[To insert the firm's letterhead]

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF DIRECT DRIVE TECH LIMITED AND CITIC SECURITIES (HONG KONG) LIMITED

INTRODUCTION

We report on the historical financial information of Direct Drive Tech Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages [3] to [●], which comprises the consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended December 31, 2023, 2024 and 2025 (the "Relevant Periods"), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at the end of each of the Relevant Periods and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages [3] to [●] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [●] (the "document") in connection with the **[REDACTED]** of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

DIRECTORS' RESPONSIBILITY FOR THE HISTORICAL FINANCIAL INFORMATION

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

REPORTING ACCOUNTANTS' RESPONSIBILITY

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

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgment, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 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 purposes of the accountants' report, a true and fair view of the financial position of the Group and the Company as at the end of each of the Relevant Periods and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

REPORT ON MATTERS UNDER THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE AND THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

Adjustments

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

Dividends

We refer to note 11 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

[●]
Certified Public Accountants
Hong Kong
[●] 2026

I HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

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

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "Underlying Financial Statements").

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

I HISTORICAL FINANCIAL INFORMATION—continued

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended December 31, 2023	2024	2025
		RMB'000	RMB'000	RMB'000
REVENUE	5	17,538	79,802	281,715
Cost of sales		(15,176)	(64,406)	(221,130)
Gross profit		2,362	15,396	60,585
Other income and gains	5	1,413	1,922	4,152
Selling and distribution expenses		(10,662)	(11,651)	(12,934)
Administrative expenses		(14,656)	(34,786)	(98,685)
Research and development expenses		(39,040)	(42,924)	(55,437)
Impairment losses on financial assets, net		(918)	(2,875)	(585)
Other expenses, net		(110)	(465)	(6,251)
Finance costs	6	(1,663)	(1,561)	(1,726)
Changes in the carrying amount of the redemption liabilities		(12,311)	(16,791)	(770,096)
LOSS BEFORE TAX	7	(75,585)	(93,735)	(880,977)
Income tax expense		—	—	—
LOSS FOR THE YEAR		(75,585)	(93,735)	(880,977)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(75,585)	(93,735)	(880,977)
Attributable to:				
Owners of the parent		(75,585)	(93,735)	(880,977)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT				
Basic and diluted (RMB per share)	12	(1.28)	(1.15)	(5.25)

I HISTORICAL FINANCIAL INFORMATION—continued

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment	13	7,182	10,110	23,041
Right-of-use asset	14	3,418	2,090	8,347
Deferred tax assets		—	—	—
Prepayments, deposits and other non-current assets	19	2,751	2,447	3,784
Total non-current assets		13,351	14,647	35,172
CURRENT ASSETS				
Inventories	16	13,834	26,222	32,120
Trade and bills receivables	18	9,098	40,794	79,439
Debt investments at fair value through other comprehensive income	23	—	—	22,725
Prepayments, deposits and other receivables	19	2,847	3,680	22,404
Cash and cash equivalents	22	412	15,840	353,871
Total current assets		26,191	86,536	510,559
CURRENT LIABILITIES				
Trade payables	24	9,589	36,681	62,397
Contract liabilities	27	344	642	1,751
Other payables and accruals	25	11,364	16,969	37,126
Interest-bearing bank loans and other loans	26	16,313	23,952	40,528
Lease liabilities	14	1,986	2,244	3,353
Provision	28	61	217	357
Redemption liabilities	20	115,759	202,550	1,409,488
Derivative liabilities measured at fair value through profit or loss		2,411	2,856	—
Total current liabilities		157,827	286,111	1,555,000
NET CURRENT LIABILITIES		(131,636)	(199,575)	(1,044,441)
TOTAL ASSETS LESS CURRENT LIABILITIES		(118,285)	(184,928)	(1,009,269)
NON-CURRENT LIABILITIES				
Interest-bearing bank loans	26	—	13,200	4,250
Lease liabilities	14	2,081	481	5,838
Deferred tax liabilities		—	—	—
Total non-current liabilities		2,081	13,681	10,088
Net liabilities		(120,366)	(198,609)	(1,019,357)
EQUITY				
Equity attributable to owners of the parent				
Paid-in capital	29	577	808	—
Share capital	29	—	—	31,503
Deficits	30	(120,943)	(199,417)	(1,050,860)
		(120,366)	(198,609)	(1,019,357)
Total deficits		(120,366)	(198,609)	(1,019,357)

