ECL model". Instruments within the scope included cash and bank deposits, trade receivables, and other financial assets measured at amortized cost.

The Group considers a broader range of information when assessing credit risk and measuring ECL, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs.

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs.

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs. Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Cash and bank deposits

Cash and bank deposits are considered to have low credit risk because the counterparties are banks and have a low risk of default and have a strong capacity to meet its contractual cash flow obligations in the near term. Cash and bank deposits are also subject to the impairment requirements of IFRS 9, while the identified credit loss was immaterial.

Trade receivables

For trade receivables, the Group applies a simplified approach in calculating ECL and recognizes a loss allowance based on lifetime ECL at the end of each year for the Track Record Period. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. In calculating the ECL, the Group has established a provision matrix that is based on its historical credit loss experience and external indicators, adjusted for forward-looking factors specific to the debtors and the economic environment.

To measure the ECL, except for trade receivables with significant outstanding balances which are assessed individually, the remaining trade receivables have been grouped based on shared credit risk characteristics.

For notes receivables measured at FVTOCI, the Group assumes that the credit risk on notes receivables measured at FVTOCI has not increased significantly since initial recognition if the notes receivables measured at FVTOCI is determined to have low credit risk at the end of each reporting period. Notes receivables measured at FVTOCI is determined to have low credit risk if it has a low risk of default, the borrower has strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations.

Other receivables

The Group measures the loss allowance for other receivables equal to 12-month ECL, unless when there has been a significant increase in credit risk since initial recognition, in which case the Group recognizes lifetime ECL. The assessment of whether lifetime ECL should be recognized is based on significant increase in the likelihood of risk of default occurring since initial recognition.

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial assets at the end of each year for the Track Record Period with the risk of default occurring on the financial assets 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.

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

– an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating,

– significant deterioration in external market indicators of credit risk, e.g., a significant increase in the credit spread and the credit default swap prices for the debtor;

– existing or forecast adverse changes in regulatory, business, financial, economic conditions, or technological environment that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations; and

– an actual or expected significant deterioration in the operating results of the debtor.

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 collateral held by the Group).

Detailed analysis of the ECL assessment of trade receivables and other receivables are set out in Note 34.

Financial liabilities

Classification and measurement of financial liabilities

The Group's financial liabilities include trade and other payables, borrowings and lease liabilities.

Financial liabilities (other than lease liabilities) are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at FVTPL.

Subsequently, financial liabilities (other than lease liabilities) are measured at amortized cost using the effective interest method except for derivatives which are not designated as hedging instruments in hedge relationships and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognized in profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included in finance costs or other income.

Accounting policies of lease liabilities are set out in "Leases" below.

Borrowings

Borrowings are recognized initially at fair value, net of transaction costs. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Trade and other payables

Trade and other payables are recognized initially at their fair value and subsequently measured at amortized cost, using the effective interest method.

Inventories

Inventories are carried at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and applicable selling expenses. Cost is determined using the weighted average basis, and in the case of work in progress and finished goods, comprise direct materials, direct labor and an appropriate proportion of overheads.

Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, demand deposits with banks and short term highly liquid investments with original maturities of three months or less that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Bank balances for which use by the Group is subject to third party contractual restrictions are included as part of cash unless the restrictions result in a bank balance no longer meeting the definition of cash. Contractual restrictions affecting use of bank balances are disclosed in Note 20.

Contract liabilities

Contract liabilities are recognized when the customer pays consideration before the Group recognizes the related revenue. Contract liabilities would also be recognized if the Group has an unconditional right to receive consideration before the Group recognizes the related revenue. In such cases, a corresponding receivable would also be recognized.

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract liabilities of unrelated contracts are not presented on a net basis. When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method.

Leases

Definition of a lease and the Group as a lessee

At inception of a contract, the Group considers whether a contract is, or contains a lease. A lease is defined as "a contract, or part of a contract, that conveys the right to use an identified asset (the underlying asset) for a period of time in exchange for consideration". To apply this definition, the Group assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group;

- the Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and

- the Group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Group recognizes a right-of-use asset and a lease liability on the consolidated statements of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the underlying asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any lease incentives received).

Prepaid land lease payments (which meet the definition of right-of-use assets) represent the upfront payment for long-term land lease in which the payment can be reliably measured. It is stated at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is calculated on a straight-line basis over the term of the lease/right-of-use except where an alternative basis is more representative of the time pattern of benefits to be derived by the Group from use of assets.

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term unless the Group is reasonably certain to obtain ownership at the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicator exists.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable payments based on an index or rate, and amounts expected to be payable under a residual value guarantee.

Subsequent to initial measurement, the liability will be reduced for lease payments made and increased for interest cost on the lease liability. It is remeasured to reflect any reassessment or lease modification, or if there are changes in in-substance fixed payments.

The Group remeasures lease liabilities whenever:

- there are changes in lease term or in the assessment of exercise of a purchase option, 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 lease payments change due to changes in market rental rates following a market rent review/expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

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

When the lease is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit or loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these leases are recognized as an expense in profit or loss on a straight-line basis over the lease term. Short-term leases are leases with a lease term of 12 months or less.

Contingent liabilities

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

Revenue recognition

Revenue mainly arises from sales of dash cameras and others to the distributors and directly sales to the end customers:

To determine whether to recognize revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer

2. Identifying the performance obligations

3. Determining the transaction price

4. Allocating the transaction price to the performance obligations

5. Recognizing revenue when or as performance obligations are satisfied

In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognized at a point in time, when the Group satisfies performance obligations by transferring the promised goods or services to its customers.

Revenue from sale of goods

Revenue from sale of goods is recognized at a point in time when control of the assets is transferred to the customers upon proof of receipt at the delivery of the products.

Revenue for domestic and overseas sale of goods is recognized when the Group has delivered the products to the customers or other parties designated by the customers in accordance with the contract terms and has received receipt and other proof of receipt from the customers or other parties entrusted by the customers.

Sales with a right of return

For sales with a right of return, when the customer obtains the control of a product, the Group shall recognize revenue for the transferred products in the amount of consideration to which the Group expects to be entitled and a refund liability at the amounts receivable for which the Group does not expect to be entitled; meanwhile, an asset shall be recognized as other assets on the cost of return (i.e. right of return assets) measured at the carrying amount of the product expected to be returned less any expected costs to recover those products including potential decreases in the value to the entity of returned products, and the net amount of the carrying amount of the product when transferred to the customer less above mentioned cost shall be recorded into the cost of sales. At the end of each reporting period, the Group shall assess the expectations about the sales return and remeasure abovementioned assets and liabilities.

Warranty

In accordance with the contract, the law or other requirements, the Group provides a warranty in connection with the sale of a product. For warranties which provide a customer with assurance that the related product will function as the parties intended because it complies with agreed-upon specifications, the Group does not treat it as a performance obligation.

Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed. Where the grant relates to an asset, the fair value is credited to deferred income and is released to the consolidated statements of comprehensive income over the expected useful life of the relevant asset by equal annual installments.

Impairment of non-financial assets

The following assets are subject to impairment testing:

- Intangible assets;
- Property, plant and equipment;
- Right-of-use assets;
- The Company's investments in subsidiaries; and
- Prepayments and other assets.

Assets with indefinite useful life or those not yet available for use are tested for impairment at least annually, irrespective of whether there is any indication that they are impaired. All other assets are tested for impairment whenever there are indications that the asset's carrying amount may not be recoverable.

An impairment loss is recognized as an expense immediately for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of fair value, reflecting market conditions 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 assessment of time value of money and the risk specific to the asset.

For the purpose of assessing impairment, where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generate cash inflows independently (i.e., a cash generated unit (CGU)). As a result, some assets are tested individually for impairment and some are tested at CGU level. Corporate assets are allocated to individual CGUs, when a reasonable and consistent basis of allocation can be identified, or otherwise they are allocated to the smallest group of CGUs for which a reasonable and consistent allocation basis can be identified.

Impairment losses recognized for CGUs are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the CGU, except that the carrying value of an asset will not be reduced below its individual fair value less cost of disposal, or value in use, if determinable.

An impairment loss on goodwill is not reversed in subsequent periods. An impairment loss is reversed if there has been a favorable change in the estimates used to determine the asset's recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

Employee benefits

Short-term employee benefits

Salaries, discretionary bonuses, paid annual leave and the cost of non-monetary benefits are accrued and recognized in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Pension scheme

Retirement benefits to employees are provided through defined contribution plans. The employees of the Group's subsidiaries which operate in the PRC are required to participate in a central pension scheme operated by the local municipal government. This subsidiary is required to contribute a certain percentage of its payroll costs to the central pension scheme. Contributions are recognized as an expense in profit or loss as employees render services during the year. The Group's obligations under these plans are limited to the fixed percentage contributions payable.

