The following is the text of a report set out on pages I-1 to I-65, received from the Company's reporting accountants, KPMG, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.

KPMG

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF ALLYSTAR TECHNOLOGY (SHENZHEN) CO., LTD., CMB INTERNATIONAL CAPITAL LIMITED AND PING AN OF CHINA CAPITAL (HONG KONG) COMPANY LIMITED

Introduction

We report on the historical financial information of Allystar Technology (Shenzhen) Co., Ltd. (深圳華大北斗科技股份有限公司) (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages [I-3] to [I-65], which comprises the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2023, 2024 and 2025, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated cash flow statements, for each of the years ended 31 December 2023, 2024 and 2025 (the "**Track Record Period**"), and material accounting policy information and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages [I-3] to [I-65] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [date] (the "**Document**") in connection with the **[REDACTED]** of H 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 preparation and presentation set out in Note 1 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants' responsibility

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

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

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

Opinion

In our opinion, the Historical Financial Information gives, for the purpose of the accountants' report, a true and fair view of the Company's and the Group's financial position as at 31 December 2023, 2024 and 2025, and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation and presentation set out in Note 1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

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

Dividends

We refer to Note 26(d) to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Track Record Period.

KPMG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

[date]

HISTORICAL FINANCIAL INFORMATION

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

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

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Expressed in Renminbi)

	Note	For the year ended 31 December		
		2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Revenue	4	645,136	840,286	1,014,150
Cost of sales		(577,217)	(758,319)	(901,694)
Gross profit		67,919	81,967	112,456
Other net income	5	32,170	43,466	24,948
Selling and distribution expenses		(56,516)	(54,408)	(53,925)
Administrative expenses		(83,173)	(80,476)	(88,081)
Research and development costs		(109,783)	(118,111)	(93,684)
Recognition of impairment loss on trade and other receivables	6(c)	(8,492)	(14,509)	(14,436)
Impairment loss on non-current assets	6(c)	(128,872)	—	—
Loss from operations		(286,747)	(142,071)	(112,722)
Finance costs	6(a)	(2,397)	(1,732)	(2,269)
Loss before taxation	6	(289,144)	(143,803)	(114,991)
Income tax	7(a)	228	2,534	2,462
Loss for the year		(288,916)	(141,269)	(112,529)
Attributable to:				
Equity shareholders of the Company		(264,687)	(119,422)	(98,951)
Non-controlling interests	14	(24,229)	(21,847)	(13,578)
Loss for the year		(288,916)	(141,269)	(112,529)
Loss per share	10			
Basic loss per share *(RMB)*		(0.31)	(0.14)	(0.11)
Diluted loss per share *(RMB)*		(0.31)	(0.14)	(0.11)
Loss for the year		(288,916)	(141,269)	(112,529)
Other comprehensive income for the year (after tax and reclassification adjustments)				
Item that is or may be reclassified subsequently to profit or loss				
Exchange differences arising from net investment in foreign operations and translation of financial statements		3,163	4,171	(7,626)
Total comprehensive income for the year		(285,753)	(137,098)	(120,155)
Attributable to:				
Equity shareholders of the Company		(261,524)	(115,251)	(106,577)
Non-controlling interests	14	(24,229)	(21,847)	(13,578)
Total comprehensive income for the year		(285,753)	(137,098)	(120,155)

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE GROUP

(Expressed in Renminbi)

	Note	As at 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Non-current assets				
Property, plant and equipment	11	90,791	82,903	86,910
Intangible assets	12	50,090	42,879	34,661
Goodwill	13	81,170	81,170	81,170
Contract assets	16(a)	949	3,189	3,513
Trade and other receivables	17	25,935	11,948	7,991
Deferred tax assets	24(b)	5,045	6,134	7,697
		253,980	228,223	221,942
Current assets				
Inventories and contract costs	15	96,663	70,928	89,403
Contract assets	16(a)	812	811	2,696
Trade and other receivables	17	218,580	341,058	431,599
Restricted cash	18(b)	1,455	12,460	10,285
Other current assets		5,455	6,535	9,016
Cash and cash equivalents	18(a)	712,778	571,578	446,670
		1,035,743	1,003,370	989,669
Current liabilities				
Trade and other payables	19	92,882	136,350	187,053
Contract liabilities	16(b)	25,502	61,041	73,897
Bank loans and other borrowing	20	36,941	45,755	72,058
Lease liabilities	21	10,911	11,347	4,517
Current taxation	24(a)	84	21	104
Provisions	25	1,304	1,553	1,477
		167,624	256,067	339,106
Net current assets		868,119	747,303	650,563
Total assets less current liabilities		1,122,099	975,526	872,505
Non-current liabilities				
Contract liabilities	16(b)	2,198	1,125	1,476
Lease liabilities	21	16,491	4,804	1,966
Deferred income	22	39,227	27,330	25,580
Deferred tax liabilities	24(b)	4,878	3,432	2,331
		62,794	36,691	31,353
NET ASSETS		1,059,305	938,835	841,152
CAPITAL AND RESERVES	26			
Share capital		863,041	863,041	863,041
Reserves		156,328	56,216	(28,865)
Total equity attributable to equity shareholders of the Company		1,019,369	919,257	834,176
Non-controlling interests		39,936	19,578	6,976
TOTAL EQUITY		1,059,305	938,835	841,152

The accompanying notes form part of the Historical Financial Information.

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

(Expressed in Renminbi)

		As at 31 December		
	Note	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
Non-current assets				
Property, plant and equipment	*11*	33,381	36,028	44,480
Intangible assets	*12*	19,652	19,858	19,043
Goodwill	*13*	81,170	81,170	81,170
Investments in subsidiaries	*14*	478,660	490,438	582,816
Trade and other receivables	*17*	15,500	1,593	1,129
		628,363	629,087	728,638
Current assets				
Inventories and contract costs	*15*	30,290	24,996	43,598
Trade and other receivables	*17*	156,890	200,297	295,821
Other current assets		4,408	5,503	8,378
Cash and cash equivalents	*18(a)*	428,726	333,282	167,208
		620,314	564,078	515,005
Current liabilities				
Trade and other payables	*19*	98,885	102,868	135,924
Contract liabilities	*16(b)*	435	15,006	31,834
Bank loans and other borrowing	*20*	—	—	35,023
Lease liabilities	*21*	5,286	5,591	2,019
		104,606	123,465	204,800
Net current assets		515,708	440,613	310,205
Total assets less current liabilities		1,144,071	1,069,700	1,038,843
Non-current liabilities				
Lease liabilities	*21*	8,058	2,266	205
Deferred income	*22*	39,227	27,330	25,580
Deferred tax liabilities		345	—	—
		47,630	29,596	25,785
NET ASSETS		1,096,441	1,040,104	1,013,058
CAPITAL AND RESERVES	*26*			
Share capital		863,041	863,041	863,041
Reserves		233,400	177,063	150,017
TOTAL EQUITY		1,096,441	1,040,104	1,013,058

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Expressed in Renminbi)

	Attributable to equity shareholders of the Company							
	Share capital	Capital reserve	Share-based payments reserve	Exchange reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	RMB'000 *Note 26(b)*	*RMB'000* *Note 26(c)(i)*	*RMB'000* *Note 26(c)(ii)*	*RMB'000* *Note 26(c)(iii)*	*RMB'000*	*RMB'000*	*RMB'000* *Note 14*	*RMB'000*
Balance at 1 January 2023	863,041	582,605	21,962	7,495	(208,311)	1,266,792	62,668	1,329,460
Changes in equity for the year ended 31 December 2023								
Loss for the year	—	—	—	—	(264,687)	(264,687)	(24,229)	(288,916)
Other comprehensive income	—	—	—	3,163	—	3,163	—	3,163
Total comprehensive income	—	—	—	3,163	(264,687)	(261,524)	(24,229)	(285,753)
Capital contribution by non-controlling interests	—	—	—	—	—	—	800	800
Equity-settled share-based transactions *(Note 23)*	—	—	14,101	—	—	14,101	697	14,798
Balance at 31 December 2023	863,041	582,605	36,063	10,658	(472,998)	1,019,369	39,936	1,059,305

	Attributable to equity shareholders of the Company							
	Share capital	Capital reserve	Share-based payments reserve	Exchange reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	RMB'000 *Note 26(b)*	*RMB'000* *Note 26(c)(i)*	*RMB'000* *Note 26(c)(ii)*	*RMB'000* *Note 26(c)(iii)*	*RMB'000*	*RMB'000*	*RMB'000* *Note 14*	*RMB'000*
Balance at 1 January 2024	863,041	582,605	36,063	10,658	(472,998)	1,019,369	39,936	1,059,305
Changes in equity for the year ended 31 December 2024								
Loss for the year	—	—	—	—	(119,422)	(119,422)	(21,847)	(141,269)
Other comprehensive income	—	—	—	4,171	—	4,171	—	4,171
Total comprehensive income	—	—	—	4,171	(119,422)	(115,251)	(21,847)	(137,098)
Equity-settled share-based transactions *(Note 23)*	—	—	15,139	—	—	15,139	1,489	16,628
Balance at 31 December 2024	863,041	582,605	51,202	14,829	(592,420)	919,257	19,578	938,835

	Attributable to equity shareholders of the Company							
	Share capital	Capital reserve	Share-based payments reserve	Exchange reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	RMB'000 *Note 26(b)*	*RMB'000* *Note 26(c)(i)*	*RMB'000* *Note 26(c)(ii)*	*RMB'000* *Note 26(c)(iii)*	*RMB'000*	*RMB'000*	*RMB'000* *Note 14*	*RMB'000*
Balance at 1 January 2025	863,041	582,605	51,202	14,829	(592,420)	919,257	19,578	938,835
Changes in equity for the nine months ended 31 December 2025								
Loss for the period	—	—	—	—	(98,951)	(98,951)	(13,578)	(112,529)
Other comprehensive income	—	—	—	(7,626)	—	(7,626)	—	(7,626)
Total comprehensive income	—	—	—	(7,626)	(98,951)	(106,577)	(13,578)	(120,155)
Equity-settled share-based transactions *(Note 23)*	—	—	21,496	—	—	21,496	976	22,472
Balance at 31 December 2025	863,041	582,605	72,698	7,203	(691,371)	834,176	6,976	841,152

The accompanying notes form part of the Historical Financial Information.

CONSOLIDATED CASH FLOW STATEMENTS

(Expressed in Renminbi)

	Note	For the year ended 31 December		
		2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Operating activities				
Cash used in operations	*18(c)*	(105,847)	(141,177)	(105,992)
Income tax paid		(1,361)	(64)	(119)
Net cash used in operating activities		(107,208)	(141,241)	(106,111)
Investing activities				
Proceeds from redemption of wealth management products		1,514,385	1,237,792	504,479
Payment for the purchase of wealth management products		(1,500,000)	(1,225,000)	(502,000)
Payment for the purchase of property, plant and equipment and intangible assets		(29,368)	(17,184)	(31,285)
Proceeds from disposal of property, plant and equipment		575	15	8
Net cash used in investing activities		(14,408)	(4,377)	(28,798)
Financing activities				
Capital element of lease rentals paid	*18(d)*	(8,791)	(10,772)	(7,283)
Interest element of lease rentals paid	*18(d)*	(1,066)	(888)	(338)
Proceeds from bank loans and other borrowing	*18(d)*	36,900	50,723	85,540
Repayments of bank loans	*18(d)*	(29,900)	(41,900)	(59,580)
Borrowing costs paid	*18(d)*	(1,312)	(853)	(1,588)
Capital injection from non-controlling interest of a subsidiary		800	—	—
Proceeds from employee incentive scheme	*23(iii)*	—	2,588	—
Payment of **[REDACTED]** expenses		**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Net cash (used in)/generated from financing activities		(3,369)	(2,007)	13,177
Net decrease in cash and cash equivalents		(124,985)	(147,625)	(121,732)
Cash and cash equivalents at the beginning of the year	*18(a)*	831,300	712,778	571,578
Effect of foreign exchange rate changes		6,463	6,425	(3,176)
Cash and cash equivalents at the end of the year	*18(a)*	712,778	571,578	446,670

The accompanying notes form part of the Historical Financial Information.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 Basis of preparation and presentation of Historical Financial Information

Allystar Technology (Shenzhen) Co., Ltd. (深圳華大北斗科技股份有限公司) ("**the Company**"), was incorporated in Shenzhen City, Guangdong Province, the People's Republic of China (the "**PRC**") on 6 December 2016 as a limited liability company.