I HISTORICAL FINANCIAL INFORMATION—continued

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended December 31, 2023

	Paid-in capital	Capital reserve	Share-based payment reserve	Accumulated losses	Total equity
	RMB'000 (note 29)	RMB'000 (note 30)	RMB'000 (note 30)	RMB'000 (note 30)	RMB'000
As at January 1, 2023	500	5,624	26,032	(81,018)	(48,862)
Loss for the year	—	—	—	(75,585)	(75,585)
Total comprehensive loss for the year	—	—	—	(75,585)	(75,585)
Share-based payments (note 31)	—	—	2,051	—	2,051
Capital contribution by shareholders	7	2,023	—	—	2,030
Investments with redemption rights	70	19,628	—	—	19,698
Recognition of redemption liabilities	—	(19,698)	—	—	(19,698)
As at December 31, 2023	577	7,577*	28,083*	(156,603)*	(120,366)

Year ended December 31, 2024

	Paid-in capital	Capital reserve	Share-based payment reserve	Accumulated losses	Total equity
	RMB'000 (note 29)	RMB'000 (note 30)	RMB'000 (note 30)	RMB'000 (note 30)	RMB'000
As at January 1, 2024	577	7,577	28,083	(156,603)	(120,366)
Loss for the year	—	—	—	(93,735)	(93,735)
Total comprehensive loss for the year	—	—	—	(93,735)	(93,735)
Share-based payments (note 31)	—	—	15,350	—	15,350
Capital contribution by shareholders	18	124	—	—	142
Investments with redemption rights	213	69,787	—	—	70,000
Recognition of redemption liabilities	—	(70,000)	—	—	(70,000)
As at December 31, 2024	808	7,488*	43,433*	(250,338)*	(198,609)

I HISTORICAL FINANCIAL INFORMATION—continued

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY—continued

Year ended December 31, 2025

	Paid-in capital	Share capital	Capital reserve	Share-based payment reserve	Accumulated losses	Total equity
	RMB'000 (note 29)	RMB'000 (note 29)	RMB'000 (note 30)	RMB'000 (note 30)	RMB'000 (note 30)	RMB'000
As at January 1, 2025	808	—	7,488	43,433	(250,338)	(198,609)
Loss for the year	—	—	—	—	(880,977)	(880,977)
Total comprehensive loss for the year	—	—	—	—	(880,977)	(880,977)
Share-based payments (note 31)	—	—	—	58,758	—	58,758
Capital contribution by shareholders	1,321	—	150	—	—	1,471
Investments with redemption rights	750	1,503	434,589	—	—	436,842
Conversion into a joint stock company	(2,879)	30,000	(192,957)	—	165,836	—
Recognition of redemption liabilities	—	—	(436,842)	—	—	(436,842)
As at December 31, 2025	—	31,503	(187,572)*	102,191*	(965,479)*	(1,019,357)

* The reserve accounts comprised the consolidated deficits of RMB120,943,000, RMB199,417,000 and RMB1,050,860,000 in the consolidated statements of financial position as at December 31, 2023, 2024 and 2025.