Housing funds, medical insurances and other social insurances

Employees of the Group in the PRC are entitled to participate in various government-supervised housing funds, medical insurance and other employee social insurance plans. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable in each year. Contributions to the housing funds, medical insurances and other social insurances are expensed as incurred.

Termination benefits

Termination benefits are recognized at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognizes restructuring costs involving the payment of termination benefits.

Borrowing costs

Borrowing costs incurred, net of any investment income earned on the temporary investment of the specific borrowings, for the acquisition, construction or production of any qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use. A qualifying asset is an asset which necessarily takes a substantial period of time to get ready for its intended use or sale. Other borrowing costs are expensed when incurred.

Borrowing costs are capitalized as part of the cost of a qualifying asset when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are being undertaken. Capitalization of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

Accounting for income taxes

Income tax comprises current tax and deferred income tax.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the end of the reporting period. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or liabilities are recognized as a component of tax expense in profit or loss.

Deferred income tax is calculated using the liability method on temporary differences at the end of the reporting period between the carrying amounts of assets and liabilities in the financial statements and their respective tax bases. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, tax losses available to be carried forward as well as other unused tax credits, to the extent that it is probable that taxable profit, including existing taxable temporary differences, will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilized.

Deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither taxable nor accounting profit or loss and does not give rise to equal taxable and deductible temporary differences.

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

Deferred income tax is calculated, without discounting, at tax rates that are expected to apply in the period the liability is settled or the asset realized, provided they are enacted or substantively enacted at the end of each year for the Track Record Period.

Changes in deferred tax assets or liabilities are recognized in profit or loss, or in other comprehensive income or directly in equity if they relate to items that are charged or credited to other comprehensive income or directly in equity.

When different tax rates apply to different levels of taxable income, deferred tax assets and liabilities are measured using the average tax rates that are expected to apply to the taxable income of the periods in which the temporary differences are expected to reverse.

The determination of the average tax rates requires an estimation of (i) when the existing temporary differences will reverse and (ii) the amount of future taxable profit in those years. The estimate of future taxable profit includes:

– income or loss excluding reversals of temporary differences; and

– reversals of existing temporary differences.

Current tax assets and current tax liabilities are presented in net if, and only if,

(a) the Group has the legally enforceable right to set off the recognized amounts; and

(b) intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

The Group presents deferred tax assets and deferred tax liabilities in net if, and only if,

(a) the entity has a legally enforceable right to set off current tax assets against current tax liabilities; and

(b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

(i) the same taxable entity; or

(ii) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of Historical Financial Information requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgment in applying the Group's accounting policies.

Estimates and judgments are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. The estimates and judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions, as well as forward-looking information at the end of each year for the Track Record Period. Details of the key assumptions and inputs used are disclosed in the tables in Note 34.

Inventory provision for impairment

Inventories are stated at the lower of cost and net realizable value. The net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Even though the management of the Group has made the best estimate about the inventory write-down loss predicted to occur and provided allowance for write-down, the write-down assessment may still be significantly changed due to the change of market situation.

Current and deferred income tax

The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognized when management considers it is probable that future taxable profits will be available against which the temporary differences or tax losses can be utilized. When the expectation is different from the original estimate, such differences will impact the recognition of deferred income tax assets and taxation charges in the period in which such estimate is changed.

5. REVENUE AND SEGMENT INFORMATION

The Group's principal activities are disclosed in Note 1 to the Historical Financial Information.

The Group's revenue derived from the transfer of goods at a point in time were analyzed as follows:

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Type of goods			
– Dash camera	273,300	260,085	376,547
– Others	121,163	92,308	99,057
	394,463	352,393	475,604

All revenue from contracts with customers within the scope of IFRS 15 are recognized at a point in time. The Group has applied the practical expedient in paragraph 121 of IFRS 15 to its sales of products such that it does not disclose the information about its remaining performance obligations as the contracts have an original expected duration of one year or less.

The operating segment is reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group's management reviews the performance of the Group as a single operating segment based on the internal organization structure, management requirements and internal reporting system. Accordingly, only entity-wide disclosure, along with the Group's result and financial position as a whole, major customers and geographic information are presented.

Geographical information

The following table sets out the information about the geographical location of the Group's revenue from external customers. The geographical location of customers is based on the location at which the goods are delivered.

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Revenue from external customers			
– Chinese mainland	308,396	220,024	212,287
– Asia (excluding Chinese mainland)	59,741	94,142	205,733
– Europe	17,562	24,043	24,783
– America	6,787	7,830	18,894
– Other countries/regions	1,977	6,354	13,907
	394,463	352,393	475,604

The geographical location of the Group's non-current assets (excluding deferred tax assets and financial assets), mainly comprised of the property, plant and equipment and right-of-use assets are located in the PRC. Accordingly, no geographical segment information of non-current assets is presented.

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

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Revenue recognized that was included in the contract liabilities balance at the beginning of the year	2,300	3,333	2,693

Information about major customers

Revenue derived from customers individually contributed over 10% of the Group's revenue during the Track Record Period is as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Customer A	54,198	41,792	N/A

N/A: The corresponding revenue for the customer didn't contribute over 10% of the total revenue of the Group for the year ended December 31, 2025.

6. Other income

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Government grants *(Note)*	2,032	755	788
Value-added tax (VAT) refund	1,786	2,629	1,457
Interest income	216	262	322
Sales of raw materials and accessories	(184)	161	2,182
Advertising income	1,020	164	71
Maintenance income	25	7	5
	4,895	3,978	4,825

Note:

During the Track Record Period, there are no unfulfilled condition or contingencies relating to these grants.

7. OTHER LOSSES, NET

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Investment loss on disposals of financial assets at FVTOCI	92	107	52
Net foreign exchange (gains)/losses	(551)	746	685
Net losses on disposals of property, plant and equipment, intangible assets and right-of-use assets	2,364	556	83
Losses on materials	4,036	2,658	–
Others	17	70	85
	5,958	4,137	905

8. EXPENSES BY NATURE

Expenses included in cost of sales, research and development expenses, selling expenses and general and administrative expenses are analyzed as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Changes in finished goods and work in progress	(1,307)	11,544	(27,858)
Raw materials consumed	221,845	180,682	290,687
Employee benefit expenses *(Note 9)*	83,792	79,999	90,265
Advertising and promotion expenses	17,389	14,470	24,170
Platform services fees	9,168	9,558	21,059
Depreciation of property, plant and equipment *(Note 13)*	5,477	4,836	3,545
Depreciation of right-of-use assets *(Note 14)*	4,472	3,088	2,859
Amortization of intangible assets *(Note 15)*	331	305	321
Net impairment losses recognized on inventories	5,883	4,311	7,918
Office and travel expenses	7,244	3,963	5,603
[REDACTED] expenses	–	–	5,142
Professional services fees	1,709	1,284	1,154
Other	14,312	12,315	13,710
	370,315	326,355	438,575

9. EMPLOYEE BENEFIT EXPENSES

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Salaries, allowances, discretionary bonuses and benefits in kind	78,592	74,032	85,432
Retirement scheme contributions	3,175	3,503	4,519
Termination benefits	2,025	2,464	314
	83,792	79,999	90,265

(a) Directors' and supervisors' emoluments

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

	Salaries, allowances, and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Year ended December 31, 2023				
Executive directors				
Mr. Luo Yong	804	300	15	1,119
Mr. Yu Yunhui	591	144	10	745
Mr. Yu Xiping	591	144	10	745
Mr. Wang Kai	485	200	10	695
Mr. Guo Xiaogang	410	144	10	564
Supervisors				
Mr. Dou Chengqiang	528	300	10	838
Mr. Zhao Yujie *(Note (iv))*	–	–	–	–
Mr. Chen Jihong *(Note (v))*	–	–	–	–
	3,409	1,232	65	4,706
Year ended December 31, 2024				
Executive directors				
Mr. Luo Yong	807	420	14	1,241
Mr. Yu Yunhui	612	200	12	824
Mr. Yu Xiping	615	200	12	827
Mr. Wang Kai	499	420	12	931
Mr. Guo Xiaogang	414	143	12	569
Supervisors				
Mr. Dou Chengqiang	530	–	12	542
Mr. Zhao Yujie *(Note (iv))*	–	–	–	–
Mr. Chen Jihong *(Note (v))*	–	–	–	–
	3,477	1,383	74	4,934
Year ended December 31, 2025				
Executive directors				
Mr. Luo Yong	809	419	15	1,243
Mr. Yu Yunhui	629	250	14	893
Mr. Yu Xiping *(Note (i))*	367	–	8	375
Mr. Wang Kai	558	220	14	792
Mr. Guo Xiaogang	444	180	14	638
Supervisors				
Mr. Dou Chengqiang *(Note (ii))*	87	–	14	101
Mr. Chen Yicheng *(Note (iii)*	363	144	12	519
Mr. Zhao Yujie *(Note (iv))*	–	–	–	–
Mr. Chen Jihong *(Note (v))*	–	–	–	–
	3,257	1,213	91	4,561

Notes:

(i) Mr. Yu Xiping no longer serves as an executive director of the Company since July 31, 2025.