On 6 December 2021, the Company converted from a limited liability company into a joint stock limited liability company under the PRC Company Law.

The Company and its subsidiaries (together, "**the Group**") are principally engaged in offering positioning chips, modules, terminals, and solutions based on the BeiDou system to producing dual-mode and multi-mode products compatible with major global satellite navigation systems.

As at 31 December 2023, 2024, and 2025 and the date of this report, the Company has direct interests in the following principal subsidiaries, all of which are private companies:

Company name	Place of incorporation and business	Registered/ issued and paid-up capital	Proportion of ownership interest				Principal activities	The types of legal entity for PRC companies	Local auditors
			31 December 2023	31 December 2024	31 December 2025	At the date of this report			
Beijing Beidou Huada Technology Co., Ltd.* (北京北斗華大科技有限公司)	Chinese Mainland	RMB150,000,000/ RMB150,000,000	100%	100%	100%	100%	Research and development, and product sales	limited liability company	2023: 廣東海松會計師事務所(普通合夥), 2024: not available, 2025: 深圳恒瑞會計師事務所(普通合夥)
Allystar Technology Co., Limited (華大北斗科技有限公司(香港))	Hong Kong	HKD337,548,733/ HKD337,548,733	100%	100%	100%	100%	Research and development	N/A	2023 and 2024: Grand Up CPA Limited 2025: not available
Allystar Information Co., Limited (航芯信息有限公司)	Hong Kong	HKD16,580,692/ HKD16,580,692	100%	100%	100%	100%	Products sales and distribution	N/A	2023 and 2024: Grand Up CPA Limited 2025: not available
Shanghai Medo Surveying and Mapping Technology Co., Ltd.* (上海米度測控科技有限公司) ("**Medo**"))	Chinese Mainland	RMB24,642,936/ RMB20,081,329	53.74%	53.74%	53.74%	53.74%	Provision of GNSS-related solutions	limited liability company	2023, 2024 and 2025: 上海軒和會計師事務所(普通合夥)

* The official name of the entity is in Chinese. The English name is for identification purpose only.

The financial statements of the Company for the years ended 31 December 2023 prepared in accordance with the Accounting Standards for Business Enterprises applicable to the enterprises in the PRC were audited by 廣東海松會計師事務所(普通合夥). The financial statements of the Company for the year ended 31 December 2024 prepared in accordance with the Accounting Standards for Business Enterprises applicable to the enterprises in the PRC were audited by 深圳天地會計師事務所(普通合夥). The financial statements of the Company for the year ended 31 December 2025 prepared in accordance with the Accounting Standards for Business Enterprises applicable to the enterprises in the PRC were audited by 深圳恆瑞會計師事務所 (普通合夥).

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

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

The IASB has issued a number of new and revised IFRS Accounting Standards. For the purpose of preparing the Historical Financial Information, the Group has adopted all applicable new and revised IFRS Accounting Standards to the Track Record Period, except for any new standards or interpretations that are not yet effective for the accounting period beginning on 1 January 2025. The revised and new accounting standards and interpretations issued but not yet effective for the accounting year beginning on 1 January 2025 are set out in Note 29.

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

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

2 Material accounting policy information

(a) Basis of measurement

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

The measurement basis used in the preparation of the Historical Financial Information is the historical cost basis, except for certain financial assets measured at their fair value as explained in Note 2(e)(i).

(b) Use of estimates and judgments

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

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

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

(c) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

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

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the period between non-controlling interests and the shareholders of the Company.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

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

In the statement of financial position of the Company, investments in subsidiaries are stated at cost less impairment losses (see Note 2(i)(ii)).

(d) Goodwill

Goodwill arising on acquisition of businesses represents the excess of

(i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over

(ii) the net fair value of the acquiree's identifiable assets and liabilities measured as of the acquisition date.

When (ii) is greater than (i), then this excess is recognized immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses (see Note 2(i)(ii)). Goodwill arising on a business combination is allocated to cash generating unit, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see Note 2(i)(ii)).

On disposal of a cash generating unit, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(e) Other investments in debt and equity securities

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

Investments in debt and equity securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss (FVPL) for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see Note 27(e). These investments are subsequently accounted for as follows, depending on their classification.

(i) Investments other than equity investments

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

— amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method (see Note 2(s)(ii)(a)).

— fair value through other comprehensive income (FVOCI) — recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.

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

(ii) Equity investments

An investment in equity securities is classified as FVPL, unless the investment is not held for trading purposes and on initial recognition the Group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognized in OCI. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. If such election is made for a particular investment, at the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings and not recycled through profit or loss.

(f) Property, plant and equipment

The following items of property, plant and equipment are stated at cost, which includes capitalised borrowing costs, less accumulated depreciation and any accumulated impairment losses (see Note 2(i)(ii)):

— Ownership interests in buildings held for own use arising from buildings owned by the Group;

— right-of-use assets arising from leases over leasehold properties where the Group is not the registered owner of the property interest; and

— items of property, plant and equipment, including right-of-use assets arising from leases of underlying plant and equipment (see Note 2(h)).

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

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

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

The estimated useful lives for the Track Record Period are as follows:

— Ownership interests in buildings held for own use	20 years
— Plant, machinery and equipment	3–5 years
— Motor vehicles	5 years
— Right-of-use assets	Over the shorter of the lease term or the estimated useful life of the asset
— Leasehold improvement	Over the shorter of the lease term or the estimated useful life of the asset

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Construction in progress represents properties under construction and machinery and equipment pending installation and is stated at cost less impairment losses (see Note 2(i)(ii)). Cost comprises the purchase costs of the asset and the related construction and installation costs.

Construction in progress is transferred to property, plant and equipment when the asset is substantially ready for its intended use and depreciation will be provided at the appropriate rates in accordance with the depreciation polices specified above.

No depreciation is provided in respect of construction in progress.

(g) Intangible assets

Intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses (see Note 2(i)(ii)).

Amortisation is calculated to write-off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, if any, and is generally recognised in profit or loss.

The estimated useful lives for the Track Record Period are as follows:

— Software	1–10 years
— Patents and trademarks	5–10 years
— Unfinished orders	1 year
— Customer Relationship	6 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Expenditure on research activities is recognized as an expense in the period in which it is incurred. Expenditure on development activities is capitalized if it can be demonstrated that the product or process is technically and commercially feasible and the Group has sufficient resources and the intention to complete development. Other development expenditure is recognized as an expense in the period in which it is incurred.

(h) Leased assets

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

As a lessee

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

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see Note 2(i)(ii)).

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

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

The Group presents right-of-use assets in "property, plant and equipment" and lease liabilities separately in the consolidated statements of financial position.

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

As a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income is accounted for on a straight-line basis over the lease term and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases.

When the Group is an intermediate lessor, a sublease is classified as a finance lease or operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the on-balance sheet recognition exemption, the Group classifies the sublease as an operating lease.

(i) Credit losses and impairment of assets

(i) Credit losses from financial instruments and contract assets

The Group recognises a loss allowance for expected credit losses ("**ECL**"s) on the financial assets measured at amortized cost(including cash and cash equivalents, trade and other receivables).

Measurement of ECLs

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

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

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

— variable-rate financial assets: current effective interest rate.

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

ECLs are measured on either of the following bases:

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

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

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

— financial instruments that are determined to have low credit risk at the reporting date; and

— other financial instruments (including loan commitments issued) for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or (ii) the financial asset is 3 years past due. 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 since initial recognition:

— failure to make payments of principal or interest on their contractually due dates;

— an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

— an actual or expected significant deterioration in the operating results of the debtor; and

— existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognized as an impairment gain or loss in profit or loss. The Group recognizes an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt securities that are measured at FVOCI (recycling), for which the loss allowance is recognized in other comprehensive income and accumulated in the fair value reserve (recycling).

Basis of calculation of interest income

Interest income recognised in accordance with Note 2(s)(ii)(a) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

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

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

— significant financial difficulties of the debtor;

— a breach of contract, such as a default or past due event;

— it becomes probable that the borrower will enter into bankruptcy or other financial reorganisation;

— significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or

— the disappearance of an active market for a security because of financial difficulties of the issuer.

Credit-impaired financial assets

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

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

— significant financial difficulties of the debtor;

— a breach of contract, such as a default or being more than 90 days past due;

— the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;

— it is probable that the debtor will enter bankruptcy or other financial reorganisation; or

— the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

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

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

(ii) Impairment of other non-current assets

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

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units ("**CGU**"s). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

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

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

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

(j) Inventories and contract costs

(i) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

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

(ii) Contract costs

Other than the costs which are capitalised as inventories, property, plant and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

— the costs relate directly to a contract or to an anticipated contract that the entity can specifically identify;

— the costs generate or enhances resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future;

— the costs are expected to be recovered.

Amortisation of the capitalised contract costs are recognised in the statements of profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

(k) Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue (see Note 2(s)) before being unconditionally entitled to the consideration under the terms in the contract. Contract assets are reclassified to receivables when the right to the consideration becomes unconditional (see Note 2(l)).

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

(l) Trade and other receivables

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

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECL in accordance with the policy set out in Note 2(i)(i).

(n) Trade and other payables (other than refund liabilities)

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

(o) Interest-bearing borrowings

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

(p) Employee Benefits

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

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

Full time employees of the Group in the PRC participate in government mandated defined contribution plans, pursuant to which certain pension benefits, medical care, employee housing fund and other welfare benefits are provided to the employees. Chinese labor regulations require that the Company and the PRC subsidiaries make contributions to the government for these benefits based on certain percentages of the employees' salaries, up to a maximum amount specified by the local government. The Group has no legal obligation for the benefits beyond the contributions made. The Group's contributions to the defined contribution plans are expensed as incurred and not reduced by contributions forfeited by those employees who leave the plans prior to vesting fully in the contributions.

The Group also operates a Mandatory Provident Fund Scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. Contributions to the plan vest immediately. There are no forfeited contributions for the Mandatory Provident Fund Schemes as the contributions are fully vested to the employees upon payment to the scheme.

(ii) Share-based payments

The Group operates equity-settled share-based compensation plans, under which the Group receives services from directors and employees as consideration for equity instruments of the Group. The fair value of the services received in exchange for the grant of the equity instruments is recognized as an expense in the consolidated statements of profit or loss.

The total expense is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the Group revises its estimates of the number of restricted shares that are expected to vest based on service condition. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

The grant by the Company of share incentive plan over its equity instruments to the employees of subsidiaries undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognized over the vesting period as an increase to investment in subsidiaries undertakings, with a corresponding credit to equity in separate financial statements of the Company.

(iii) Termination benefits

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

(q) Income Tax

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

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

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

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

— temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;

— temporary differences related to investment in subsidiaries, associates and joint venture to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;

— taxable temporary differences arising on the initial recognition of goodwill;

— those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organization for Economic Co-operation and Development.

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

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

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

(r) Provisions

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

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

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

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

(s) Revenue and other income

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

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

(i) Revenue from contracts with customers

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

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

(a) Sales of products

Revenue is recognised when the customer takes possession of and accepts the products. Payment terms and conditions vary by customers and are based on the billing schedule established in the contracts or purchase orders with customers. The Group takes advantage of the practical expedient in paragraph 63 of IFRS 15 and does not adjust the consideration for any effects of a significant financing component as the period of financing is 12 months or less.