I HISTORICAL FINANCIAL INFORMATION—continued

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended December 31, 2023	2024	2025
		RMB'000	RMB'000	RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before tax		(75,585)	(93,735)	(880,977)
Adjustments for:				
Finance costs	6	1,663	1,561	1,726
Changes in the carrying amount of the redemption liability		12,311	16,791	770,096
Interest income	5	(61)	(21)	(100)
Impairment losses on financial assets, net	7	918	2,875	585
Foreign exchange difference, net		—	—	237
Write-down of inventories to net realisable value	7	2,909	1,601	1,278
Equity-settled share-based payment expenses	32	2,051	15,350	58,758
Investment income on financial assets at fair value through profit or loss	5	(271)	(246)	—
Fair value losses/(gain) on derivative liabilities at fair value through profit or loss	7	(24)	445	5,571
Depreciation of property, plant and equipment	7	1,103	2,658	4,319
Depreciation of right-of-use assets	7	957	1,634	3,133
Loss on termination of a lease		104	—	—
		(53,925)	(51,087)	(35,374)
Increase in inventories		(11,984)	(13,989)	(7,176)
Increase in trade and bills receivables		(6,292)	(34,551)	(39,136)
Increase in Debt investment at FVOCI		—	—	(22,725)
(Increase)/decrease in prepayments, deposits and other receivables		1,764	(840)	(16,440)
Increase in trade payables		9,094	27,092	25,716
Increase in contract liabilities		222	298	1,109
Increase in other payables and accruals		8,086	6,213	24,223
Increase in provision		14	156	140
Cash used in operations		(53,021)	(66,708)	(69,663)
Interest received		61	21	100
Net cash flows used in operating activities		(52,960)	(66,687)	(69,563)

I HISTORICAL FINANCIAL INFORMATION—continued

CONSOLIDATED STATEMENTS OF CASH FLOWS—continued

	Notes	Year ended December 31, 2023	2024	2025
		RMB'000	RMB'000	RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of financial instruments		(38,000)	(90,000)	—
Disposal of financial instruments		43,271	90,246	—
Purchases of items of property, plant and equipment		(8,221)	(5,033)	(16,389)
Net cash flows used in investing activities		(2,950)	(4,787)	(16,389)
CASH FLOWS FROM FINANCING ACTIVITIES				
New loans from related parties		—	2,700	—
New bank loans		11,000	45,220	79,000
Interest paid		(1,350)	(1,183)	(1,623)
Proceeds from redemption liabilities		19,698	70,000	428,415
Proceeds from shareholders other than redemption liabilities		2,000	142	1,321
Payment for **[REDACTED]**		**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Repayment of loans from related parties		(2,000)	(1,748)	(1,000)
Repayment of bank loans		(10,429)	(24,669)	(71,372)
Increase in rental deposit		(448)	(262)	(523)
Redemption liabilities issue expenses		(621)	(1,557)	(4,942)
Payments of lease liabilities	32	(314)	(1,741)	(2,894)
Net cash flows from financing activities		17,536	86,902	424,220
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(38,374)	15,428	338,268
Cash and cash equivalents at beginning of year		38,786	412	15,840
Effect of foreign exchange rate changes, net		—	—	(237)
CASH AND CASH EQUIVALENTS AT END OF YEAR		412	15,840	353,871
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS				
Cash and bank balances		412	15,840	353,871
Cash and cash equivalents as stated in the consolidated statements of financial position	22	412	15,840	353,871

I HISTORICAL FINANCIAL INFORMATION—continued

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Notes	As at December 31, 2023	2024	2025
		RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment	13	7,182	10,110	19,441
Right-of-use assets	14	3,418	2,090	603
Investment in subsidiaries	15	30,638	40,422	56,693
Prepayments, other receivables and other assets	19	2,751	2,447	1,958
Total non-current assets		43,989	55,069	78,695
CURRENT ASSETS				
Inventories	16	13,834	26,222	19,125
Trade receivables	18	9,098	40,790	107,996
Debt investments at fair value through other comprehensive income	23	—	—	22,725
Prepayments, deposits and other receivables	19	3,269	4,749	64,997
Cash and cash equivalents	22	323	15,754	338,697
Total current assets		26,524	87,515	553,540
CURRENT LIABILITIES				
Trade payables	24	10,801	39,807	83,203
Other payables and accruals	25	36,371	28,182	40,513
Interest-bearing loans and borrowings	26	13,310	23,952	40,528
Lease Liabilities	14	1,986	2,244	661
Contract liabilities	27	344	642	1,430
Redemption liabilities	20	115,759	202,550	1,409,488
Derivative liabilities measured at fair value through profit or loss	21	2,411	2,856	—
Provisions	28	61	217	357
Total current liabilities		181,043	300,450	1,576,180
NET CURRENT LIABILITIES		(154,519)	(212,935)	(1,022,640)
TOTAL ASSETS LESS CURRENT LIABILITIES		(110,530)	(157,866)	(943,945)
NON-CURRENT LIABILITIES				
Interest-bearing bank loans	26	—	13,200	4,250
Lease liabilities	14	2,081	481	—
Total non-current liabilities		2,081	13,681	4,250
Net liabilities		(112,611)	(171,547)	(948,195)
EQUITY				
Paid-in capital	29	577	808	—
Share capital		—	—	31,503
Deficits	30	(113,188)	(172,355)	(979,698)
Total deficits		(112,611)	(171,547)	(948,195)