(ii) Mr. Dou Chengqiang no longer serves as a supervisor of the Company since February 14, 2025.

(iii) Mr. Chen Yicheng was appointed as a supervisor of the Company from March 1, 2025.

(iv) Mr. Zhao Yujie is dispatched by one of the shareholders of the Company (Shenzhen Jiuyu Galaxy Zhineng Hulian Investment Fund, (Limited Partnership)) and did not receive any remuneration from the Company in relation to his services rendered for the Company. His remunerations were borne by Shenzhen Jiuyu Galaxy Zhineng Hulian Investment Fund, (Limited Partnership). The management of the Company considers there is no reasonable basis for such allocation of his remunerations between the Company and Shenzhen Jiuyu Galaxy Zhineng Hulian Investment Fund, (Limited Partnership).

(v) Mr. Chen Jihong is dispatched by one of the shareholders of the Company (Shenzhen Qianhai Huxing Asset Management Co., Ltd.) and did not receive any remuneration from the Company in relation to his services rendered for the Company. His remunerations were borne by Shenzhen Qianhai Huxing Asset Management Co., Ltd. The management of the Company considers there is no reasonable basis for such allocation of his remunerations between the Company and Shenzhen Qianhai Huxing Asset Management Co., Ltd.

(vi) No consideration was provided to third parties for making available directors' services during the years ended December 31, 2023, 2024 and 2025.

(vii) No significant transactions, arrangements and contracts in relation to the Group's business to which the Group was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the years or at any time for the years ended December 31, 2023, 2024 and 2025.

(viii) The directors' and supervisors' emoluments represented the amounts paid or payable for their services rendered to the Group since their appointment as directors or supervisors. The emoluments paid to them for service rendered as management prior to their appointments as directors or supervisors are not included in the above tables.

(ix) Fees, salaries, allowances and benefits in kind paid to or for the executive directors of the Company and supervisors are generally emoluments paid or receivable in respect of services in connection with the management of the affairs of the Company and its subsidiaries.

(x) Save as disclosed above, there was no arrangement under which directors of the Company and supervisors waived or agreed to waive any remuneration during the Track Record Period. No emolument was paid by the Group to the directors of the Company and supervisors as an inducement to join or upon joining the Group or as compensation for loss of office for the Track Record Period.

(b) Five highest paid individuals

During the years ended December 31, 2023, 2024 and 2025, the five highest paid individuals included 5, 4 and 4 directors and supervisor, respectively, whose emoluments are reflected in Note 9(a) above. The aggregate emoluments payable to the remaining nil, 1 and 1 individual during the years ended December 31, 2023, 2024 and 2025 are as follows:

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Salaries, allowances, discretionary bonuses and benefits in kind	–	578	723
Retirement scheme contributions	–	41	42
	–	619	765

The discretionary bonus is determined by reference to individual performance of the employees and approved by the management of the Group. The emoluments of the remaining highest paid individual fell within the following bands:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Hong Kong Dollar ("**HKD**") 1 to HKD1,000,000	–	1	1
	–	1	1

10. FINANCE COSTS

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Interest expense on bank borrowings	1,019	1,034	1,249
Interest expense on other borrowings	2,917	1,718	178
Interest expense on lease liabilities	426	554	441
	4,362	3,306	1,868

11. INCOME TAX (CREDIT)/EXPENSE

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Current income tax	10	30	65
Deferred income tax *(Note 21)*	(407)	(282)	2,551
	(397)	(252)	2,616

Taxes on profits assessable have been calculated at the rate of tax prevailing in the jurisdictions in which relevant entities operate.

(a) PRC Enterprise Income Tax ("EIT")

Under the PRC Corporate Income Tax Law and the respective regulations, the corporate income tax for the Company and its subsidiaries are calculated at a statutory rate of 25% or a preferential rate of 15% where applicable, on their estimated taxable profits for the year based on the existing legislations, interpretations and practices in respect thereof.

In 2016, the Company was recognized as a "High and New Technology Enterprise" ("**HNTE**"), therefore enjoyed a preferential income tax rate of 15% in 2016 to 2018. The Company renewed its HNTE recognition in 2019, 2022 and 2025 and enjoyed the 15% preferential income tax rate for the years ended December 31, 2023, 2024 and 2025.

In 2021, DDPAI (Shenzhen) Cloud Technology Co., Ltd. ("**Cloud Technology**"), one of the subsidiaries of the Group, was recognized as a "High and New Technology Enterprise" ("**HNTE**"), therefore enjoyed a preferential income tax rate of 15% in 2021 to 2023. The Company renewed its HNTE recognition in 2024 and enjoyed the 15% preferential income tax rate for the year ended December 31, 2025.

(b) Hong Kong Profits Tax

The Company's subsidiary domiciled in Hong Kong is subject to a two-tiered income tax rate for taxable income earned in Hong Kong effectively since April 1, 2018. The first 2 million Hong Kong dollars of profits earned by the qualifying group entity are subject to be taxed at an income tax rate of 8.25%, while the remaining profits will be taxed at 16.5%.

Reconciliation between the income tax (credit)/expense and profit before income tax in the consolidated statements of comprehensive income is as follows:

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Profit before income tax	18,232	22,747	39,227
Tax at the preferential tax rate of 15%	2,735	3,412	5,884
Tax effect of:			
– different tax rates of the subsidiaries	952	1,253	375
– non-deductible expenses	1,662	817	62
– effects of unrecognized tax losses and temporary differences	(4,604)	(2,098)	950
– super deduction on research and development expenses *(Note)*	(1,142)	(3,636)	(4,655)
	(397)	(252)	2,616

Note:

According to the relevant laws and regulations promulgated by the State Administration of Taxation of the PRC that have been effective from 2018 onwards, if the research and development expenses actually incurred by enterprises in carrying out research and development activities are not recognized as intangible assets and are not amortized in the current period's profit and loss, on the basis of actual deduction according to regulations, enterprises are entitled to claim an additional deduction of 100% of the actual amount. For intangible assets, enterprises are entitled to 200% deduction of the amortization of intangible assets.

12. EARNINGS PER SHARE

The weighted average number of ordinary shares outstanding during the Track Record Period used in the basic and diluted earnings per share calculation had been adjusted retrospectively to reflect the **[REDACTED]** on a **[REDACTED]** basis, where the Company **[REDACTED]** its share from one share of RMB1.0 each into **[REDACTED]** shares of RMB**[REDACTED]** each, which shall take effect immediately prior to the **[REDACTED]**.

(a) Basic earnings per share

Basic earnings per share ("**EPS**") is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the Track Record Period, excluding treasury shares held for share schemes as these shares are not considered outstanding for EPS calculation purposes.

The following table illustrates the earnings and shares information used in the calculation of basic EPS:

	Year ended December 31,		
	2023	**2024**	**2025**
Profit attributable to owners of the Company used in calculating basic EPS *(RMB'000)*	18,629	22,999	36,611
Weighted average number of ordinary shares in issue *(thousand shares)*	164,880	162,382	154,492
Basic EPS *(RMB per share)*	0.11	0.14	0.24

(b) Diluted earnings per share

Since there were no dilutive potential ordinary shares during the years ended December 31, 2023, 2024 and 2025, the diluted EPS is equal to the basic EPS.

13. PROPERTY, PLANT AND EQUIPMENT

The Group

	Mold	Machinery	Leasehold improvement	Office equipment and others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1, 2023					
Cost	5,626	6,300	7,719	6,640	26,285
Accumulated depreciation	(3,416)	(3,580)	(5,044)	(3,248)	(15,288)
Net carrying amount	2,210	2,720	2,675	3,392	10,997
Year ended December 31, 2023					
Opening net carrying amount	2,210	2,720	2,675	3,392	10,997
Additions	2,599	3,256	1,901	1,730	9,486
Disposals	(590)	(53)	(1,545)	(26)	(2,214)
Depreciation	(1,445)	(1,274)	(1,368)	(1,390)	(5,477)
Closing net carrying amount	2,774	4,649	1,663	3,706	12,792
As at December 31, 2023					
Cost	7,602	9,239	8,075	8,145	33,061
Accumulated depreciation	(4,828)	(4,590)	(6,412)	(4,439)	(20,269)
Net carrying amount	2,774	4,649	1,663	3,706	12,792
Year ended December 31, 2024					
Opening net carrying amount	2,774	4,649	1,663	3,706	12,792
Additions	1,160	362	3,730	657	5,909
Disposals	(1,260)	(97)	–	(284)	(1,641)
Depreciation	(1,287)	(1,049)	(1,052)	(1,448)	(4,836)
Closing net carrying amount	1,387	3,865	4,341	2,631	12,224
As at December 31, 2024					
Cost	6,093	8,339	11,805	7,650	33,887
Accumulated depreciation	(4,706)	(4,474)	(7,464)	(5,019)	(21,663)
Net carrying amount	1,387	3,865	4,341	2,631	12,224
Year ended December 31, 2025					
Opening net carrying amount	1,387	3,865	4,341	2,631	12,224
Additions	1,296	243	–	1,054	2,593
Disposals	–	(1)	–	(82)	(83)
Depreciation	(818)	(510)	(1,084)	(1,133)	(3,545)
Closing net carrying amount	1,865	3,597	3,257	2,470	11,189
As at December 31, 2025					
Cost	7,389	8,570	11,805	8,095	35,859
Accumulated depreciation	(5,524)	(4,973)	(8,548)	(5,625)	(24,670)
Net carrying amount	1,865	3,597	3,257	2,470	11,189

Note:

(a) Depreciation of the Group's property, plant and equipment has been recognized as follows:

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Cost of sales	3,836	3,239	2,224
General and administrative expenses	505	703	515
Research and development expenses	886	660	540
Selling expenses	250	234	266
	5,477	4,836	3,545

(b) There are no property, plant and equipment of the Group pledged at the end of each year for the Track Record Period.