The Group typically offers customers of products rights of return when there have quality issues with products delivered. It also offers retrospective volume rebates to certain major customers of products when their purchases reach an agreed threshold. Such rights of return and volume rebates give rise to variable consideration. The Group estimates variable consideration based on the Group's current and future performance expectations and all information that is reasonably available. This estimated amount is included in the transaction price to the extent it is highly probable that a significant reversal of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is resolved. At the time of sales of products, the Group recognises revenue after taking into account adjustment to transaction price arising from returns and rebates as mentioned above. A refund liability is recognised for the expected returns and is included in trade and other payables.

(b) Rendering of services

The Group rendered services of customized deformation monitoring solutions for various public and industrial sectors.

Revenue from services was recognized from project-based fees that are often paid upon achieving project milestones.

(ii) Other income

(a) Interest income

Interest income is recognised as it accrues under the effective interest method using the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset (see Note 2(i)(i)).

(b) Government grants

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

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

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

(t) Translation of foreign currencies

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss.

The assets and liabilities of foreign operations are translated into Renminbi at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into Renminbi at the exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI and accumulated in the exchange reserve, except to the extent that the translation difference is allocated to NCI.

(u) Borrowing costs

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

(v) Related parties

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

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

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

(w) Segment reporting

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

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

3 Accounting judgement and estimates

Note 27 contains information about the assumptions and their risk factors relating to measurement of ECLs allowance for trade receivables and fair value of financial instruments. Other significant sources of estimation uncertainty are as follows:

(i) Sales returns from customers

The estimate of sales returns reflects historical experience of sales to customers under the Global Navigation Satellite System ("**GNSS**") and is reviewed regularly to ensure that it reflects potential sales returns. A refund liability is recognised for the obligation to refund some or all of the consideration received (or receivable) from a customer and is measured at the amount the Group ultimately expects it will have to return to the customer. The Group continuously updates its estimates based on historical sales return rate and the refund liabilities are adjusted accordingly. Estimates of sales returns are sensitive to changes in circumstances and the Group's historical experience regarding returns may not be representative of customers actual returns in the future.

(ii) Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value.

Value in use is determined using the discounted cash flow method. Due to inherent risk associated with estimations in the timing and magnitude of the future cash flows, the estimated recoverable amount of the assets may be different from its actual recoverable amount and the Group's profit or loss could be affected by the accuracy of the estimations. Changes in facts and circumstances may result in revisions to the estimates of recoverable amount, which would affect profit or loss in future years.

(iii) Recognition of deferred tax asset

Deferred tax assets are recognised in respect of deductible temporary differences. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences can be utilized, management's judgment is required to assess the probability of future taxable profits. Management's assessment is revised as necessary and additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered.

4 Revenue and segment reporting

(a) Revenue

During the Track Record Period, the Group generated our revenue primarily from (i) GNSS chips, modules and solutions business; and (ii) Comprehensive chips and modules business.

(i) Disaggregation of revenue

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

	Years ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Revenue from contracts with customers within the scope of IFRS 15			
— Sales of products	617,131	821,280	992,389
— Rendering of services	28,005	19,006	21,761
	645,136	840,286	1,014,150

Disaggregation of revenue from contracts with customers by the timing of revenue recognition and by geographic markets for the Track Record Period is disclosed in Note 4(b) respectively.

The Group's customer base is diversified. During the Track Record Period, revenue from each of the major customers, which accounted for 10% or more of the Group's revenue, are set out below:

	Years ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Customer A	N/A*	N/A*	N/A*
Customer B	92,844	107,841	124,773
Customer C	76,031	N/A*	N/A*
Customer D	70,426	N/A*	N/A*

* The corresponding revenue of the customer is not disclosed as the revenue individually did not account for 10% or more of the Group's revenue during the respective period.

Details of concentrations of credit risk arising from these customers are set out in Note 27(a).

(ii) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date

As at 31 December 2023, 2024 and 2025, the aggregated amounts of the transaction price allocated to the remaining performance obligations under the Group's existing contracts are RMB27,700,000, RMB62,166,000 and RMB50,565,000, respectively. These amounts represent revenue expected to be recognized from the contracts signed between the customers and the Group in the future. The Group will recognize the expected revenue when the product is accepted, or when the service is rendering, which is expected to be realized in the next 12 to 60 months.

(b) Segment reporting

The Group manages its businesses by divisions, which are organised by the business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following two reportable segments. No operating segments have been aggregated to form the following reportable segments.

— GNSS chips, modules and solutions business: this segment engaged in design and sales of GNSS chips and modules including providing customized deformation monitoring solutions;

— Comprehensive chips and modules business: this segment engaged in distribution of communication baseband chips, storage chip modules, radio frequency chips and certain other products.

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets consist primarily of property, plant and equipment, intangible assets, goodwill, trade and other receivables, contract assets, inventories and contract costs, cash and cash equivalents, restricted cash and other current assets with the exception of deferred tax assets. Segment liabilities include provisions, trade and other payables, deferred income, lease liabilities, contract liabilities, bank loans and other borrowing with the exception of deferred tax liabilities and current taxation.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortization of assets attributable to those segments.

The measure used for reporting segment profit is "adjusted EBITDA", i.e. "adjusted earnings before interest, taxes, equity-settled share-based payment expenses and depreciation and amortisation". To arrive at adjusted EBITDA, the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as directors' emoluments and **[REDACTED]** expenses.

(i) Segment results, assets and liabilities

	GNSS chips, modules and solutions business			Comprehensive chips and modules business			Total		
	Years ended 31 December			Years ended 31 December			Years ended 31 December		
	2023	**2024**	**2025**	**2023**	**2024**	**2025**	**2023**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Disaggregated by timing of revenue recognition									
Point in time	145,770	219,495	311,336	477,671	602,101	681,401	623,441	821,596	992,737
Over time	21,695	18,690	21,413	—	—	—	21,695	18,690	21,413
Reportable segment revenue	167,465	238,185	332,749	477,671	602,101	681,401	645,136	840,286	1,014,150
Reportable segment loss (adjusted EBITDA)	(232,141)	(79,054)	(37,948)	(10,346)	(5,391)	(590)	(242,487)	(84,445)	(38,538)
Interest income	9,318	8,126	5,904	3,913	2,953	2,674	13,231	11,079	8,578
Equity-settled share-based payment expenses	(6,553)	(7,167)	(11,280)	(2,093)	(4,968)	(6,063)	(8,646)	(12,135)	(17,343)
Finance costs	(2,333)	(1,676)	(2,048)	(64)	(56)	(221)	(2,397)	(1,732)	(2,269)
Depreciation and amortisation	(36,209)	(40,240)	(37,568)	(211)	(129)	(422)	(36,420)	(40,369)	(37,990)
Reportable segment assets	1,199,312	1,111,852	994,604	234,176	270,633	404,601	1,433,488	1,382,485	1,399,205
Reportable segment liabilities	(168,915)	(203,887)	(209,809)	(205,351)	(242,444)	(353,506)	(374,266)	(446,331)	(563,315)

(ii) Reconciliations of reportable segment revenues, profit or loss

	Years ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Revenue			
Reportable segment revenue	645,136	840,286	1,014,150
Losses			
Reportable segment loss	(242,487)	(84,445)	(38,538)
Equity-settled share-based payment expenses	(8,646)	(12,135)	(17,343)
[REDACTED] expenses	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Depreciation and amortisation	(36,420)	(40,369)	(37,990)
Finance costs	(2,397)	(1,732)	(2,269)
Interest income	13,231	11,079	8,578
Unallocated head office and corporate expenses	(12,425)	(11,302)	(12,049)
Consolidated loss before taxation	(289,144)	(143,803)	(114,991)

(iii) Reconciliations of reportable segment assets and liabilities

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Assets			
Reportable segment assets	1,433,488	1,382,485	1,399,205
Elimination of inter-segment receivables	(148,810)	(157,026)	(195,291)
Deferred tax assets	5,045	6,134	7,697
Consolidated total assets	1,289,723	1,231,593	1,211,611
Liabilities			
Reportable segment liabilities	374,266	446,331	563,315
Elimination of inter-segment payables	(148,810)	(157,026)	(195,291)
Current taxation	84	21	104
Deferred tax liabilities	4,878	3,432	2,331
Consolidated total liabilities	230,418	292,758	370,459

(iv) Geographic information

The following table sets out 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 services were provided, or the goods were delivered.

	Years ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Chinese Mainland	272,563	412,220	692,996
Hong Kong	367,537	424,227	316,117
Other Countries	5,036	3,839	5,037
	645,136	840,286	1,014,150

As substantially all of the Group's non-current assets are mainly in the Chinese Mainland, no geographic information is presented.

5 Other net income

	Years ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Government grants	13,157	27,843	14,603
Interest income from bank deposits	13,231	11,079	8,578
Investment income from wealth management banking products	7,203	6,396	2,479
Net (loss)/gain on sale of property, plant and equipment	(89)	109	477
Net foreign exchange loss	(1,196)	(2,360)	(1,822)
Others	(136)	399	633
	32,170	43,466	24,948

6 Loss before taxation

Loss before taxation is arrived at after charging:

(a) Finance costs

	Years ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Interest expense *(Note 18(d))*	1,331	844	1,931
Interest on lease liabilities *(Note 11(b))*	1,066	888	338
	2,397	1,732	2,269

(b) Staff costs

	Years ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Salaries, wages and other benefits	142,099	133,892	120,001
Equity-settled share-based payment expenses *(Note 23)*	14,798	16,628	22,472
Contributions to defined contribution retirement plan	12,515	12,527	11,096
Termination benefits	1,728	3,596	3,001
	171,140	166,643	156,570

(c) Other items

	Years ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Amortisation of intangible assets *(Note 12)*	14,238	16,107	16,516
Depreciation *(Note 11)*	22,182	24,262	21,474
	36,420	40,369	37,990
Impairment loss on non-current assets	128,872	—	—
Recognition of impairment loss on trade and other receivables	8,492	14,509	14,436
	137,364	14,509	14,436
Cost of inventories *(Note 15(a))*	529,311	698,510	886,309
Research and development costs	109,783	118,111	93,684
Lease expense relating to short-term leases and low-value assets *(Note 11(b))*	2,058	674	263
Auditor's remuneration	212	239	191
[REDACTED] expenses	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**

7 Income tax in the consolidated statements of profit or loss

(a) Taxation in the consolidated statements of profit or loss represents:

	Years ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Current tax			
Provision for the year	17	24	147
(Over)/under-provision in respect of prior years	(16)	(23)	55
	1	1	202
Deferred tax			
Origination and reversal of temporary differences	(229)	(2,535)	(2,664)
	(228)	(2,534)	(2,462)

The Company and its subsidiaries in Chinese Mainland are subject to PRC corporate income tax ("**CIT**") at the statutory tax rate of 25%.

In accordance with relevant rules and regulations of CIT in the PRC, the Company and three subsidiaries of the Group, namely Allystar Technology (Beijing) Co., Ltd., Shanghai Medo Surveying and Mapping Technology Co., Ltd. and Yunshang Medo (Guizhou) Technology Co., Ltd. were entitled to High Tech Enterprise qualification and enjoyed a preferential tax rate of 15% during the Track Record Period.

According to the relevant tax rules in the PRC, qualified research and development costs are allowed for bonus deduction for income tax purpose, as a result, an additional 100% of the qualified research and development costs could be deemed as deductible expenses during the Track Record Period.

According to the relevant tax rules in Hong Kong, pursuant to the Inland Revenue (Amendment) (No. 3) Ordinance 2018, the two-tiered Profits tax rates regime will be applicable to Allystar Technology Co., Limited in any year of assessment commencing on or after 1 April 2018. Under the two-tiered Profits tax rates regime, the first HK$2 million of profits of the qualifying entities are taxed at 8.25%, and profits above HK$2 million are taxed at 16.5%.