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company, formerly known as Dongguan Direct Drive Technology Co., Ltd. and Direct Drive (Beijing) Technology Co., Ltd., was incorporated as a limited liability in the People's Republic of China (the "PRC") on March 17, 2020. It was converted into a joint stock company with limited liability in December 2025. The registered office address of the Company is Room 225, 2nd Floor, Building 5, Yard 3, Jinghai 5th Road, Beijing Economic-Technological Development Area, Tongzhou District, Beijing, PRC.

During the Relevant Periods, the Company and its subsidiaries (collectively the "Group") was principally engaged in the design, development, manufacturing and commercialization intelligent robotic actuator modules robots.

In the opinion of the directors, Mr. Zhang, Dongguan Worang Zhongchuang Partnership Enterprise (Limited Partnership)("Worang Zhongchuang"), Dongguan Worang Zhonghe Equity Investment Partnership Enterprise (Limited Partnership)("Worang Zhonghe") and Dongguan Guyuan Investment Partnership Enterprise (Limited Partnership)("Guyuan Investment") are a group of the controlling shareholders of the Group (the "Controlling Shareholder Group") as defined in the document as at the date of this report.

As at the date of this report, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies, the particulars of the Company's principal subsidiaries are set out below:

Name	Place and date of registration and place of operations	Registered capital	Percentage of equity attributable to the Company	Principal activities
			Direct	
Dongguan Direct Drive Technology Limited 東莞市本末禾葉科技有限公司*(note a)	PRC/Chinese mainland November 23, 2018	RMB1,000,000	100%	Manufacture of robotic actuator modules and robots
Shenzhen Direct Drive Technology Limited 深圳市本末福葉科技有限公司*(note a)	PRC/Chinese mainland December 21, 2022	RMB30,000,000	100%	Human resource management and operation service support
Guangdong Direct Drive Technology Limited 本末動力（廣東）有限公司(note a)	PRC/Chinese mainland January 22, 2025	RMB10,000,000	100%	R&D and sales of robotic actuator modules and robots

* The English names of these companies registered in the PRC represent the best effort made by the directors of the Company to translate the Chinese names as these companies have not been registered with any official English names.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results during the Relevant Periods or formed a substantial portion of the net assets of the Group.

Note:

(a) No audited financial statements have been prepared for these entities for the Relevant Periods as these entities were not subject to any statutory audit requirements under the relevant rules and regulations in the jurisdictions of incorporation or newly incorporated.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards, which comprise all standards and interpretations as issued by the International Accounting Standards Board ("IASB"). All IFRS Accounting Standards effective for the accounting period commencing from January 1, 2025, together with the relevant transitional provisions, have been consistently adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods.

The Historical Financial Information has been prepared under the historical cost convention except for certain financial instruments which have been measured at fair value at the end of each of the Relevant Periods.