The Company

	Mold	**Leasehold improvement**	**Office equipment and others**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1, 2023				
Cost	2,091	812	1,774	4,677
Accumulated depreciation	(1,797)	(266)	(949)	(3,012)
Net carrying amount	294	546	825	1,665
Year ended December 31, 2023				
Opening net carrying amount	294	546	825	1,665
Additions	–	1,698	839	2,537
Disposals	–	–	(5)	(5)
Depreciation	(189)	(688)	(537)	(1,414)
Closing net carrying amount	105	1,556	1,122	2,783
As at December 31, 2023				
Cost	2,091	2,510	2,568	7,169
Accumulated depreciation	(1,986)	(954)	(1,446)	(4,386)
Net carrying amount	105	1,556	1,122	2,783
Year ended December 31, 2024				
Opening net carrying amount	105	1,556	1,122	2,783
Additions	–	–	160	160
Disposals	–	–	(3)	(3)
Depreciation	–	(340)	(517)	(857)
Closing net carrying amount	105	1,216	762	2,083
As at December 31, 2024				
Cost	2,091	2,510	2,711	7,312
Accumulated depreciation	(1,986)	(1,294)	(1,949)	(5,229)
Net carrying amount	105	1,216	762	2,083

	Mold	Leasehold improvement	Office equipment and others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Year ended December 31, 2025				
Opening net carrying amount	105	1,216	762	2,083
Additions	–	–	773	773
Disposals	–	–	(60)	(60)
Depreciation	–	(339)	(427)	(766)
Closing net carrying amount	105	877	1,048	2,030
As at December 31, 2025				
Cost	2,091	2,510	3,167	7,768
Accumulated depreciation	(1,986)	(1,633)	(2,119)	(5,738)
Net carrying amount	105	877	1,048	2,030

14. LEASES

The Group as a lessee

(a) Right-of-use assets

The movements in the net carrying amount of right-of-use assets are analyzed as follows:

	Buildings
	RMB'000
As at January 1, 2023	9,641
Additions	6,114
Depreciation	(4,472)
Lease modification and termination	(1,976)
As at December 31, 2023	9,307
As at January 1, 2024	9,307
Additions	8,185
Depreciation	(3,088)
Lease modification and termination	(3,780)
As at December 31, 2024	10,624
As at January 1, 2025	10,624
Depreciation	(2,859)
As at December 31, 2025	7,765

Notes:

(i) The Group has obtained the right to use buildings in its operations through tenancy agreements. Leases of buildings generally have lease terms from 1 year and 6 months to 5 years.

(ii) Depreciation of the Group's right-of-use assets has been recognized as follows:

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Cost of sales	2,014	1,140	1,000
General and administrative expenses	1,174	672	618
Selling expenses	624	629	600
Research and development expenses	660	647	641
	4,472	3,088	2,859

(b) Lease liabilities

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Total minimum lease payments	10,608	12,721	9,395
Future interest expense on lease liabilities	(703)	(991)	(551)
	9,905	11,730	8,844
Current	4,083	2,885	3,009
Non-current	5,822	8,845	5,835
	9,905	11,730	8,844

The maturity analysis of lease liabilities is disclosed in Note 34 to the Historical Financial Information.

(c) The amounts recognized in the consolidated statements of comprehensive income in relation to leases are as follows:

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Interest expense	426	554	441
Depreciation of right-of-use assets	4,472	3,088	2,859
	4,898	3,642	3,300

The Company

(a) Right-of-use assets

The movements in the net carrying amount of right-of-use assets are analyzed as follows:

	Buildings
	RMB'000
As at January 1, 2023	816
Additions	6,114
Depreciation	(1,632)
As at December 31, 2023	5,298
As at January 1, 2024	5,298
Depreciation	(1,222)
As at December 31, 2024	4,076
As at January 1, 2025	4,076
Depreciation	(1,223)
As at December 31, 2025	2,853

(b) Lease liabilities

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Total minimum lease payments	6,243	4,802	3,361
Future interest expense on lease liabilities	(557)	(336)	(168)
	5,686	4,466	3,193
Current	1,220	1,273	1,329
Non-current	4,466	3,193	1,864
	5,686	4,466	3,193

The Group as a lessor

No properties were rent out by the Group during the Track Record Period.

15. INTANGIBLE ASSETS

The Group

	Software
	RMB'000
As at January 1, 2023	
Cost	1,524
Accumulated amortization	(968)
Net carrying amount	556
Year ended December 31, 2023	
Opening net carrying amount	556
Additions	402
Disposal	(33)
Amortization	(331)
Closing net carrying amount	594
As at December 31, 2023	
Cost	1,837
Accumulated amortization	(1,243)
Net carrying amount	594
Year ended December 31, 2024	
Opening net carrying amount	594
Additions	758
Amortization	(305)
Closing net carrying amount	1,047
As at December 31, 2024	
Cost	2,481
Accumulated amortization	(1,434)
Net carrying amount	1,047
Year ended December 31, 2025	
Opening net carrying amount	1,047
Additions	75
Amortization	(321)
Closing net carrying amount	801
As at December 31, 2025	
Cost	2,556
Accumulated amortization	(1,755)
Net carrying amount	801

The Company

	Software
	RMB'000
As at January 1, 2023	
Cost	1,341
Accumulated amortization	(895)
Net carrying amount	446
Year ended December 31, 2023	
Opening net carrying amount	446
Additions	218
Amortization	(230)
Closing net carrying amount	434
As at December 31, 2023	
Cost	1,559
Accumulated amortization	(1,125)
Net carrying amount	434
Year ended December 31, 2024	
Opening net carrying amount	434
Additions	16
Amortization	(186)
Closing net carrying amount	264
As at December 31, 2024	
Cost	1,575
Accumulated amortization	(1,311)
Closing net carrying amount	264
Year ended December 31, 2025	
Opening net carrying amount	264
Amortization	(126)
Closing net carrying amount	138
As at December 31, 2025	
Cost	1,575
Accumulated amortization	(1,437)
Net carrying amount	138

16. FINANCIAL ASSETS AT FVTOCI

The Group

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Notes receivables measured at FVTOCI *(Note)*	4,000	4,219	10,194

Note:

The balance represents notes receivables held by the Group which are issued or guaranteed by reputable PRC banks with high credit ratings. The notes receivables had a maturity of within six months at the end of each year for the Track Record Period. The notes receivables are measured at FVTOCI since the notes are held within the business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets, and the contractual cash flows are solely payments of principal and interest on the principal amount outstanding. The Group believes that the notes receivables do not expose to significant credit risk and will not cause significant losses due to the bank default. The changes in the fair value of the notes receivables are minimal due to its short-term nature.

Financial assets that are derecognized in their entirety

As part of its ordinary business activities, the Group discounted and endorsed certain notes receivables accepted by banks (the "**Discounted and Endorsed Notes**") with carrying amounts of approximately RMB20,136,000, RMB20,788,000 and RMB14,229,000 to certain banks and certain of its suppliers as at December 31, 2023, 2024 and 2025, respectively. The Discounted and Endorsed Notes had maturities of one to six months at the end of each year for the Track Record Period. In accordance with the Negotiable Instruments Law of the People's Republic of China, holders of the Discounted and Endorsed Notes may exercise recourse rights against any, several or all of the persons liable in respect of such notes, including the Group, in disregard of the order of precedence (the "**Continuing Involvement**"). In the opinion of the Group, the risk of the Group being subject to claims by the holders of the Discounted and Endorsed Notes is remote in the absence of a default of the accepted banks. The Group has transferred substantially all risks and rewards relating to the Discounted and Endorsed Notes. Accordingly, it has derecognized the full carrying amounts of such notes and the related trade payables. The maximum exposure to loss arising from the Group's Continuing Involvement in the Discounted and Endorsed Notes and the undiscounted cash flows for repurchasing such notes equals to their carrying amounts. In the opinion of the Group, the fair value of the Group's Continuing Involvement in the Discounted and Endorsed Notes is not significant respectively.