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

	Years ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Loss before taxation	(289,144)	(143,803)	(114,991)
Calculated at the rates applicable to loss in the jurisdictions concerned	(72,042)	(35,534)	(27,647)
Tax effect of preferential tax treatments	28,255	13,323	9,284
Additional deduction for research and development costs	(12,684)	(11,420)	(11,633)
Tax effect of non-deductible expenses	20,173	1,462	1,286
Tax effect of non-taxable income	(713)	(1,975)	(1,391)
Tax effect of unused tax losses and deductible temporary differences not recognized	36,887	32,095	27,893
Tax effect of utilization of tax losses and deductible temporary differences not recognized in previous years	(88)	(462)	(309)
(Over)/under-provision in respect of prior years	(16)	(23)	55
Actual tax expense	(228)	(2,534)	(2,462)

8 Directors' emoluments

Directors' emoluments during the Track Record Period are as follows:

	Year ended 31 December 2023						
	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-Total	Share-based payments (i)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Directors							
Mr. Sun Zhongliang (ii)	—	1,768	—	81	1,849	4,514	6,363
Mr. Lu Wei (vii)	—	199	—	4	203	—	203
Mr. Wang Tianjiu (iii)	—	1,001	—	69	1,070	1,637	2,707
Non-executive directors							
Mr. Li Qian	—	—	—	—	—	—	—
Mr. Duan Xiaojian	—	—	—	—	—	—	—
Ms. Lin Ying	—	—	—	—	—	—	—
Ms. Guo Jinxiang (iv)	—	—	—	—	—	—	—
Independent non-executive directors							
Mr. Gao Jianming (v)	100	—	—	—	100	—	100
Mr. Tang Xiaofeng (vi)	100	—	—	—	100	—	100
Ms. Wang Changying	100	—	—	—	100	—	100
	300	2,968	—	154	3,422	6,151	9,573

	Year ended 31 December 2024						
	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-Total	Share-based payments (i)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Directors							
Mr. Sun Zhongliang (ii)	—	1,785	1,643	81	3,509	4,495	8,004
Mr. Lu Wei (vii)	—	1,577	1,369	52	2,998	—	2,998
Non-executive directors							
Mr. Li Qian	—	—	—	—	—	—	—
Mr. Duan Xiaojian	—	—	—	—	—	—	—
Ms. Lin Ying	—	—	—	—	—	—	—
Ms. Guo Jinxiang (iv)	—	—	—	—	—	—	—
Independent non-executive directors							
Mr. Gao Jianming (v)	100	—	—	—	100	—	100
Mr. Tang Xiaofeng (vi)	100	—	—	—	100	—	100
Ms. Wang Changying	100	—	—	—	100	—	100
	300	3,362	3,012	133	6,807	4,495	11,302

	Year ended 31 December 2025						
	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Sub-Total	Share-based payments (i)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Directors							
Mr. Sun Zhongliang (ii)	—	1,790	1,649	80	3,519	2,183	5,702
Mr. Lu Wei (vii)	—	1,581	1,374	57	3,012	2,946	5,958
Non-executive directors							
Mr. Li Qian	—	—	—	—	—	—	—
Mr. Duan Xiaojian	—	—	—	—	—	—	—
Ms. Lin Ying	—	—	—	—	—	—	—
Ms. Guo Jinxiang (iv)	—	—	—	—	—	—	—
Independent non-executive directors							
Mr. Gao Jianming (v)	42	—	—	—	42	—	42
Mr. Tang Xiaofeng (vi)	42	—	—	—	42	—	42
Ms. Wang Changying	129	—	—	—	129	—	129
Mr. Ho Hung Tim Chester (viii)	88	—	—	—	88	—	88
Ms. Shen Chen (ix)	88	—	—	—	88	—	88
	389	3,371	3,023	137	6,920	5,129	12,049

(i) The details of these benefits in kind, including the principal terms and number of award granted, are disclosed in Note 23.

(ii) Mr. Sun Zhongliang has served a director of the Company since 6 December 2016 and was re-designated as an executive director in May 2025.

(iii) Mr. Wang Tianjiu resigned from his position as a director with effect from 30 November 2023.

(iv) Ms. Guo Jinxiang was appointed as a non-executive director with effect from 24 January 2022 and was re-designated as a non-executive director in May 2025.

(v) Mr. Gao Jianming retired as an independent non-executive director with effect from 28 May 2025.

(vi) Mr. Tang Xiaofeng retired as an independent non-executive director with effect from 28 May 2025.

(vii) Mr. Lu Wei was appointed as a director with effect from 1 December 2023 and was re-designated as an executive director in May 2025.

(viii) Mr. Ho Hung Tim Chester was appointed as an independent non-executive director with effect from 28 May 2025.

(ix) Ms. Shen Chen was appointed as an independent non-executive director with effect from 28 May 2025.

During the Track Record Period, no director has waived or agreed to waive any emoluments and no amounts were paid or payable by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of any office in connection with the management of the affairs of any member of the Group.

9 Individuals with highest emoluments

The five highest paid employees during the years ended 31 December 2023, 2024 and 2025 included two, two and two directors respectively, details of whose remuneration are set out in Note 8 above.

Details of the remuneration for the remaining three, three and three highest paid employees who are not directors of the Company during the years ended 31 December 2023, 2024 and 2025 are as follows:

	Years ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Salaries and other emoluments	3,304	3,419	3,647
Discretionary bonuses	1,395	1,415	1,350
Retirement scheme contributions	160	162	151
Equity compensation benefits	81	136	214
	4,940	5,132	5,362

The number of non-director highest paid employees whose remuneration fell within the following bands is as follows:

	Years ended 31 December		
	2023	2024	2025
	Number of individuals	*Number of individuals*	*Number of individuals*
HKD 1,000,001–HKD 1,500,000	1	—	—
HKD 1,500,001–HKD 2,000,000	2	3	3
	3	3	3

10 Loss per share

(a) Basic loss per share

The calculations of basic loss per share are based on the loss attributable to ordinary equity shareholders of the Company and the weighted average number of ordinary shares outstanding, calculated as follows:

	Years ended 31 December		
	2023	2024	2025
Loss for the year attributable to ordinary equity shareholders of the Company *(RMB'000)*	(264,687)	(119,422)	(98,951)
Weighted average number of ordinary shares *('000)*	863,041	863,041	863,041
Basic loss per share *(RMB per share)*	(0.31)	(0.14)	(0.11)

(b) Diluted loss per share

During the Track Record Period, the share-based arrangements (Note 23) were not included in the calculation of diluted loss per share as their inclusion would have been anti-dilutive. Accordingly, the diluted loss per share were the same as the basic loss per share.

11 Property, plant and equipment

(a) Reconciliation of carrying amount

The Group

	Ownership interests in buildings held for own use	Properties leased for own use	Plant, machinery and equipment	Motor Vehicles	Leasehold improvement	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost:						
At 1 January 2023	40,354	25,305	36,697	1,656	5,639	109,651
Additions	—	20,137	14,648	—	633	35,418
Disposals	—	(5,042)	(3,137)	(268)	—	(8,447)
Exchange adjustments	—	44	54	—	—	98
At 31 December 2023 and 1 January 2024	40,354	40,444	48,262	1,388	6,272	136,720
Additions	—	655	16,894	—	162	17,711
Disposals	—	(3,132)	(183)	(184)	—	(3,499)
Exchange adjustments	—	60	79	—	—	139
At 31 December 2024 and 1 January 2025	40,354	38,027	65,052	1,204	6,434	151,071
Additions	—	5,613	24,525	840	1,977	32,955
Disposals	—	(17,766)	(48)	—	—	(17,814)
Exchange adjustments	—	(69)	(90)	—	—	(159)
At 31 December 2025	40,354	25,805	89,439	2,044	8,411	166,053
Accumulated depreciation:						
At 1 January 2023	(673)	(8,784)	(18,816)	(802)	(1,882)	(30,957)
Charge for the year *(Note 6(c))*	(2,018)	(9,689)	(8,328)	(291)	(1,856)	(22,182)
Written back on disposals	—	4,434	2,574	254	—	7,262
Exchange adjustments	—	(26)	(26)	—	—	(52)
At 31 December 2023 and 1 January 2024	(2,691)	(14,065)	(24,596)	(839)	(3,738)	(45,929)
Charge for the year *(Note 6(c))*	(2,018)	(10,682)	(9,247)	(228)	(2,087)	(24,262)
Written back on disposals	—	1,752	167	184	—	2,103
Exchange adjustments	—	(23)	(57)	—	—	(80)
At 31 December 2024 and 1 January 2025	(4,709)	(23,018)	(33,733)	(883)	(5,825)	(68,168)
Charge for the year *(Note 6(c))*	(2,018)	(6,753)	(11,886)	(187)	(630)	(21,474)
Written back on disposals	—	10,334	40	—	—	10,374
Exchange adjustments	—	46	79	—	—	125
At 31 December 2025	(6,727)	(19,391)	(45,500)	(1,070)	(6,455)	(79,143)

	Ownership interests in buildings held for own use	Properties leased for own use	Plant, machinery and equipment	Motor Vehicles	Leasehold improvement	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Net book value:						
At 31 December 2023	37,663	26,379	23,666	549	2,534	90,791
At 31 December 2024	35,645	15,009	31,319	321	609	82,903
At 31 December 2025	33,627	6,414	43,939	974	1,956	86,910

The Company

	Properties leased for own use	Plant, machinery and equipment	Motor Vehicles	Leasehold improvement	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost:					
At 1 January 2023	19,559	28,994	611	4,783	53,947
Additions	4,719	13,514	—	71	18,304
Disposals	(2,418)	(3,042)	—	—	(5,460)
At 31 December 2023 and 1 January 2024	21,860	39,466	611	4,854	66,791
Additions	655	16,800	—	118	17,573
Disposals	(2,242)	(122)	—	—	(2,364)
At 31 December 2024 and 1 January 2025	20,273	56,144	611	4,972	82,000
Additions	717	23,304	184	515	24,720
Disposals	(4,533)	—	—	—	(4,533)
At 31 December 2025	16,457	79,448	795	5,487	102,187
Accumulated depreciation:					
At 1 January 2023	(6,482)	(16,203)	(533)	(1,597)	(24,815)
Charge for the year	(5,079)	(6,363)	(52)	(1,446)	(12,940)
Written back on disposals	1,810	2,535	—	—	4,345
At 31 December 2023 and 1 January 2024	(9,751)	(20,031)	(585)	(3,043)	(33,410)
Charge for the year	(5,084)	(7,376)	(26)	(1,602)	(14,088)
Written back on disposals	1,413	113	—	—	1,526
At 31 December 2024 and 1 January 2025	(13,422)	(27,294)	(611)	(4,645)	(45,972)
Charge for the year	(3,561)	(10,389)	(12)	(268)	(14,230)
Written back on disposals	2,495	—	—	—	2,495
At 31 December 2025	(14,488)	(37,683)	(623)	(4,913)	(57,707)
Net book value:					
At 31 December 2023	12,109	19,435	26	1,811	33,381
At 31 December 2024	6,851	28,850	—	327	36,028
At 31 December 2025	1,969	41,765	172	574	44,480

(b) Right-of-use assets

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Included in "Property, plant and equipment":			
Properties leased for own use, carried at depreciated cost	26,379	15,009	6,414

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	Years ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Depreciation charge of right-of-use assets by class of underlying asset:			
Properties leased for own use	9,689	10,682	6,753
Interest on lease liabilities *(Note 6(a))*	1,066	888	338
Expense relating to short-term leases	1,597	438	190
Expense relating to leases of low-value assets, excluding short-term leases of low-value assets	461	236	73

During the Track Record Period additions to right-of-use assets were RMB20,137,000, RMB655,000 and RMB5,613,000, respectively. This amount primarily related to the capitalised lease payments payable under new tenancy agreements.