Basis of consolidation

The Historical Financial Information includes the financial information of the Group for the Relevant Periods. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial information of subsidiaries is prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

2.1 BASIS OF PREPARATION—continued

Basis of consolidation—continued

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

Going concern basis

The Group incurred accumulated losses and recorded net current liabilities and net liabilities of RMB1,044,441,000 and RMB1,019,357,000 at December 31, 2025, which was mainly due to the liabilities of RMB1,409,488,000 arising from redemption liabilities (note 20 to the Historical Financial Information) as current liabilities. The directors of the Company are of the opinion that the Company does not expect to settle the financial liabilities in next twelve months from December 31, 2025 and the special rights will be waived upon the **[REDACTED]** of the Company and the redemption liabilities will then be reclassified from liabilities to equity. The directors of the Company have also reviewed the Group's cash flows projections prepared by the management of the Company, which cover a period of not less than twelve months from December 31, 2025 and have considered the additional financial resources available to the Group, the internally generated funds from operations and the ability in adjusting the pace of the research and development projects and are of the opinion that the Group will have sufficient working capital to meet its financial liabilities and obligations as and when they fall due and to sustain its operations for the next twelve months from the date of this report. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare the Historical Financial Information on a going concern basis.

2.2 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

The Group has not applied the following new and amended IFRS Accounting Standards that have been issued but are not yet effective, in the Historical Financial Information. The Group intends to apply these new and amended IFRS Accounting Standards, if applicable, when they become effective.

Amendments to IFRS 9 and IFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[1]
Amendments to IFRS 9 and IFRS 7	*Contracts Referencing Nature-dependent Electricity*[1]
Amendments to IAS 21	*Translation to a Hyperinflationary Presentation Currency*[2]
IFRS 18	*Presentation and Disclosure in financial statement*[2]
IFRS 19 and its amendments	*Subsidiaries without Public Accountability: Disclosures*[2]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Annual Improvements to IFRS Accounting Standards – Volume 11	*Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7*[1]

1 Effective for annual periods beginning on or after January 1, 2026
2 Effective for annual/reporting periods beginning on or after January 1, 2027
3 No mandatory effective date yet determined but available for adoption

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

2.2 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS—continued

The Group is in the process of making an assessment of the impact of these new and amended IFRS Accounting Standards upon **[REDACTED]**. So far, the Group considers that these new and amended IFRS Accounting Standards, except for IFRS 18, may result in changes in certain accounting policies but are unlikely to have a significant impact on the Group's financial performance and financial position in the period of **[REDACTED]**. The application of IFRS 18 is not expected to have material impact on the financial position of the Group but is expected to affect the presentation of the statements of profit or loss and other comprehensive income and statement of cash flows and disclosures in the future financial information. The Group will continue to assess the impact of IFRS 18 on the Group's financial information.

2.3 MATERIAL ACCOUNTING POLICY INFORMATION

Fair value measurement

The Group measures its certain financial instruments at fair value at the end of each of the Relevant Periods. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the Historical Financial Information on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each of the Relevant Periods.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for a non-financial asset is required (other than inventories, deferred tax assets), the asset's recoverable

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

2.3 MATERIAL ACCOUNTING POLICY INFORMATION—continued

Impairment of non-financial assets—continued

amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each of the Relevant Periods as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and 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 of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

2.3 MATERIAL ACCOUNTING POLICY INFORMATION—continued

Related parties—continued

(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); and

(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 parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The estimated useful lives are as follows:

Leasehold improvements	Shorter of lease term or estimated useful life
Plant and machinery	3 to 10 years
Electronic equipment and others	3 to 5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at the end of each of the Relevant Periods.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

2.3 MATERIAL ACCOUNTING POLICY INFORMATION—continued

Property, plant and equipment and depreciation—continued

Construction in progress is stated at cost less any impairment losses, and is not depreciated. It is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Leases

The Group assesses at contract inception whether a 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.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Where applicable, the cost of a right-of-use asset 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. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Office and factory premises	1 to 5 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate the lease. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

2.3 MATERIAL ACCOUNTING POLICY INFORMATION—continued

Leases—continued

Group as a lessee—continued

(b) Lease liabilities—continued

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of office and employee dormitory (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment that are considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

2.3 MATERIAL ACCOUNTING POLICY INFORMATION—continued

Investments and other financial assets—continued

Initial recognition and measurement—continued

will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

Purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

Financial assets at fair value through other comprehensive income (debt instruments)

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the statement of profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

2.3 MATERIAL ACCOUNTING POLICY INFORMATION—continued

Derecognition of financial assets—continued

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information. The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

2.3 MATERIAL ACCOUNTING POLICY INFORMATION—continued

Impairment of financial assets—continued

General approach—continued

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs, except for trade receivables which apply the simplified approach as detailed below.