The Company

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
– Notes receivables measured at FVTOCI	4,000	3,970	6,941

17. INVENTORIES

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	33,885	24,251	32,117
Work in progress	18,446	7,891	14,041
Finished goods	63,398	62,409	84,117
	115,729	94,551	130,275
Less: provision for impairment *(Note)*	(10,690)	(9,567)	(9,784)
	105,039	84,984	120,491

Note:

The directors of the Company review the condition of inventories and make allowance for inventories that are identified as obsolete, slow-moving or no longer recoverable or suitable for use in production. Inventory review was carried out at each reporting date on a product-by-product basis and makes allowance by reference to the latest market prices and current market conditions for the Group and the Company.

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	3	4,301	6,463
Work in progress	–	3,176	2,189
Finished goods	16,382	62,182	80,750
	16,385	69,659	89,402
Less: provision for impairment	(1,858)	(4,569)	(6,782)
	14,527	65,090	82,620

18. TRADE RECEIVABLES

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	36,383	20,838	18,093
Less: allowance for impairment	(2,101)	(2,067)	(1,773)
	34,282	18,771	16,320

Note:

The credit period granted to customers is generally within 60 days during the Track Record Period.

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables			
– Due from subsidiaries	57,668	20,915	47,248
– Due from other parties	34,881	19,097	17,260
	92,549	40,012	64,508
Less: allowance for impairment	(2,059)	(1,808)	(1,735)
	90,490	38,204	62,773

The aging analysis of trade receivables based on recognition date is as follows:

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	31,659	18,531	16,193
Over 1 year but within 2 years	3,081	406	199
Over 2 years but within 3 years	59	271	40
Over 3 years but within 4 years	201	57	51
Over 4 years	1,383	1,573	1,610
	36,383	20,838	18,093

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	88,273	37,960	62,665
Over 1 year but within 2 years	2,633	398	177
Over 2 years but within 3 years	59	24	32
Over 3 years but within 4 years	201	57	24
Over 4 years	1,383	1,573	1,610
	92,549	40,012	64,508

Movements in impairment of trade receivables are as follows:

The Group

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	1,777	2,101	2,067
Impairment recognized/(reversed), net	324	(34)	(294)
At the end of the year	2,101	2,067	1,773

Detail information about the impairment of trade receivables and the Group's exposure to credit risk is described in Note 34.

The Company

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	1,767	2,059	1,808
Impairment recognized/(reversed), net	292	(251)	(73)
At the end of the year	2,059	1,808	1,735

19. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Non-current			
Prepayments for acquisition of property, plant and equipment	1,251	13	497
Current			
Other receivables *(Note)*			
– Amounts due from related parties	2,189	9,929	–
– Deposits receivables	3,550	2,753	3,051
– Others	2,337	2,164	2,661
Less: allowance for impairment	(992)	(852)	(1,000)
	7,084	13,994	4,712
VAT recoverable	15,996	12,885	18,898
Prepayments for materials and services	2,178	1,935	11,692
Deferred **[REDACTED]** expenses	–	–	945
Others	41	77	322
	25,299	28,891	36,569

Note:

The information about credit risk exposure on the Group's other receivables is disclosed in Note 34.

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Non-current			
Prepayments for acquisition of property, plant and equipment	–	–	50
Current			
Other receivables			
Due from subsidiaries	5,793	9,577	11,635
Due from related parties	2,189	9,929	–
Due from other parties			
– Deposits receivables	1,963	1,928	2,267
– Others	1,365	1,146	1,717
Less: allowance for impairment	(558)	(508)	(647)
	10,752	22,072	14,972
VAT recoverable	673	12,064	16,454
Deferred **[REDACTED]** expenses	–	–	945
Prepayments for materials and others	86	881	1,459
	11,511	35,017	33,830

Movements in impairment of other receivables are as follows:

The Group

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	825	992	852
Impairment recognized/(reversed), net	167	(140)	148
At the end of the year	992	852	1,000

The Company

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	426	558	508
Impairment recognized/(reversed), net	132	(50)	139
At the end of the year	558	508	647

20. CASH AND CASH EQUIVALENTS

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Cash on hand	3	34	7
Cash in banks	27,397	46,835	72,646
	27,400	46,869	72,653

Denominated in:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
RMB	26,213	43,604	59,939
United States Dollar ("**USD**")	938	3,256	10,830
Other currencies	249	9	1,884
	27,400	46,869	72,653

RMB is not freely convertible into other currencies, however, under Chinese mainland's Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorized to conduct foreign exchange business. Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Cash on hand	3	34	7
Cash in banks	22,361	29,924	57,271
	22,364	29,958	57,278

Denominated in:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
RMB	21,240	27,279	48,527
USD	875	2,670	6,867
Other currencies	249	9	1,884
	22,364	29,958	57,278

21. DEFERRED INCOME TAX

The Group

Deferred tax assets and liabilities are offset when there is a legally enforceable right of offsetting and when the deferred income taxes relate to the same authority.

The net amounts of deferred tax assets and liabilities after offsetting are as follows:

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Deferred tax assets	19,454	20,193	17,063
Offset by deferred tax liabilities	(1,803)	(2,260)	(1,681)
Net deferred tax assets	17,651	17,933	15,382
Deferred tax liabilities	1,803	2,260	1,681
Offset by deferred tax assets	(1,803)	(2,260)	(1,681)
Net deferred tax liabilities	–	–	–

(a) Deferred tax assets

The gross movements on the deferred tax assets during the Track Record Period are as follows:

	Impairment provision	**Tax losses**	**Lease liabilities**	**Others**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1, 2023	603	16,499	2,318	153	19,573
Credited/(charged) in profit or loss	869	(945)	(410)	367	(119)
As at December 31, 2023 and January 1, 2024	1,472	15,554	1,908	520	19,454
Credited/(charged) in profit or loss	643	(1,340)	578	858	739
As at December 31, 2024 and January 1, 2025	2,115	14,214	2,486	1,378	20,193
Credited/(charged) in profit or loss	61	(3,112)	(594)	515	(3,130)
As at December 31, 2025	2,176	11,102	1,892	1,893	17,063

(b) Deferred tax liabilities

The gross movements on the deferred tax liabilities during the Track Record Period are as follows:

	Right-of-use assets	Others	Total
	RMB'000	*RMB'000*	*RMB'000*
As at January 1, 2023	2,329	–	2,329
(Credited)/charged in profit or loss	(532)	6	(526)
As at December 31, 2023 and January 1, 2024	1,797	6	1,803
Charged in profit or loss	452	5	457
As at December 31, 2024 and January 1, 2025	2,249	11	2,260
(Credited)/charged in profit or loss	(593)	14	(579)
As at December 31, 2025	1,656	25	1,681

(c) Tax losses and deductible temporary differences with deferred tax assets not recognized

Deferred tax assets should be recognized when it is probable that taxable profits or taxable temporary differences will be available against which the deferred tax asset can be utilized. Temporary differences will not be recognized as deferred tax assets if management estimates that they will not be recovered from taxable profits generated from continuing operations in the foreseeable future. As at December 31, 2023, 2024 and 2025, the tax losses and deductible temporary differences which were not recognized as deferred tax assets at the end of each year were RMB15,854,000, RMB7,474,000 and RMB10,199,000, respectively.

The Group has unused tax losses of approximately RMB7,044,000, RMB5,274,000 and RMB9,974,000 as at December 31, 2023, 2024 and 2025, respectively, available for offset against future profits. The tax losses can be carried forward as below:

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
2026	4,988	1,338	1,338
2027	694	694	694
2028	1,362	1,362	1,362
2029	–	1,621	1,621
2030	–	–	4,959
No expire date	–	259	–
	7,044	5,274	9,974

The Company

Deferred tax assets and liabilities are offset when there is a legally enforceable right of offsetting and when the deferred taxes relate to the same authority.