Details of total cash outflow for leases, the maturity analysis of lease liabilities and the future cash outflows arising from leases that are not yet commenced are set out in Notes 18(e), 21 and 27(b), respectively.

12 Intangible assets

The Group

	Software	Patents and trademarks	Unfinished orders	Customer Relationship	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cost:					
At 1 January 2023	32,430	36,417	10,300	26,000	105,147
Additions					
— Purchase	32	—	—	—	32
Disposals	(274)	—	—	—	(274)
Exchange differences	3	—	—	—	3
At 31 December 2023 and 1 January 2024	32,191	36,417	10,300	26,000	104,908
Additions					
— Purchase	8,895	—	—	—	8,895
Disposals	(579)	—	—	—	(579)
Exchange differences	5	—	—	—	5
At 31 December 2024 and 1 January 2025	40,512	36,417	10,300	26,000	113,229
Additions					
— Purchase	8,299	—	—	—	8,299
Disposals	(235)	—	—	—	(235)
Exchange differences	(5)	—	—	—	(5)
At 31 December 2025	48,571	36,417	10,300	26,000	121,288
Accumulated amortisation:					
At 1 January 2023	(11,156)	(16,281)	(9,442)	(3,972)	(40,851)
Charge for the year *(Note 6(c))*	(3,739)	(5,308)	(858)	(4,333)	(14,238)
Written back on disposals	274	—	—	—	274
Exchange differences	(3)	—	—	—	(3)
At 31 December 2023 and 1 January 2024	(14,624)	(21,589)	(10,300)	(8,305)	(54,818)
Charge for the year *(Note 6(c))*	(6,466)	(5,308)	—	(4,333)	(16,107)
Written back on disposals	579	—	—	—	579
Exchange differences	(4)	—	—	—	(4)
At 31 December 2024 and 1 January 2025	(20,515)	(26,897)	(10,300)	(12,638)	(70,350)
Charge for the year *(Note 6(c))*	(9,173)	(3,010)	—	(4,333)	(16,516)
Written back on disposals	235	—	—	—	235
Exchange differences	4	—	—	—	4
At 31 December 2025	(29,449)	(29,907)	(10,300)	(16,971)	(86,627)
Net book value:					
At 31 December 2023	17,567	14,828	—	17,695	50,090
At 31 December 2024	19,997	9,520	—	13,362	42,879
At 31 December 2025	19,122	6,510	—	9,029	34,661

The amortisation charge during the Track Record Period is included in cost of sales, administrative expenses, research and development costs and selling and distribution expenses in the consolidated statements of profit or loss and other comprehensive income.

The Company

	Software	Patents and trademarks	Total
	RMB'000	*RMB'000*	*RMB'000*
Cost:			
At 1 January 2023	31,493	18,000	49,493
Additions			
— Purchase	32	—	32
Disposals	(274)	—	(274)
At 31 December 2023 and 1 January 2024	31,251	18,000	49,251
Additions			
— Purchase	8,895	—	8,895
Disposals	(579)	—	(579)
At 31 December 2024 and 1 January 2025	39,567	18,000	57,567
Additions			
— Purchase	8,298	—	8,298
Disposals	—	—	—
At 31 December 2025	47,865	18,000	65,865
Accumulated amortisation:			
At 1 January 2023	(10,507)	(13,404)	(23,911)
Charge for the year	(3,664)	(2,298)	(5,962)
Written back on disposals	274	—	274
At 31 December 2023 and 1 January 2024	(13,897)	(15,702)	(29,599)
Charge for the year	(6,391)	(2,298)	(8,689)
Written back on disposals	579	—	579
At 31 December 2024 and 1 January 2025	(19,709)	(18,000)	(37,709)
Charge for the year	(9,113)	—	(9,113)
At 31 December 2025	(28,822)	(18,000)	(46,822)
Net book value:			
At 31 December 2023	17,354	2,298	19,652
At 31 December 2024	19,858	—	19,858
At 31 December 2025	19,043	—	19,043

13 Goodwill

The Group

	Satellite Navigation Business*(i)*	Medo(ii)	Total
	RMB'000	*RMB'000*	*RMB'000*
Cost:			
At 31 December 2023, 2024 and 2025	81,170	128,872	210,042
Impairment losses:			
At 1 January 2023	—	—	—
Impairment loss *(Note 6(c))*	—	(128,872)	(128,872)
At 31 December 2023, 2024 and 2025	—	(128,872)	(128,872)
Net book value:			
At 31 December 2023, 2024 and 2025	81,170	—	81,170

(i) In 2017, the Company paid a consideration of RMB100,000,000 to acquire the satellite navigation business from 北京中電華大電子設計有限責任公司 ("**Satellite Navigation Business**"), which was integrated to GNSS chips and modules business segment of the Group. The consideration exceeded fair value of the identifiable assets and liabilities of the Satellite Navigation Business by RMB81,170,000, which was recognized as goodwill.

(ii) On 18 February 2022, the Company legally held 51% equity interests in Medo at a total consideration of RMB215,450,000 after the step acquisition. The consideration exceeded fair value of 54.90% identifiable assets and liabilities of Medo by RMB128,872,000, which was recognized as goodwill.

The Company

	Satellite Navigation Business
	RMB'000
Cost:	
At 31 December 2023, 2024 and 2025	81,170
Net book value:	
At 31 December 2023, 2024 and 2025	81,170

Impairment tests for cash-generating units containing goodwill

Goodwill is allocated to the Group's CGUs identified as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Medo	—	—	—
Satellite Navigation Business	81,170	81,170	81,170
	81,170	81,170	81,170

The recoverable amount of the CGU is determined based on value-in-use calculations. The Group engaged an independent professional valuer to assist with the calculation. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the forecast period are extrapolated using the growth rate with reference to the long-term inflation rate. The key assumptions used in estimating the recoverable amount are as follows:

Medo

	As at 31 December
	2023
	RMB'000
Annual revenue growth rate	9%–46%
Gross profit margin	29%–38%
Growth rate beyond the forecast period	2%
Pre-tax discount rate	15.6%

Satellite Navigation Business

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Annual revenue growth rate	10%–46%	9%–29%	9%–19%
Gross profit margin	8%–16%	8%–24%	11%–24%
Growth rate beyond the forecast period	2%	2%	2%
Pre-tax discount rate	13.6%	14.3%	14.8%

The impairment loss of RMB128,872,000 of goodwill recognised in "impairment loss on non-current assets" during the year ended 31 December 2023 related to Medo. As Medo has been reduced to its recoverable amount of RMB95,000,000, any adverse change in the assumptions used in the calculation of recoverable amount would result in further impairment losses.

As at 31 December 2023, 2024 and 2025, the amounts of headroom calculated based on the recoverable amounts deducting the carrying amount of Satellite Navigation Business are RMB595,692,000, RMB738,916,000 and RMB785,301,000, respectively.

The following table sets forth the hypothetical changes to the percentage points of annual revenue growth rate and pre-tax discount rate that would, in isolation, have removed the remaining headroom respectively as at 31 December 2023, 2024 and 2025:

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Satellite Navigation Business			
Decrease in annual revenue growth rate	5.2%	13.0%	13.9%
Increase in discount rate	5.6%	7.4%	10.3%

The management believes that, except for the annual revenue growth rate as at 31 December 2023, any reasonably possible change in any of these assumptions would not cause the carrying amount of Satellite Navigation Business to exceed the recoverable amount of Satellite Navigation Business as at 31 December 2023, 2024 and 2025.

14 Investments in subsidiaries

The Company

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Investment in subsidiaries, at cost	643,412	655,190	747,568
Impairment loss	(164,752)	(164,752)	(164,752)
Investment in subsidiaries, net book value	478,660	490,438	582,816

As at 31 December 2023, the management assessed and concluded that the impairment indicator of Medo existed, as the actual result of Medo was below the financial budgets and was loss-making for the year ended 31 December 2023. The impairment loss of RMB164,752,000 was recognised and the recoverable amount was determined based on value-in-use calculation, the details of which were set out in Note 13.

Details of the subsidiaries are set forth in Note 1.

The following table lists out the information relating to Medo, the subsidiary of the Group which has a material NCI. The summarised financial information presented below represents the amounts before any inter-company elimination.

	Years ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
NCI percentage	42.15%	42.15%	42.15%
Current assets	136,184	128,625	110,199
Non-current assets	21,466	21,135	15,490
Current liabilities	(79,661)	(119,135)	(119,203)
Non-current liabilities	(8,684)	(3,140)	(3,211)
Net assets	69,305	27,485	3,275
Intangible assets and deferred tax liabilities arising from step acquisition	25,691	19,450	13,208
Carrying amount of NCI	40,043	19,784	6,948
Revenue	67,443	98,531	71,864
Losses	(49,890)	(46,013)	(25,939)
Total comprehensive income	(49,890)	(46,013)	(25,939)
Amortisation of intangible assets and reversal of deferred tax liabilities arising from step acquisition	(6,971)	(6,242)	(6,242)
Loss allocated to NCI	(23,968)	(22,027)	(13,565)
Cash flows from operating activities	(41,720)	(18,707)	(15,395)
Cash flows from investing activities	(424)	(83)	7
Cash flows from financing activities	6,533	(4,384)	6,239

15 Inventories and contract costs

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Inventories			
— Raw materials	14,806	8,718	14,437
— Work in progress	19,247	13,514	22,465
— Finished goods	58,773	43,464	37,767
	92,826	65,696	74,669
Contract costs	3,837	5,232	14,734
	96,663	70,928	89,403

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Inventories			
— Raw materials	8,527	3,926	10,063
— Work in progress	12,775	10,349	19,973
— Finished goods	8,988	10,721	12,308
	30,290	24,996	42,344
Contract costs	—	—	1,254
	30,290	24,996	43,598

(a) The analysis of the amount of inventories recognised as cost of sales and included in profit or loss is as follows:

The Group

	Years ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount of inventories sold	530,294	698,435	857,016
(Reversal)/recognition of write down of inventories	(983)	75	300
	529,311	698,510	857,316

The Company

	Years ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount of inventories sold	35,650	69,002	195,006
(Reversal)/recognition of write-down of inventories	(983)	75	300
	34,667	69,077	195,306

(b) Contract costs

The Group's contract costs are mainly caused by service contracts relating to GNSS chips, modules and solutions business.

For the year ended 31 December 2023, 2024 and 2025, staff costs capitalized to contract costs amounting to RMB2,620,000, RMB2,604,000 and RMB5,325,000 respectively.

The capitalized contract costs are subsequently expensed in "cost of sales" in the consolidated statements of profit or loss when the revenue from the corresponding contract is recognized. No impairment of the contract costs was occurred throughout the Track Record Period.

Contract costs are expected to be recovered within one year.

16 Contract assets and contract liabilities

(a) Contract assets

The Group

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Arising from performance under made-to-order product contracts			
— Current	812	811	2,696
— Non-current	949	3,189	3,513
	1,761	4,000	6,209
Receivables from contracts with customers within the scope of IFRS 15, which are included in "Trade and other receivables" *(Note 17)*	184,059	222,333	308,403

The amounts represent the Group's rights to considerations from customers for the provision of GNSS chips, modules and solution business, which arise when the customers withhold certain amounts payable to the Group as retention money to secure the due performance of the contracts for a certain period after completion of the relevant works. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it becomes unconditional and is invoiced to the customer.

(b) Contract liabilities

The Group

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Billings in advance of performance under contracts			
— Current	25,502	61,041	73,897
— Non-current	2,198	1,125	1,476
	27,700	62,166	75,373

The Group receives a certain portion deposit from customers when they sign the sale and purchase agreement. This gives rise to contract liabilities at the start of a sales order, until the revenue recognized on the corresponding sale order exceeds the amount of payments received in advance.