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

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

Stage 3 Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Classification as equity and financial liabilities

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

A financial liability is any liability that is (a) a contractual obligation (i) to deliver cash or another financial asset to another entity; or (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the entity; or (b) a contract that will or may be settled in the entity's own equity instruments and is: (i) a non derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or (ii) a

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

2.3 MATERIAL ACCOUNTING POLICY INFORMATION—continued

Classification as equity and financial liabilities—continued

derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and bills payables, other payables and accruals, redemption liabilities, derivative liabilities at fair value through profit or loss and interest-bearing bank and other borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognised in the statement of profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities at amortised cost (trade and other payables, loans and borrowings)

After initial recognition, trade and bills payables, other payables and accruals, interest-bearing bank and other borrowings, are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

2.3 MATERIAL ACCOUNTING POLICY INFORMATION—continued

Financial liabilities—continued

Financial liabilities at amortised cost (trade and other payables, loans and borrowings)—continued

and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on weighted average method and, in the case of work in progress and finished goods, comprises direct materials, direct labor and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. The Group provides for warranties in relation to the sale of products for general repairs of defects occurring during the warranty period. Provisions for these assurance-type warranties granted by the Group are initially recognised based on sales volume and past experience of the level of repairs and returns, discounted to their present values as appropriate. The warranty-related cost is revised annually.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

2.3 MATERIAL ACCOUNTING POLICY INFORMATION—continued

Income tax—continued

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the Relevant Periods, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each of the Relevant Periods between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, and the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each of the Relevant Periods and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each of the Relevant Periods and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

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

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

2.3 MATERIAL ACCOUNTING POLICY INFORMATION—continued

Income tax—continued

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, for which it is intended to compensate, are expensed.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Revenue recognition

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Revenue from the sale of products is recognised at the point in time when control of the asset is transferred to the customers, generally on acceptance of the products as agreed in the sales contracts.

Contract liabilities

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

Share-based payments

The Group operates share award schemes for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions").

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

2.3 MATERIAL ACCOUNTING POLICY INFORMATION—continued

Share-based payments—continued

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. The fair values of the share awards granted were estimated as at the grant date by using discounted cash flow method or backsolve method, as well as equity allocation based on option pricing model, taking into account the terms and conditions upon which the share awards were granted, and the fair value of employee share options was determined by using a binomial lattice option pricing model.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each of the Relevant Periods until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Other employee benefits

Pension scheme

Chinese mainland

The employees of the Group which operate in Chinese mainland are required to participate in a central pension scheme operated by the local municipal government. The Group are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme. Other than the monthly contributions, the Group has no further payment obligations once the contributions have been paid.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

2.3 MATERIAL ACCOUNTING POLICY INFORMATION—continued

Other employee benefits—continued

Housing fund and other social insurances — Chinese mainland

The Group has participated in defined social security contribution schemes for its employees pursuant to the relevant laws and regulations of the PRC. These include housing fund, basic medical insurance, unemployment insurance, injury insurance and maternity insurance. The Group makes monthly contributions to the housing fund and other social insurances. The contributions are charged to profit or loss as they become payable. Other than the monthly contributions, the Group has no further payment obligations once the contributions have been paid.

Research and development expenses

All research costs are charged to profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Borrowing costs

During the Relevant Periods, borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its Historical Financial Information but will disclose the nature of the non-adjusting events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

Foreign currencies

The Historical Financial Information is presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

2.3 MATERIAL ACCOUNTING POLICY INFORMATION—continued

Foreign currencies—continued

foreign currencies are translated at the functional currency rates of exchange ruling at the end of each of the Relevant Periods. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Group's Historical Financial Information requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognised in the Historical Financial Information:

Development expenses

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred. Determining the amounts of development expenditure to be capitalised requires the use of judgments and estimation.