The net amounts of deferred tax assets and liabilities after offsetting are as follows:

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Deferred tax assets	10,829	12,696	11,852
Offset by deferred tax liabilities	(801)	(623)	(453)
Net deferred tax assets	10,028	12,073	11,399
Deferred tax liabilities	801	623	453
Offset by deferred tax assets	(801)	(623)	(453)
Net deferred tax liabilities	–	–	–

(a) Deferred tax assets

The gross movements on the deferred tax assets during the Track Record Period are as follows:

	Impairment provision	**Tax losses**	**Lease liabilities**	**Others**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1, 2023	470	9,520	154	153	10,297
Credited/(charged) in profit or loss	201	(526)	699	158	532
As at December 31, 2023 and January 1, 2024	671	8,994	853	311	10,829
Credited/(charged) in profit or loss	362	1,480	(183)	208	1,867
As at December 31, 2024 and January 1, 2025	1,033	10,474	670	519	12,696
Credited/(charged) in profit or loss	342	(934)	(191)	(61)	(844)
As at December 31, 2025	1,375	9,540	479	458	11,852

(b) Deferred tax liabilities

The gross movements on the deferred tax liabilities during the Track Record Period are as follows:

	Right-of-use assets	**Others**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
As at January 1, 2023	122	–	122
Charged in profit or loss	673	6	679
As at December 31, 2023 and January 1, 2024	795	6	801
(Credited)/charged in profit or loss	(183)	5	(178)
As at December 31, 2024 and January 1, 2025	612	11	623
(Credited)/charged in profit or loss	(184)	14	(170)
As at December 31, 2025	428	25	453

22. TRADE PAYABLES

The Group

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	95,596	80,070	126,460

The credit period granted by suppliers is generally within 120 days. The aging analysis of the trade payables of the Group as at December 31, 2023, 2024, and 2025 based on recognition date is as follows:

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
– Within 1 year	94,577	74,522	125,651
– Over 1 year but within 2 years	692	5,009	15
– Over 2 years but within 3 years	205	213	712
– Over 3 years	122	326	82
	95,596	80,070	126,460

The Company

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Trade payables			
– Due to subsidiaries	3	10,196	15,782
– Due to other parties	61,900	59,905	92,045
	61,903	70,101	107,827

All of the trade payables of the Company as at December 31, 2023, 2024 and 2025 based on recognition date are within one year.

23. OTHER PAYABLES AND ACCRUALS

The Group

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Payroll and welfare payables	12,813	13,187	16,790
Other tax payables	14,195	4,907	4,606
Deposits received	1,430	752	732
Accrued **[REDACTED]** expenses	–	–	3,849
Accrued expenses	4,107	4,362	4,170
	32,545	23,208	30,147

The Company

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Amounts due to subsidiaries	5,986	26,345	21,160
Payroll and welfare payables	7,667	8,665	11,060
Other tax payables	6,563	1,271	1,009
Deposits received	1,062	712	402
Accrued **[REDACTED]** expenses	–	–	3,849
Others	1,508	1,668	1,638
	22,786	38,661	39,118

24. CONTRACT LIABILITIES

The Group

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Advance payments from customers	3,442	2,910	4,831

Contract liabilities mainly arise from the advance payments from customers upon which the performance obligations have been established while the underlying goods are yet to be provided.

The Company

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Advance payments from customers	3,374	2,512	3,468

25. BORROWINGS

The Group

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Current			
Unsecured and unguaranteed			
Short-term bank borrowings	–	2,800	–
Unsecured and guaranteed			
Short-term bank borrowings *(Note (a), (b))*	21,022	31,524	15,511
Secured and guaranteed			
Short-term bank borrowings *(Note (a), (b))*	5,004	11,011	25,720
	26,026	45,335	41,231
Non-current			
Unsecured and unguaranteed			
Long-term other borrowings *(Note (e))*	33,932	11,609	–

Notes:

(a) As at December 31, 2023, 2024 and 2025, the outstanding balances of bank borrowings solely guaranteed by the shareholders amounted to approximately RMB5,004,000, RMB22,015,000 and RMB25,717,000, respectively *(Note 31(e))*.

(b) As at December 31, 2023, 2024 and 2025, the outstanding balances of bank borrowings jointly guaranteed by the shareholders and the entities within the Group amounted to approximately RMB21,022,000, RMB20,520,000 and RMB15,514,000, respectively *(Note 31(e))*.

(c) Secured borrowings were mainly secured by intellectual properties. As at December 31, 2023, 2024 and 2025, the carrying value of the secured intellectual properties is nil.

(d) As at December 31, 2023, 2024 and 2025, the bank borrowings bear interest rates range of 2.80% to 3.80%, 2.85% to 3.50% and 2.50% to 3.10% per annum, respectively.

(e) The amount represents borrowings from independent third party, carrying fixed interest rate of 6% per annum, and the Group is entitled to repay all or part of the principal at any time before the maturity date without any prepayment charges.

The Company

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Current			
Unsecured and guaranteed			
Short-term bank borrowings	16,017	23,515	15,511
Secured and guaranteed			
Short-term bank borrowings	5,004	11,011	20,717
	21,021	34,526	36,228

During the Track Record Period, the Group did not violate any financial covenants under the agreements of borrowings. The Group's and the Company's borrowings were repayable as follows:

The Group

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Analyzed as:			
– Within 1 year	26,026	45,335	41,231
– Over 1 year but within 2 years	–	11,609	–
– Over 2 years	33,932	–	–
	59,958	56,944	41,231

As at December 31, 2023, 2024 and 2025, the Group's borrowings that are all denominated in RMB.

Details of the Group's risk arising from current and non-current borrowings are disclosed in Note 34 to the Historical Financial Information.

The Company

As at December 31, 2023, 2024 and 2025, the Company's borrowings are all repayable within one year and denominated in RMB.

26. PROVISIONS

The Group and the Company

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Warranties	1,640	2,024	1,420

Note:

The Group provides warranties on products and undertakes to repair or replace items that fail to perform satisfactorily. Provision was made for estimated warranty claims in respect of products sold which were still under warranty at the end of each of reporting period. The amount of the provision for the warranties is estimated based on sales volumes and past experience of the level of repairs and returns. The estimation basis is reviewed on an ongoing basis and revised where appropriate.

The movements of the provisions during the Track Record Period are as follows:

The Group and the Company

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	968	1,640	2,024
Provision during the year	7,282	7,733	6,089
Utilization during the year	(6,610)	(7,349)	(6,693)
At the end of the year	1,640	2,024	1,420

27. SHARE CAPITAL

The Group and the Company

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Share capital	20,610	20,610	20,610

The changes in the Company's authorized, issued and fully paid share capital are as follows:

	Number of shares	**Share capital**
	'000	*RMB'000*
Ordinary shares of RMB1 each		
As at December 31, 2023, 2024 and 2025	20,610	20,610

28. OTHER RESERVES AND RETAINED EARNINGS

The Group

During the Track Record Period, the amounts of the Group's reserves and the changes therein are presented in the consolidated statements of changes in equity.

The Company

	Treasury shares reserve	Capital reserves	Statutory reserve	Retained earnings	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1, 2023	–	20,987	1,176	6,224	28,387
Loss for the year	–	–	–	(1,972)	(1,972)
Total comprehensive loss for the year	–	–	–	(1,972)	(1,972)
As at December 31, 2023	–	20,987	1,176	4,252	26,415
As at January 1, 2024	–	20,987	1,176	4,252	26,415
Profit for the year	–	–	–	22,617	22,617
Total comprehensive income for the year	–	–	–	22,617	22,617
Appropriation of statutory reserve	–	–	2,262	(2,262)	–
Repurchase of shares *(Note)*	(10,030)	–	–	–	(10,030)
As at December 31, 2024	(10,030)	20,987	3,438	24,607	39,002
As at January 1, 2025	(10,030)	20,987	3,438	24,607	39,002
Profit for the year	–	–	–	22,109	22,109
Total comprehensive income for the year	–	–	–	22,109	22,109
Appropriation of statutory reserve	–	–	2,211	(2,211)	–
Repurchase of shares *(Note)*	(6,404)	–	–	–	(6,404)
As at December 31, 2025	(16,434)	20,987	5,649	44,505	54,707

Note:

The detail of the treasury shares reserve and number of treasury shares outstanding at the end of each year for the Track Record Period are as follows:

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	–	–	10,030
Repurchase of shares	–	10,030	6,404
At the end of the year	–	10,030	16,434
Number of treasury shares (in thousands)	–	924	1,513

During the years ended December 31, 2024 and 2025, the Company repurchased its shares from certain minority shareholders for the purpose of implementing share incentive scheme for certain directors and employees of the Group in the foreseeable future.

29. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

Reconciliation of liabilities arising from financing activities for the Track Record Period are as follows:

	Borrowings	**Lease liabilities**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
As at January 1, 2023	90,896	9,681	100,577
Cash flows	(34,874)	(4,568)	(39,442)
Interest expense	3,936	426	4,362
New leases and lease modification	–	4,366	4,366
As at December 31, 2023 and January 1, 2024	59,958	9,905	69,863
Cash flows	(5,766)	(2,948)	(8,714)
Interest expense	2,752	554	3,306
New leases and lease modification	–	4,219	4,219
As at December 31, 2024 and January 1, 2025	56,944	11,730	68,674
Cash flows	(17,140)	(3,327)	(20,467)
Interest expense	1,427	441	1,868
As at December 31, 2025	41,231	8,844	50,075

30. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

The Company

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Investments in subsidiaries, at cost	12,000	12,367	17,859
Impairment loss	(10,000)	(10,000)	(10,000)
	2,000	2,367	7,859

At the date of this report, the Company's principal subsidiaries are as follows:

Name of entity	Place of incorporation/ operation	Registered share capital	Effective interest held by the Company: As at December 31, 2023	2024	2025	As at the date of this report	Principal activities
Directly held:							
DDPAI (Zhejiang) Intelligent Equipment Co., Ltd. *(Note (b))*	The PRC	RMB10,000,000	100%	100%	100%	100%	Manufacturing
DDPAI (Shenzhen) Cloud Technology Co., Ltd. *(Note (c))*	The PRC	RMB5,000,000	100%	100%	100%	100%	Research and development
DDPAI (Dongguan) Vision Equipment Co., Ltd. *(Note (d))*	The PRC	RMB1,000,000	100%	100%	100%	100%	Manufacturing
Pinghu Chongpeipei Technology Co., Ltd	The PRC	RMB1,000,000	100%	100%	100%	100%	Product sales
Shenzhen Chepaidang Technology Co., Ltd.	The PRC	RMB1,000,000	100%	100%	100%	100%	Product sales
DDPAI (Shenzhen) Automotive Electronics Co., Ltd.	The PRC	RMB1,000,000	N/A	N/A	100%	100%	Product sales
DDPAI Global Co., Limited	Hong Kong	HKD2,000,000	100%	100%	100%	100%	Product sales

Notes:

(a) The English name of the subsidiaries with Chinese names represents the best effort by the management of the Group in translating their Chinese names as they do not have an official English name.

(b) The financial statements of this subsidiary for the year ended December 31, 2023 was audited by Dahua Certified Public Accountants LLP.

(c) The financial statements of this subsidiary for the year ended December 31, 2023 was audited by Dahua Certified Public Accountants LLP. The financial statements of the entity for the year ended December 31, 2024 were audited by BDO China Shu Lun Pan Certified Public Accountants LLP. The financial statements of this subsidiary for the year ended December 31, 2025 was audited by Shenzhen Donghai Certified Public Accountants LLP.

(d) The financial statements of this subsidiary for the year ended December 31, 2023 was audited by Dahua Certified Public Accountants LLP.

(e) The above table lists the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results during the Track Record Period or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

(f) All the subsidiaries of the Company are limited liability companies. All subsidiaries have adopted December 31, as their financial year end date.

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

31. RELATED PARTY TRANSACTIONS

The Group entered into the following related party transactions during the Track Record Period.

(a) Relationships with related parties

Name of related party	Relationship with the Group
Mr. Yu Yunhui	The shareholder of the Company
Mr. Ma Yiding	Senior management of the Company
Pinghu Yichen Information Consulting Co., Ltd. ("**Pinghu Yichen**")	Company controlled by the controlling shareholder

(b) Non-trade transactions with related parties

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Proceeds from repayment of advances to:			
Mr. Ma Yiding	71	–	1,029
Mr. Yu Yunhui	–	1,160	–
Pinghu Yichen	–	–	18,131
	71	1,160	19,160
Payments for advances to:			
Pinghu Yichen	–	8,900	9,231

(c) Balances with related parties

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Non-trade amounts due from related parties ***(Note (i), (ii))***			
Mr. Ma Yiding	1,029	1,029	–
Mr. Yu Yunhui	1,160	–	–
Pinghu Yichen	–	8,900	–
	2,189	9,929	–

Notes:

(i) The amounts were unsecured, interest-free and recoverable or repayable on demand.

(ii) The amount due from the related parties in non-trade nature were all settled during the year ended December 31, 2025.

(d) Compensation of key management personnel of the Group

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Salaries, allowances, discretionary bonuses and benefits in kind	3,354	3,857	3,913
Retirement scheme contributions	55	65	98
	3,409	3,922	4,011

(e) Guarantees

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Guarantees provided by the Shareholders for the Group's borrowings *(Note 25)*	26,026	42,535	41,231

The balances set out above is the outstanding balance of the borrowings.

32. FINANCIAL INSTRUMENTS BY CATEGORY

The Group

The carrying amounts of each financial instrument as at the end of each year for the reporting period are as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Financial assets			
Financial assets at amortized cost			
– Trade receivables	34,282	18,771	16,320
– Other receivables	7,084	13,994	4,712
– Cash and cash equivalents	27,400	46,869	72,653
Financial assets at FVTOCI			
– Notes receivables measured at FVTOCI	4,000	4,219	10,194
	72,766	83,853	103,879
Financial liabilities			
Financial liabilities measured at amortized cost			
– Trade payables	95,596	80,070	126,460
– Other payables and accruals (excluding payroll and welfare payables and other tax payables)	5,537	5,114	8,751
– Borrowings	59,958	56,944	41,231
– Lease liabilities	9,905	11,730	8,844
	170,996	153,858	185,286

33. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

(a) Financial assets

(i) Fair value hierarchy

This section explains the judgments and estimates made in determining the fair values of the financial instruments that are recognized and measured at fair value in the consolidated financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

	Level 3
	RMB'000
As at December 31, 2023	
Financial assets at FVTOCI	
– Notes receivables measured at FVTOCI	4,000
As at December 31, 2024	
Financial assets at FVTOCI	
– Notes receivables measured at FVTOCI	4,219
As at December 31, 2025	
Financial assets at FVTOCI	
– Notes receivables measured at FVTOCI	10,194

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities and financial liabilities at FVTPL.

(ii) Valuation techniques used to determine fair values

The valuation of the level 3 instruments mainly included financial assets at fair value through other comprehensive income. As these instruments are not traded in an active market, their fair values have been determined by using discounted cash flows approach.

(iii) Fair value measurements using significant unobservable inputs (level 3)

During the Track Record Period, there was no transfer between Level 1 and Level 2 and into or out of Level 3.

The following table summarizes the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurement.

	Fair value hierarchy	As at December 31,			Valuation technique and key input	Relationship of significant unobservable input to fair value
		2023	2024	2025		
		RMB'000	*RMB'000*	*RMB'000*		
Financial assets at FVTOCI						
Notes receivables measured at FVTOCI	Level 3	4,000	4,219	10,194	Discount rate	The higher the discount rate, the lower the fair value

The Group performed sensitivity test to changes in unobservable inputs in determining the fair value of notes receivables measured at FVTOCI. The changes in unobservable inputs including discount rates will result in a significantly higher or lower fair value measurement. The increase/decrease in the fair value of notes receivables measured at FVTOCI would increase/decrease the fair value change in the consolidated statements of other comprehensive loss. When performing the sensitivity test, management applied an increase or decrease to each unobservable input, which represents management's assessment of reasonably possible change to these unobservable inputs.

As of December 31, 2023, 2024 and 2025, increasing/decreasing the discount rate by 5% would decrease/increase the fair value of notes receivables measured at FVTOCI by RMB22,000, RMB20,000 and RMB50,000, respectively.

The fair value of trade receivables, other receivables, cash and cash equivalents, trade payables, other payables and accruals (excluding payroll and welfare payables and other taxes payables), borrowings and lease liabilities approximated their carrying amounts due to their short maturities or interest bearing.

The movement during the Track Record Period in the balance of Level 3 fair value measurements is as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Financial assets at FVOCI – Notes receivables			
At the beginning of the year	–	4,000	4,219
Additions	36,760	65,930	57,031
Disposals	(32,760)	(65,711)	(51,056)
At the end of the year	4,000	4,219	10,194

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The financial instruments of the Group mainly comprise cash and cash equivalents, financial assets at FVTOCI, bank and other borrowings and lease liabilities, the main purpose of which is to support for the operations of the Group. The Group has various other financial assets and liabilities such as trade receivables, other receivables, trade payables, other payables and accruals, which arise directly from its operations.

The risks of the Group's financial instruments are mainly arising from foreign currency risk, interest rate risk, credit risk and liquidity risk. The directors of the Company review and agree policies for managing each of these risks and they are summarized below.

Foreign currency risk

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). Foreign exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not the group entities' functional currency. The Company's functional currency is RMB. The Company's subsidiaries were incorporated in Chinese mainland and Hong Kong and these subsidiaries considered RMB and USD as their functional currency, respectively.

The Group is primarily exposed to changes in RMB/USD exchange rates. As at December 31, 2023 and 2024 and 2025, if USD exchange rate against RMB had increased/decreased 5% with all other variables held constant, the Group's net profits for the year would have been RMB182,000, RMB287,000 and RMB709,000 higher/lower as a result of foreign exchange gains/losses on translation of USD denominated cash and cash equivalents and trade receivables.

Interest rate risk

The Group's interest rate risk primarily arises from interest-bearing borrowings and lease liabilities. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates, and lease liabilities bearing fixed rates expose the Group to fair value interest rate risk.

The Group has been monitoring the level of interest rates. The increase in the interest rates will increase the interest costs of borrowings at variable rates, which will further impact the performance of the Group.