Movements in contract liabilities

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At 1 January	12,724	27,700	62,166
Decrease in contract liabilities as a result of recognising revenue or refund during the period that was included in the contract liabilities at the beginning of the year	(9,038)	(25,502)	(31,227)
Increase in contract liabilities as a result of billings in advance of performance under contracts	24,014	59,968	44,434
At 31 December	27,700	62,166	75,373

As at 31 December 2023, 2024 and 2025, the amount of contract liabilities expected to be recognised as income after more than one year is RMB2,198,000, RMB1,125,000 and RMB1,476,000, respectively. All of the other contract liabilities are expected to be recognised as income within one year.

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Billings in advance of performance under contracts			
— Current	435	15,006	31,834

Movements in contract liabilities

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At 1 January	643	435	15,006
Decrease in contract liabilities as a result of recognising revenue or refund during the period that was included in the contract liabilities at the beginning of the year	(643)	(435)	(8,574)
Increase in contract liabilities as a result of billings in advance of performance under contracts	435	15,006	25,402
At 31 December	435	15,006	31,834

17 Trade and other receivables

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Current			
Trade receivables, net of loss allowance			
— Third parties	184,059	206,470	288,787
— Related party	—	15,863	19,616
Bills receivables	8,886	17,650	17,951
Prepayment for purchase of chipsets, raw materials and service	23,332	95,552	104,288
Other receivables	2,303	5,523	957
	218,580	341,058	431,599
Non-current			
Guarantee deposits	8,696	8,610	5,685
Rental deposits	2,801	2,848	2,064
Prepayment for purchase of plant, property and equipment	14,438	490	242
	25,935	11,948	7,991
Total	244,515	353,006	439,590

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Current			
Trade receivables, net of loss allowance			
— Third parties	34,330	26,746	24,224
— Subsidiaries	6,910	13,913	48,842
— Related party	—	291	287
Bills receivables	5,203	9,106	10,652
Prepayment for purchase of chipsets, raw materials and service	11,204	26,605	12,833
Other receivables	99,243	123,636	198,983
	156,890	200,297	295,821
Non-current			
Rental deposits	1,334	1,366	1,100
Prepayment for purchase of plant, property and equipment	14,166	227	29
	15,500	1,593	1,129
Total	172,390	201,890	296,950

Trade receivables, net of loss allowance, and bills receivables, represent amounts in connection with the sales of products or services due from customers.

Guarantee deposits were provided as retention money for securing the due performance and observance of the Group's obligations under the contracts. Guarantee deposits will be released upon completion of the contract work for the relevant customers. Rental deposits are typically paid for leased properties, which are refundable after the expiry of the leases.

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

The Group

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	157,488	185,531	280,363
1 to 2 years	24,256	29,696	15,489
2 to 3 years	2,315	7,106	12,551
	184,059	222,333	308,403

The Company

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	35,492	38,089	68,528
1 to 2 years	5,748	472	2,418
2 to 3 years	—	2,389	2,407
	41,240	40,950	73,353

The Group usually extend credit to certain creditworthy customers. The Group generally allow credit terms which typically ranged between 0 to 90 days from the invoice date for trade receivables and bills receivable. Further details on the Group's credit policy and credit risk arising from trade receivables and bills receivable are set out in Note 27(a).

18 Cash and cash equivalents and other cash flow information

(a) Cash and cash equivalents comprise

The Group

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Cash at bank and on hand	714,233	584,038	456,955
Less: restricted cash	1,455	12,460	10,285
Cash and cash equivalents in the consolidated statements of cash flows	712,778	571,578	446,670

The Company

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Cash at bank and on hand	428,726	333,282	167,208

(b) Restricted cash

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Bank deposits pledged for the issuance of performance guarantee	1,455	865	535
Bank deposits pledged for the issuance of bills payable	—	11,595	9,750
	1,455	12,460	10,285

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

		Years ended 31 December		
	Note	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
Loss before taxation		(289,144)	(143,803)	(114,991)
Adjustments for:				
Depreciation	*6(c)*	22,182	24,262	21,474
Amortisation of intangible assets	*6(c)*	14,238	16,107	16,516
Recognition of impairment loss on trade and other receivables	*6(c)*	8,492	14,509	14,436
Impairment loss on non-current assets	*6(c)*	128,872	—	—
Finance costs	*6(a)*	2,397	1,732	2,269
Interest income	*5*	(13,231)	(11,079)	(8,578)
Investment income from wealth management products	*5*	(7,203)	(6,396)	(2,479)
Net loss/(gain) on sale of property, plant and equipment	*5*	89	(109)	(477)
Equity-settled share-based payment expenses	*6(b)*	14,798	16,628	22,472
Foreign exchange loss	*5*	1,196	2,360	1,822
Changes in working capital:				
(Increase)/decrease in inventories and contract costs		(2,954)	25,735	(18,520)
(Increase)/decrease in contract assets		428	(2,239)	(2,209)
Increase in trade and other receivables		(1,140)	(137,978)	(101,715)
Increase in trade and other payables		2,810	36,276	52,605
Increase in contract liabilities		13,615	34,466	13,208
Decrease in deferred income		(1,593)	(11,897)	(1,750)
(Decrease)/increase in provisions		301	249	(74)
Cash used in operations		(105,847)	(141,177)	(105,992)

(d) Reconciliation of liabilities arising from financing activities

	Bank loans and other borrowing	Lease liabilities	Total
	RMB'000 *(Note 20)*	*RMB'000* *(Note 21)*	*RMB'000*
At 1 January 2023	29,922	16,730	46,652
Changes from financing cash flows:			
Repayment of bank loans and other borrowing	(29,900)	—	(29,900)
Proceeds from bank loans and other borrowing	36,900	—	36,900
Borrowing costs paid	(1,312)	—	(1,312)
Capital element of lease rentals paid	—	(8,791)	(8,791)
Interest element of lease rentals paid	—	(1,066)	(1,066)
Total changes from financing cash flows	5,688	(9,857)	(4,169)
Exchange adjustments	—	8	8
Other changes:			
Increase in lease liabilities from entering into new leases during the year	—	20,137	20,137
Decrease in lease liabilities from ceasing leases contract during the year	—	(682)	(682)
Finance costs *(Note 6(a))*	1,331	1,066	2,397
Total other changes	1,331	20,521	21,852
At 31 December 2023	36,941	27,402	64,343

	Bank loans and other borrowing	Lease liabilities	Total
	RMB'000 *(Note 20)*	*RMB'000* *(Note 21)*	*RMB'000*
At 1 January 2024	36,941	27,402	64,343
Changes from financing cash flows:			
Repayment of bank loans and other borrowing	(41,900)	—	(41,900)
Proceeds from bank loans and other borrowing	50,723	—	50,723
Borrowing costs paid	(853)	—	(853)
Capital element of lease rentals paid	—	(10,772)	(10,772)
Interest element of lease rentals paid	—	(888)	(888)
Total changes from financing cash flows	7,970	(11,660)	(3,690)
Exchange adjustments	—	6	6
Other changes:			
Increase in lease liabilities from entering into new leases during the year	—	655	655
Decrease in lease liabilities from ceasing leases contract during the year	—	(1,140)	(1,140)
Finance costs *(Note 6(a))*	844	888	1,732
Total other changes	844	403	1,247
At 31 December 2024	45,755	16,151	61,906

	Bank loans and other borrowing	Lease liabilities	Total
	RMB'000 *(Note 20)*	*RMB'000* *(Note 21)*	*RMB'000*
At 1 January 2025	45,755	16,151	61,906
Changes from financing cash flows:			
Repayment of bank loans and other borrowing	(59,580)	—	(59,580)
Proceeds from bank loans and other borrowing	85,540	—	85,540
Borrowing costs paid	(1,588)	—	(1,588)
Capital element of lease rentals paid	—	(7,283)	(7,283)
Interest element of lease rentals paid	—	(338)	(338)
Total changes from financing cash flows	24,372	(7,621)	16,751
Exchange adjustments	—	(21)	(21)
Other changes:			
Increase in lease liabilities from entering into new leases during the year	—	5,613	5,613
Decrease in lease liabilities from ceasing leases contract during the year	—	(7,977)	(7,977)
Finance costs *(Note 6(a))*	1,931	338	2,269
Total other changes	1,931	(2,026)	(95)
At 31 December 2025	72,058	6,483	78,541

(e) Total cash outflow for leases

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

	Years ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within operating cash flows	2,058	674	263
Within financing cash flows	9,857	11,660	7,621
	11,915	12,334	7,884
Rentals paid	11,915	12,334	7,884

19 Trade and other payables

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	42,743	69,577	109,958
Accrued staff costs	19,040	22,225	20,962
Other payables and accrued charges	23,240	22,695	46,516
Refund liabilities	7,859	10,258	283
Bills payables	—	11,595	9,334
	92,882	136,350	187,053

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

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	38,679	60,310	98,227
1 to 2 years	2,890	7,166	6,216
2 to 3 years	382	956	4,226
More than 3 years	792	1,145	1,289
	42,743	69,577	109,958

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Amounts due to subsidiaries	68,894	57,942	88,552
Trade payables	4,767	5,630	14,876
Accrued staff costs	3,925	7,383	6,009
Other payables and accrued charges	13,440	6,655	26,204
Refund liabilities	7,859	10,258	283
Bills payables	—	15,000	—
	98,885	102,868	135,924

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

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	4,563	5,397	14,328
1 to 2 years	31	30	293
2 to 3 years	17	31	30
More than 3 years	156	172	225
	4,767	5,630	14,876

20 Bank loans and other borrowing

The Group

At 31 December 2023, 2024 and 2025, the carrying amount of bank loans and other borrowing were as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Short-term bank loans			
— Guaranteed and unsecured	5,006	5,005	—
— Unguaranteed and unsecured	31,935	26,067	35,023
— Secured and unguaranteed	—	—	37,035
Discounted letter of credit			
— Unguaranteed and unsecured	—	14,683	—
	36,941	45,755	72,058

The guaranteed and unsecured loans of the Group were guaranteed by a local government institution in Shanghai at 31 December 2023 and 31 December 2024.

At 31 December 2025, the secured and unguaranteed bank loan was pledged by an intellectual property of the Company.

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Short-term bank loans			
— Secured and unguaranteed	—	—	35,023

21 Lease liabilities

The following table shows the remaining contractual maturities of the Group's lease liabilities at the end of each reporting period:

The Group

	As at 31 December					
	2023		2024		2025	
	Present value of the minimum lease payments	Total minimum lease payments	Present value of the minimum lease payments	Total minimum lease payments	Present value of the minimum lease payments	Total minimum lease payments
	RMB'000		*RMB'000*		*RMB'000*	
Within 1 year	10,911	11,735	11,347	11,530	4,517	4,651
After 1 year but within 2 years	11,593	11,763	4,314	4,386	1,566	1,612
After 2 years but within 5 years	4,592	4,699	281	330	400	440
After 5 years	306	330	209	220	—	—
	16,491	16,792	4,804	4,936	1,966	2,052
	27,402	28,527	16,151	16,466	6,483	6,703
Less: total future interest expenses		(1,125)		(315)		(220)
Present value of lease liabilities		27,402		16,151		6,483

The Company

	As at 31 December					
	2023		2024		2025	
	Present value of the minimum lease payments	Total minimum lease payments	Present value of the minimum lease payments	Total minimum lease payments	Present value of the minimum lease payments	Total minimum lease payments
	RMB'000		*RMB'000*		*RMB'000*	
Within 1 year	5,286	5,801	5,591	5,835	2,019	2,052
After 1 year but within 2 years	5,818	6,072	2,266	2,293	205	208
After 2 years but within 5 years	2,240	2,266	—	—	—	—
After 5 years	—	—	—	—	—	—
	8,058	8,338	2,266	2,293	205	208
	13,344	14,139	7,857	8,128	2,224	2,260
Less: total future interest expenses		(795)		(271)		(36)
Present value of lease liabilities		13,344		7,857		2,224

22 Deferred income

The Group and the Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Government grants	39,227	27,330	25,580

23 Share-based arrangements

The expenses of share-based arrangements recognised over each of the reporting periods are as follows:

	Years ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Allystar Employee Incentive Scheme (i).	13,476	15,654	17,077
Pre-**[REDACTED]** Share Option Scheme (ii).	—	—	5,199
Medo Employee Incentive Scheme (iii)	1,322	974	196
	14,798	16,628	22,472

(i) Allystar Employee Incentive Scheme

The Group has adopted an employee incentive scheme in 2018 (the "**Allystar Employee Incentive Scheme**"). The purpose is to provide incentives and rewards to eligible participants for their contribution or potential contribution to continue leading the future success of the Group.

In connection with the Allystar Employee Incentive Scheme, three employee incentive platforms ("**the EIP**") have been established in the PRC as employee incentive platform.

Eligible participants as approved may subscribe for the limited partnership interests in the EIP ("**Restricted Shares**"). The Restricted Shares shall be entitled to all the economic interests relating to their respective Restricted Shares, except that the Restricted Shares shall be subject to certain transfer and disposal restrictions.

Fair value of the Restricted Shares is measured with reference to the independent valuer report or the transaction price of the Company's share capital completed in a short period of time before the Restricted Shares granted. Service conditions attached to the arrangements were not taken into account in measuring fair value.

Pursuant to the vesting condition of the Allystar Employee Incentive Scheme, the share granted prior to the **[REDACTED]** is restricted for trading upon the **[REDACTED]**, and such restriction is subject to the listing rules of the respective jurisdiction. Due to the changes in **[REDACTED]** plan, the Group simultaneously changed accounting estimate regarding the duration of trading restriction period of the Allystar Employee Incentive Scheme from 3 years to 1 year from **[REDACTED]**, with an increase of RMB3,008,000 of share-based payment expenses to consolidated statements of profit or loss and other comprehensive income in 2024. In November 2025, the Group changed the estimated **[REDACTED]** based on the **[REDACTED]** process, resulting in the reversal of share-based payment expenses of RMB6,195,000 to consolidated statements of profit or loss and other comprehensive income.

Movements in the number of the Restricted Shares granted to directors and employees are as follows:

	Years ended 31 December		
	2023	2024	2025
	'000	*'000*	*'000*
Outstanding at the beginning of the year			
— Directors	28,600	23,540	20,480
— Employees	33,940	39,000	38,330
Granted during the period			
— Directors	—	—	2,300
— Employees	7,710	2,750	3,810
Forfeited during the period			
— Directors	(5,060)	(3,060)	—
— Employees	(2,650)	(3,420)	(3,270)
Outstanding at the end of the year			
— Directors	23,540	20,480	22,780
— Employees	39,000	38,330	38,870

The fair value of the Restricted Shares granted during the year ended 31 December 2023 and 2024, was determined using the transaction price of the Company's share capital completed in a short period of time before the Restricted Shares granted.

The fair value of the Restricted Shares granted during the year ended 31 December 2025, was determined using discounted cash flow approach. The key assumptions used in determining the fair value were as follows:

Fair value of Restricted Shares and assumptions

Fair value at grant date	RMB4.69
Annual revenue growth rate	10.6%–50%
Gross profit margin	12%–27%
Discount rate	14.3%
Expected dividends	0%

Expected dividends are based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

(ii) Pre-*[REDACTED] *Share Option Scheme

The Company has adopted a share option scheme ("**Pre-[REDACTED] Share Option Scheme**"), which was approved on 28 May 2025 by shareholders. Pursuant to the Pre-**[REDACTED]** Share Option Scheme, the maximum number of shares in respect of which share options may be granted shall not exceed 15,000,000 shares of the Company. Share options have been granted to eligible employees according to the Pre-**[REDACTED]** Share Option Scheme, which will be vested upon specified vesting conditions are satisfied.

The terms and conditions of the grants are as follows:

	Number of instruments	Contractual life of options
Options granted to directors:		
— on 28 May 2025	1,500,000	10 years
Options granted to employees:		
— on 28 May 2025	13,500,000	10 years
Total share options granted	15,000,000	

The Pre-**[REDACTED]** Share Options shall vest in three tranches, representing 30%, 30%, and 40% of the total number of options granted under the Pre-**[REDACTED]** Share Option Scheme. The vesting date of the first tranche shall be the later of (i) the first anniversary of the grant date, or (ii) the date of the **[REDACTED]**. The second and third tranches shall vest on the first and second anniversaries, respectively, of the vesting date of the first tranche.

Each tranche of vested options shall be exercisable for a period of 12 months commencing from its respective vesting date. The actual number of options that become exercisable under each tranche shall be subject to performance-based vesting conditions, which include (i) the achievement of predetermined financial performance targets by the Group, and (ii) individual performance assessments of the respective grantees.

All unexercised share options shall lapse upon the expiry of ten years from the date of grant.

At 31 December 2025, the outstanding number of options were 15,000,000 with weighted average exercise price of RMB3.00.

There are no exercisable options at the end of the Track Record Period.

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on a binomial lattice model. The contractual life of the share option is used as an input into this model.

The fair value of share options and assumptions are as follows:

Fair value of share options and assumptions	**2025**
Fair value at measurement date	RMB2.05–2.29
Share price	RMB4.69
Exercise price	RMB3.00
Expected volatility (expressed as weighted average volatility used in the modelling under binomial lattice model)	40%–45%
Option life (expressed as weighted average life used in the modelling under binomial lattice model)	2–4 years
Expected dividends	—
Risk-free interest rate (based on Exchange Fund Notes)	1.34%–1.40%

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

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

(iii) Medo Employee Incentive Scheme

Medo has adopted an employee incentive scheme on 29 January 2021 (the "**Medo Employee Incentive Scheme**"). The purpose is to provide incentives and rewards to eligible participants for their contribution or potential contribution to continue leading the future success of Medo.

In connection with the Medo Employee Incentive Scheme, the Medo EIP has been established as the shareholding platform to settle Medo's obligations under the Medo Employee Incentive Scheme. Since Medo has power to govern the relevant activities of Medo EIP and can derive benefit from the contributions of the eligible employees who are awarded with the shares under the Medo Employee Incentive Scheme, Medo EIP was regarded as a subsidiary of Medo.

As of 31 December 2023, 2024 and 2025, a total of 1,439,000, 1,369,000 and 1,290,000 restricted shares held by Medo EIP has been granted under the Medo Employee Incentive Scheme. For the year ended 31 December 2023, 2024 and 2025, the fair value of the Medo's employees services received in exchanges for the grant of the restricted shares of Medo is recognized as an expense, with a corresponding credit to equity in consolidated financial statements.

24 Income tax in the consolidated statements of financial position

(a) Current taxation in the consolidated statements of financial position represents:

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Balance at the beginning of the year	1,444	84	21
Provision for HK Tax for the year	—	—	—
Provision for CIT for the year	17	24	147
(Over)/under-provision in respect of prior years	(16)	(23)	55
Provisional HK Tax paid	(1,351)	(43)	—
Provisional CIT paid	(10)	(21)	(119)
Balance at the end of the year	84	21	104

(b) Deferred tax assets and liabilities recognised:

(i) Movement of each component of deferred tax assets and liabilities

The components of deferred tax assets/(liabilities) recognised in the consolidated statements of financial position and the movements during the Track Record Period are as follows:

Deferred tax arising from:	Write-down of inventories, loss allowance for ECL and others	Lease liabilities	Deductible tax losses	Right-of-use assets	Assets valuation appreciation	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	806	57	5,597	(69)	(6,453)	(62)
Credited/(charged) to profit or loss	(461)	1,950	(918)	(1,917)	1,575	229
At 31 December 2023 and 1 January 2024	345	2,007	4,679	(1,986)	(4,878)	167
Credited/(charged) to profit or loss	272	(787)	800	804	1,446	2,535
At 31 December 2024 and 1 January 2025	617	1,220	5,479	(1,182)	(3,432)	2,702
Credited/(charged) to profit or loss	610	(1,188)	989	1,152	1,101	2,664
At 31 December 2025	1,227	32	6,468	(30)	(2,331)	5,366

(ii) Reconciliation to the consolidated statements of financial position

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Net deferred tax asset in the consolidated statement of financial position	5,045	6,134	7,697
Net deferred tax liability in the consolidated statement of financial position	(4,878)	(3,432)	(2,331)
	167	2,702	5,366

(c) Deferred tax assets not recognised

The following table presents the deductible temporary differences and cumulative tax losses as at 31 December 2023, 2024 and 2025 for which the Group did not recognize deferred tax assets as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity:

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Deductible temporary differences	118,933	147,426	176,627
Cumulative tax losses	623,547	793,870	942,005
	742,480	941,296	1,118,632

The expiration information of the Group's cumulative tax losses in respect of which no deferred tax assets is recognized, is set out below:

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
2026	1,532	276	—
2027	22,984	22,669	21,710
2028	25,149	25,149	25,149
2029	49,579	55,798	55,798
2030	39,637	39,637	40,949
2031 and beyond	484,666	650,341	798,399
Total	623,547	793,870	942,005

25 Provisions

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Balance at 1 January	1,003	1,304	1,553
Additional provision	970	1,243	735
Amounts utilised during the year	(669)	(994)	(811)
Balance at 31 December	1,304	1,553	1,477

Under the terms of the Group's sales agreements, the Group offers warranties for its products. Provision arising from GNSS chips, modules and solutions business is therefore made for the best estimate of the expected settlement under these agreements in respect of sales made within the warranty periods prior to the end of the reporting period. The amount of provision takes into account the Group's recent claim experience and is only made where a warranty claim is probable.

26 Capital, reserves and dividends

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statements of changes in equity. Details of the changes in the Company' s individual components of equity between the beginning and the end of each of the years ended 31 December 2023, 2024 and 2025 are set out below:

	Share capital	Capital reserve	Share-based payments reserve	Accumulated losses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at 1 January 2023	863,041	590,013	22,138	(145,622)	1,329,570
Total comprehensive income	—	—	—	(246,605)	(246,605)
Equity-settled share-based transactions	—	—	13,476	—	13,476
Balance at 31 December 2023 and 1 January 2024	863,041	590,013	35,614	(392,227)	1,096,441
Total comprehensive income	—	—	—	(71,991)	(71,991)
Equity-settled share-based transactions	—	—	15,654	—	15,654
Balance at 31 December 2024 and 1 January 2025	863,041	590,013	51,268	(464,218)	1,040,104
Total comprehensive income	—	—	—	(49,322)	(49,322)
Equity-settled share-based transactions	—	—	22,276	—	22,276
Balance at 31 December 2025	863,041	590,013	73,544	(513,540)	1,013,058

(b) Share capital

Details of the Company's share capital are as follows:

	Years ended 31 December 2023		Years ended 31 December 2024		Years ended 31 December 2025	
	No. of shares		No. of shares		No. of shares	
	'000	*RMB'000*	*'000*	*RMB'000*	*'000*	*RMB'000*
Ordinary shares of RMB 1 each, issued and fully paid:						
At 1 January and 31 December	863,041	863,041	863,041	863,041	863,041	863,041

Redemption rights granted by the EIP

In connection with the pre-**[REDACTED]** investments, certain pre-**[REDACTED]** investors had been granted redemption rights against the EIP. The directors of the Company have confirmed that (i) the Company does not have any obligation to fulfil the abovementioned redemption rights granted by the EIP; and (ii) the Company has not provided any guarantee for the abovementioned redemption rights granted by the EIP in the event of a default by the EIP. Accordingly, no financial liability has been recorded in the Historical Financial Information with respect to redemption rights granted to the pre-**[REDACTED]** investors by the EIP.

(c) Reserves

(i) Capital reserve

The capital reserve comprises the difference between the consideration received and the par value of the issued shares of the Company and the acquisition of non-controlling interests in prior periods.