The following tables list out the interest rate profiles of the Group's variables interest-bearing financial instruments as at December 31, 2023, 2024 and 2025:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Floating rate instrument			
– Borrowings	26,000	45,300	41,200

If interest rates of floating rate instruments had been 50 basis points higher/lower with all other variables held constant, the profit before income tax would be lower/higher approximately RMB89,000, RMB129,000 and RMB128,000 as at December 31, 2023, 2024 and 2025.

Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices (other than those arising from interest rate risk or currency risk).

As at the end of each reporting period, the Group held no equity instruments, commodity instruments, funds or other price-sensitive financial assets or liabilities. The Group's financial instruments consist primarily of cash and cash equivalents, trade receivables, notes receivables measured at FVOCI, other receivables, trade payables, lease liabilities and borrowings, which are not subject to significant fluctuations in equity or commodity prices.

Accordingly, the Group has no material exposure to other price risk, and a sensitivity analysis has not been presented.

Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group. The Group's exposure to credit risk mainly arises from granting credit to customers in the ordinary course of its operations and from its investing activities.

The Group's maximum exposure to credit risk is represented by the carrying amount of each financial asset measured at amortized cost and notes receivables measured at FVTOCI as disclosed in Note 32 to the Historical Financial Information. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

As at December 31, 2023, 2024 and 2025, The Group have no credit risk other than financial assets whose carrying amounts best represent the maximum exposure to credit risk.

(a) Cash and cash equivalents

To manage risk arising from cash and cash equivalents, the Group only transacts with state-owned or reputable financial institutions. There has been no recent history of default in relation to these financial institutions. These instruments are considered to have low credit risk because they have a low risk of default and the counterparties have a strong capacity to meet their contractual cash flow obligations in the near term. Cash and cash equivalents are also subject to the impairment requirements of IFRS 9, while the identified credit loss was immaterial.

(b) Trade receivables

The Group applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and aging.

The expected loss rates are based on the credit rating of counter parties and the payment profiles of sales and probability of default of counter parties on an ongoing basis throughout each year for the Track Record Period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the Gross Domestic Product ("**GDP**"), inflation rates and M2 money supply to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in these factors.

The Group's trade receivables as described in Note 18 mainly represented receivables received from the sales of products to customers.

Except for trade receivables assessed for credit risk on an individual basis, the Group groups its trade receivables into one portfolio based on common credit risk characteristics.

Individually impaired trade receivables are related to customers who are experiencing unexpected economic difficulties. The Group expects that the amounts of the receivables will partially or entirely have difficulty to be recovered and has recognized impairment losses

As of December 31, 2023, 2024 and 2025, the allowance for impairment for the trade receivables were determined as follows:

	Gross carrying amount	Allowance for impairment	Expected loss rate
	RMB'000	*RMB'000*	*%*
As at December 31, 2023			
Assessed based on grouping	35,000	(718)	2.05%
Assessed individual	1,383	(1,383)	100.00%
	36,383	(2,101)	5.77%
As at December 31, 2024			
Assessed based on grouping	19,265	(494)	2.56%
Assessed individual	1,573	(1,573)	100.00%
	20,838	(2,067)	9.92%
As at December 31, 2025			
Assessed based on grouping	16,483	(163)	0.99%
Assessed individual	1,610	(1,610)	100.00%
	18,093	(1,773)	9.80%

(c) Note receivables measured at FVOCI

The Group assessed that there was no significant credit risk associated with the note receivables measured at FVOCI as they were issued by large-size banks. The Group did not expect that there would be any significant losses from non-performance by these reputable banks.

(d) Other receivables

The other receivables mainly comprise deposits and other assets accounted as amortized cost and amounts due from related parties. The management of the Group makes periodic collective assessments as well as individual assessment on the recoverability of other receivables based on historical settlement records, past experiences and collateral, if any. The Group measures credit risk using probability of default and loss given default. The maximum exposure at the end of the reporting period is the carrying amount of other receivables.

- Other receivables that are not credit-impaired on initial recognition are classified in "Stage 1" and have their credit risk continuously monitored by the Group. The expected credit loss is measured on a 12-month basis.

- If a significant increase in credit risk since initial recognition is identified, the financial instrument is moved to "Stage 2" but is not yet deemed to be credit-impaired. The expected credit loss is measured on lifetime basis.

- If the financial instrument is credit-impaired, the financial instrument is then moved to "Stage 3". The expected credit loss is measured on lifetime basis.

For the amounts due from related parties, the management of the Group assesses credit risk as minimal given no historical defaults incurred and all balances have been settled as at December 31, 2025. Accordingly, no loss allowance was made for amounts due from related parties.

For other receivables other than amounts due from related parties, as there has been no significant increase in credit risk since initial recognition, all of the Group's other receivables as at December 31, 2023, 2024 and 2025 were classified in Stage 1 and their expected credit losses were measured on a 12-month basis. The following table sets forth the ECL allowance for other receivables other than amounts due from related parties as at December 31, 2023, 2024 and 2025:

	Gross carrying amount	ECL allowance	Expected loss rate
	RMB'000	*RMB'000*	
As at December 31, 2023			
Other receivables	5,887	(992)	16.85%
As at December 31, 2024			
Other receivables	4,917	(852)	17.33%
As at December 31, 2025			
Other receivables	5,712	(1,000)	17.51%

Liquidity risk

The Group aims to maintain sufficient cash and cash equivalents. Due to the dynamic nature of the underlying businesses, the Group maintains flexibility in funding by maintaining adequate balances of such. The table below analyzes the Group's financial liabilities by relevant maturity groupings based on the remaining period since the end of each year for the Track Record Period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows or the carrying amount of the financial liabilities to be delivered.

	Within 1 year	1 to 2 years	2 to 3 years	Over 3 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at December 31, 2023					
Trade payables	95,596	–	–	–	95,596
Other payables and accruals	5,537	–	–	–	5,537
Bank and other borrowings	26,636	–	37,687	–	64,323
Lease liabilities	4,434	2,812	1,441	1,921	10,608
	132,203	2,812	39,128	1,921	176,064
As at December 31, 2024					
Trade payables	80,070	–	–	–	80,070
Other payables and accruals	5,114	–	–	–	5,114
Bank and other borrowings	46,119	12,261	–	–	58,380
Lease liabilities	3,326	3,326	3,515	2,554	12,721
	134,629	15,587	3,515	2,554	156,285
As at December 31, 2025					
Trade payables	126,460	–	–	–	126,460
Other payables and accruals	8,751	–	–	–	8,751
Bank and other borrowings	41,911	–	–	–	41,911
Lease liabilities	3,326	3,515	2,554	–	9,395
	180,448	3,515	2,554	–	186,517

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern by pricing services commensurately with the level of risk so that it can continue to provide returns and benefits to the shareholders and other stakeholders.

The Group sets the amount of capital in proportion to risk. The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the subject assets. In order to maintain or adjust the capital structure, the Group may adjust the amounts of dividends paid to the shareholders or return capital to the shareholders. The Group is not subject to any external capital requirements. During the Track Record Period, there are no changes in capital management objectives, policies or procedures.

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Total assets	237,615	225,575	291,861
Total liabilities	203,096	178,086	214,180
Liability-to-asset ratio	85.47%	78.95%	73.38%

35. DIVIDENDS

No dividend has been paid or declared by the Company or the subsidiaries of the Company during each of the years ended December 31, 2023, 2024 and 2025.

36. COMMITMENTS

At the end of each year for the Track Record Period, the Group has no material commitments contracted but not provided for in the Historical Financial Information.

37. CONTINGENCIES

As at December 31, 2023, 2024 and 2025, there were no significant contingencies items for the Group and the Company.

38. EVENT AFTER THE END OF THE REPORTING PERIOD

(i) On March 18, 2026, pursuant to the general meeting of the shareholders, the shareholders of the Company resolved to approve a share incentive scheme for the purpose of providing share incentives to certain directors and employees contributing to the Group. A total of 1,513,000 restricted shares was granted at a total cash consideration of RMB6,704,000.

(ii) Pursuant to the **[REDACTED]** investment agreements entered into on June 1, 2026, the Company issued a total of 858,750 ordinary shares for a total cash consideration of RMB50,000,000 to certain external investors. In June 2026, the consideration was fully paid.

(iii) Pursuant to the resolutions of the shareholders of the Company passed on June 22, 2026, the **[REDACTED]** was approved, under which each share with a par value of RMB1 in the share capital of the Company will be **[REDACTED]** into **[REDACTED]** shares with a par value of RMB**[REDACTED]** each. The **[REDACTED]** will take effect upon the **[REDACTED]** becoming unconditional and immediately prior to the completion of the **[REDACTED]**. Following the **[REDACTED]**, the Group's registered capital will be RMB21,468,750, divided into **[REDACTED]** shares, each with a par value of RMB**[REDACTED]**.

(iv) There are no other material subsequent events affecting the consolidated financial statements.

III. 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 December 31, 2025.