(ii) Share-based payments reserve

The share-based payment reserve comprises the portion of the grant date fair value of the restricted shares and share options granted to employees in Allystar Employee Incentive Scheme, Pre-**[REDACTED]** Share Option Scheme and Medo Employee Incentive Scheme that has been recognised as share-based payment reserve in consolidated statements of changes in equity in accordance with the accounting policy adopted for equity-settled share-based arrangements (see Note 23).

(iii) Exchange reserve

The exchange reserve comprises all relevant exchange differences arising from the translation of the financial statements of operations with functional currency other than RMB. The reserve is dealt with in accordance with the accounting policies set out in Note 2(t).

(d) Dividends

No dividends have been declared or paid by the Company or its subsidiaries to its equity shareholders during the years ended 31 December 2023, 2024 and 2025.

(e) Capital management

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

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

The Group's overall strategy remains unchanged throughout the years ended 31 December 2023, 2024 and 2025. The Group monitors its capital structure with reference to its debt position. The Group's strategy is to maintain the equity and debt in a balanced position and ensure there are adequate working capital to service its debt obligations. The Group's debt to asset ratio, being the Group's total liabilities over its total assets, as at 31 December 2023, 2024 and 2025 was 18%, 24% and 31%, respectively. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

27 Financial risk management and fair values of financial instruments

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

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

As at 31 December 2023, 2024 and 2025, the management of the Group has assessed that contract assets have not had a significant increase in credit risk since initial recognition and risk of default is insignificant, and therefore, no loss allowance of contract assets is considered necessary by management. The expected credit loss rate is insignificant.

The Group's exposure to credit risk arising from refundable guarantee deposits is considered to be low, taking into account the historical default experience and forward-looking information. The Group's exposure to credit risk arising from refundable rental deposits is considered to be low, taking into account the landlords' credit rating and the remaining lease term and the period covered by the rental deposits.

The Group has established a credit risk management policy under which individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 0 to 90 days from the date of billing. Debtors with balances that are over the credit terms granted are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

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

The Group has no significant concentration of credit risk in industries or countries in which the customers operate. Significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. As at 31 December 2023, 2024 and 2025, 35.4%, 37.0% and 37.3% of the total trade receivables was due from the Group's top five largest customers, respectively.

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

	As at 31 December 2023		
	Expected loss rate	**Gross carrying amount**	**Loss allowance**
	%	*RMB'000*	*RMB'000*
0–1 years	1%	159,553	(2,063)
1–2 years	22%	31,200	(6,946)
2–3 years	46%	4,253	(1,938)
More than 3 years	100%	989	(989)
		195,995	(11,936)

	As at 31 December 2024		
	Expected loss rate	**Gross carrying amount**	**Loss allowance**
	%	*RMB'000*	*RMB'000*
0–1 years	1%	188,162	(2,631)
1–2 years	12%	33,897	(4,201)
2–3 years	69%	22,646	(15,540)
More than 3 years	100%	3,492	(3,492)
		248,197	(25,864)

	As at 31 December 2025		
	Expected loss rate	Gross carrying amount	Loss allowance
	%	*RMB'000*	*RMB'000*
0–1 years	3%	289,548	(9,185)
1–2 years	20%	19,267	(3,778)
2–3 years	42%	21,557	(9,006)
More than 3 years	100%	19,033	(19,033)
		349,405	(41,002)

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

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

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Balance at 1 January	3,607	11,936	25,864
Credit loss allowance recognized during the year	8,329	13,928	15,138
Balance at 31 December	11,936	25,864	41,002

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the Company's board when the borrowings exceed certain predetermined levels of authority.

The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and readily realizable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

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

As at 31 December 2023

	Contractual undiscounted cash outflow					
	Within 1 year or on demand	**More than 1 year but less than 2 years**	**More than 2 years but less than 5 years**	**More than 5 years**	**Total**	**Carrying amounts in the consolidated statement of financial position**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Bank loans and other borrowing	37,575	—	—	—	37,575	36,941
Lease liabilities	11,735	11,763	4,699	330	28,527	27,402
Trade and other payables	92,882	—	—	—	92,882	92,882
	142,192	11,763	4,699	330	158,984	157,225

As at 31 December 2024

	Contractual undiscounted cash outflow					
	Within 1 year or on demand	**More than 1 year but less than 2 years**	**More than 2 years but less than 5 years**	**More than 5 years**	**Total**	**Carrying amounts in the consolidated statement of financial position**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Bank loans and other borrowing	46,727	—	—	—	46,727	45,755
Lease liabilities	11,530	4,386	330	220	16,466	16,151
Trade and other payables	136,350	—	—	—	136,350	136,350
	194,607	4,386	330	220	199,543	198,256

As at 31 December 2025

	Contractual undiscounted cash outflow					
	Within 1 year or on demand	**More than 1 year but less than 2 years**	**More than 2 years but less than 5 years**	**More than 5 years**	**Total**	**Carrying amounts in the consolidated statement of financial position**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Bank loans and other borrowing	89,796	—	—	—	89,796	72,058
Lease liabilities	4,651	1,612	440	—	6,703	6,483
Trade and other payables	187,053	—	—	—	187,053	187,053
	281,500	1,612	440	—	283,552	265,594

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises primarily from bank loans and other borrowing, lease liabilities, restricted cash and cash at banks. The Group has not hedged interest rate risk with derivative financial instruments. The Group's interest rate risk profile as monitored by management is set out in (i) below.

(i) Interest rate risk profile

The following table, as reported to the management of the Group, details the interest rate risk profile of the Group's bank loans and other borrowing, lease liabilities, restricted cash and cash at bank at the end of each reporting period:

	As at 31 December					
	2023		2024		2025	
	Effective interest rate %	*RMB'000*	*Effective interest rate %*	*RMB'000*	*Effective interest rate %*	*RMB'000*
Fixed rate instruments						
Lease liabilities	3.56–5.00	(27,402)	3.56–5.00	(16,151)	3.00–5.00	(6,483)
Bank loans and other borrowing	3.00–3.65	(36,941)	2.1–3.60	(45,755)	2.30–3.25	(72,058)
Restricted cash	0.20–2.85	1,455	0.65–2.85	12,460	0.90–1.80	10,285
		(62,888)		(49,446)		(68,256)
Variable rate instruments						
Cash at bank	0.05–2.10	712,711	0.05–1.05	571,569	0.01–1.05	445,607

(ii) Sensitivity analysis

At 31 December 2023, 2024 and 2025, it is estimated that a general increase/decrease of 50 basis points in interest rates, with all other variables held constant, would have decreased/increased the Group's loss and accumulated losses by approximately RMB2,990,000, RMB2,404,000 and RMB1,866,000, respectively.

In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting period, the impact on the Group's loss for the year (and accumulated losses) is estimated as an annualised (pro-rata as required) impact on interest expense or income of such a change in interest rates.

(d) Currency risk

The Group is exposed to currency risk primarily through sales and purchases which give rise to receivables, payables and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are primarily United States dollars, Renminbi, and Hong Kong dollars ("**HKD**").

(i) Exposure to currency risk

The following table details the Group's exposure at the end of the Track Record Period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in Renminbi, translated using the spot rate at the reporting date. Differences resulting from the translation of the financial statements of foreign operations into the Group's presentation currency is excluded.

	Exposure to foreign currencies (expressed in Renminbi)					
	2023			2024		
	United States Dollars	HKD	RMB	United States Dollars	HKD	RMB
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and other receivables (including intercompany receivables)	284,663	9,558	—	272,996	9,729	—
Cash and cash equivalents	77,504	—	60,905	133,783	—	52,138
Trade and other payables (including intercompany payables)	(204,260)	(4,309)	(28,629)	(206,522)	(19,458)	(69,592)
Gross exposure arising from recognised assets and liabilities	157,907	5,249	32,276	200,257	(9,729)	(17,454)

	Exposure to foreign currencies (expressed in Renminbi)		
	2025		
	United States Dollars	HKD	RMB
	RMB'000	*RMB'000*	*RMB'000*
Trade and other receivables (including intercompany receivables)	287,714	9,486	—
Cash and cash equivalents	217,020	—	2,164
Trade and other payables (including intercompany payables)	(224,921)	(29,922)	(72,835)
Gross exposure arising from recognised assets and liabilities	279,813	(20,436)	(70,671)

(ii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's loss for the period and accumulated losses that would arise if foreign exchange rates to which the Group has significant exposure at 31 December 2023, 2024 and 2025 had changed at that date, assuming all other risk variables remained constant. In this respect, it is assumed that the pegged rate between the Hong Kong dollar and the United States dollar would be materially unaffected by any changes in movement in value of the United States dollar against other currencies.

	2023		2024		2025	
	Increase/ (decrease) in foreign exchange rates	Effect on loss after tax and accumulated losses	Increase/ (decrease) in foreign exchange rates	Effect on loss after tax and accumulated losses	Increase/ (decrease) in foreign exchange rates	Effect on loss after tax and accumulated losses
		RMB'000		*RMB'000*		*RMB'000*
United States Dollars	5%	1,999	5%	2,132	5%	2,485
	-5%	(1,999)	-5%	(2,132)	-5%	(2,485)
HKD	5%	262	5%	(486)	5%	(1,022)
	-5%	(262)	-5%	486	-5%	1,022
RMB	5%	1,614	5%	(873)	5%	(3,534)
	-5%	(1,614)	-5%	873	-5%	3,534

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' profit or loss for the period measured in the respective functional currencies, translated into RMB at the exchange rate ruling at each reporting date during the Track Record Period for presentation purpose.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at each reporting date during the Track Record Period. The analysis excludes differences that would result from the translation of the financial statements of operations into the Group's presentation currency. The analysis is performed on the same basis during the Track Record Period.

(e) Fair value measurement

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

The carrying amount of the Group's financial instruments carried at amortized cost were not materially different from their fair values at 31 December 2023, 2024 and 2025.

28 Material related party transactions

(a) Key management personnel remuneration

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

	Years ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Salaries and other emoluments	6,905	7,776	8,139
Discretionary bonuses	1,602	3,560	5,404
Retirement scheme contributions	371	395	470
Equity compensation benefits	6,450	5,777	7,361
	15,328	17,508	21,374

Total remuneration is included in "staff costs" (see Note 6(b)).

(b) Names and relationships of the related parties that had material transactions and/or material balances with the Group for the Track Record Period

Names of related parties	Nature of relationship
Shanghai Xiangrui Auto-Tech Co., Ltd. (上海享瑞汽車科技有限公司)	Controlled by an independent non-executive director

The official names of these entities are in Chinese. The English translation of the names is for identification only.

(c) The Group had the following transactions with a related party during the Track Record Period:

	Years ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Sales of chips and modules to:			
— Shanghai Xiangrui Auto-Tech Co., Ltd.	—	26,002	59,289
Purchases of raw materials from:			
— Shanghai Xiangrui Auto-Tech Co., Ltd.	—	66	2,150

(d) Balances with related party

As at the end of the reporting period, the Group had the following balances with related party:

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Amounts due from related party			
Trade receivables			
— Shanghai Xiangrui Auto-Tech Co., Ltd.	—	15,863	19,616
Amounts due to related party			
Trade payables			
— Shanghai Xiangrui Auto-Tech Co., Ltd.	—	—	45

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

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

	Effective for accounting periods beginning on or after
Amendments to IFRS 9 and IFRS 7, *Contracts Referencing Nature-dependent Electricity*	1 January 2026
Amendments to IFRS 9 and IFRS 7, *Amendments to the Classification and Measurement of Financial Instruments*	1 January 2026
Annual Improvements to IFRS Accounting Standards Volume 11	1 January 2026
IFRS 18, *Presentation and Disclosure in Financial Statements*	1 January 2027
IFRS 19, *Subsidiaries without Public Accountability: Disclosures*	1 January 2027

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

IFRS 18, Presentation and Disclosure in Financial Statements

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

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

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

30 Subsequent events

[There were no material subsequent events after 31 December 2025 and up to date of this report.]

SUBSEQUENT FINANCIAL STATEMENTS

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