Recognition of income taxes and deferred tax assets

Determining income tax provision involves judgment on the future tax treatment of certain transactions and when certain matters relating to the income taxes have not been confirmed by the

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES—continued

Judgments—continued

Recognition of income taxes and deferred tax assets—continued

local tax bureau. Management evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatments of such transactions are reconsidered periodically to take into account all changes in tax legislation.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each of the Relevant Periods, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Provision against obsolete and slow-moving inventories

The Group reviews the condition of its inventories at the end of each reporting period and makes provisions against obsolete and slow-moving inventory items which are identified as no longer suitable for sale or use based on sales forecasts. Such sales forecasts are prepared based on agreements or orders on hand and estimated sales in the foreseeable future based on historical experiences with its customers and current market conditions of robots industry. Management estimates the net realisable value for those obsolete and slow-moving inventories based primarily on the latest invoice prices and current market conditions. The estimation is reassessed at the end of each reporting period. The provision against obsolete and slow-moving inventories requires the use of judgments and estimates. Where the actual outcome or expectation in future is different from the original estimate, such difference will impact on the carrying value of inventories and the write-down of inventories recognised in the periods in which such estimates have been changed.

Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables with shared risk characteristic based on their ageing portfolio. The provision rates are based on aging for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES—continued

Estimation uncertainty—continued

Provision for expected credit losses on trade receivables—continued

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 18 to the Historical Financial Information.

Leases – Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in a lease, and therefore, it uses an incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group "would have to pay", which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when it needs to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each of the Relevant Periods. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is not organised into business units based on its service and products and only has one reportable operating segment.

The information reported to the directors, who are the chief operating decision makers, for the purpose of resource allocation and assessment of performance does not contain discrete operating segment financial information and the directors reviewed the financial results of the Group as a whole. Therefore, no further information about the operating segment is presented.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

4. OPERATING SEGMENT INFORMATION—continued

Geographical information

(a) Revenue from external customers

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Chinese mainland	16,334	79,776	279,917
Others	1,204	26	1,798
Total Revenue	17,538	79,802	281,715

The revenue information above is based on the locations of the customers.

(b) Non-current assets

All of the Group's non-current assets are located in Chinese mainland. Thus, no geographic information is presented.

Information about major customers

Revenue from a major customer which accounted for 10% or more of the Group's revenue during the Relevant Periods are set out below:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Customer 1	3,909	N/A*	N/A*
Customer 2	3,613	N/A*	N/A*
Customer 3	3,026	49,544	120,466
Customer 4	N/A*	10,707	66,026
Customer 5	N/A*	N/A*	29,208

* Less than 10% of the Group's revenue.

5. REVENUE, OTHER INCOME AND GAINS

Revenue

An analysis of revenue is as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Revenue from contracts with customers	17,538	79,802	281,715

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

5. REVENUE, OTHER INCOME AND GAINS—continued

Revenue—continued

Revenue from contracts with customers

(a) Disaggregated revenue information

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Types of goods			
Consumer applications	3,206	63,985	247,756
Industrial and commercial applications	10,996	8,496	19,854
Embodied joint modules	15	2,681	6,798
Robots	3,321	4,640	7,307
Total	17,538	79,802	281,715
Timing of revenue recognition			
Goods transferred at a point in time	17,538	79,802	281,715

The following table shows the amounts of revenue recognised during the Relevant Periods that were included in the contract liabilities at the beginning of the reporting period:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:			
Sale of products	—	300	642

(b) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of goods

The performance obligation is satisfied upon acceptance of products. Payment is generally due between 30-60 days after the date of invoices.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at December 31, 2023, 2024 and 2025 are as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Amounts expected to be recognised as revenue:			
Within one year	344	642	1,751
Total	344	642	1,751

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

5. REVENUE, OTHER INCOME AND GAINS—continued

Other income and gains

An analysis of other income and gains is as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Other income			
Bank interest income	61	21	100
Gains			
Government grants*	862	1,346	2,708
Gains on financial assets at fair value through profit or loss	271	246	—
Scrap sales	219	309	1,344
Total	1,413	1,922	4,152

* The Group has received government grants as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group. There are no unfulfilled conditions or contingencies relating to these grants.

6. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Interest on bank borrowings and other loans	1,582	1,402	1,621
Interest on related party transactions	—	66	—
Interest on lease liabilities	81	93	105
	1,663	1,561	1,726

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

7. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	Notes	Year ended December 31, 2023	2024	2025
		RMB'000	RMB'000	RMB'000
Cost of inventories sold*		15,176	64,406	221,130
Research and development costs		39,040	42,924	55,437
Depreciation of property, plant and equipment**	13	1,103	2,658	4,319
Depreciation of right-of-use assets**	14	957	1,634	3,133
Loss on termination of a lease	14	104	—	—
Lease payments in respect of short-term leases	14	575	287	1,198
Impairment of trade receivables	14	905	2,855	491
Impairment of other receivables	19	13	20	94
Write-down of inventories to net realisable value*		2,909	1,601	1,278
Fair value losses/(gain) on derivative liabilities at fair value through profit or loss***		(24)	445	5,571
[REDACTED]		—	—	8,876
Product warranty provision****	28	75	239	597
Employee benefit expenses (excluding directors' and supervisors' remuneration (note 8))				
– Wages and salaries		35,622	45,034	63,182
– Pension scheme contributions		2,134	2,981	5,074
– Share-based payment expenses		2,051	2,894	7,016
Total		39,807	50,909	75,272

* The amounts disclosed for cost of inventories sold included write-down of inventories to net realisable value.

** The depreciation of property, plant and equipment and right-of-use assets are included in "Cost of sales", "Selling and distribution expenses", "Administrative expenses" and "Research and development expenses" in profit or loss, respectively.

*** The amounts are included in "Other expenses" in profit or loss.

**** The amounts are included in "Cost of sales" in profit or loss.

8. DIRECTORS' AND SUPERVISORS' REMUNERATION

Directors' and supervisors' remuneration as recorded during the Relevant Periods is set out below:

	Year ended December 31, 2023	2024	2025
	RMB'000	RMB'000	RMB'000
Fees	—	—	—
Other emoluments:			
Salaries, allowances and benefits in kind	563	1,451	2,240
Performance related bonus	94	220	3,959
Pension scheme contributions	51	122	183
Share-based payment expenses	—	12,456	51,742
Total	708	14,249	58,124

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

8. DIRECTORS' AND SUPERVISORS' REMUNERATION—continued

(a) Independent non-executive directors

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Mr. Huang Min (Note (xiii))	—	—	—
Ms. Wang Yuqian (Note (xiv))	—	—	—
Mr. Lam Kwok Sun (Note (xv))	—	—	—
Total	—	—	—

(b) Directors and supervisors

Year ended December 31, 2023

	Salaries, allowances and benefits in kind	Performance related bonus	Pension scheme contributions	Share-based payment expenses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors					
Mr. Zhang (Note (i))	563	94	51	—	708
Non-executive directors:					
Mr. Li Zexiang (Note (ii))	—	—	—	—	—
Mr. Shi Chenxing (Note (iii))	—	—	—	—	—
Mr. Chen Zhe (Note (iv))	—	—	—	—	—
Ms. Guo Chengcheng (Note (v))	—	—	—	—	—
Subtotal	—	—	—	—	—
Total	563	94	51	—	708

Year ended December 31, 2024

	Salaries, allowances and benefits in kind	Performance related bonus	Pension scheme contributions	Share-based payment expenses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors					
Mr. Zhang (Note (i))	546	65	47	2,995	3,653
Mr. Liu Xuyang(Note (vi))	470	106	47	9,353	9,976
Subtotal	1,016	171	94	12,348	13,629
Supervisor					
Mr. Gong Min(Note (vii))	435	49	28	108	620
Non-executive directors:					
Mr. Li Zexiang (Note (ii))	—	—	—	—	—
Mr. Shi Chenxing (Note (iii))	—	—	—	—	—
Mr. Chen Zhe (Note (iv))	—	—	—	—	—
Ms. Guo Chengcheng (Note (v))	—	—	—	—	—
Mr. Zhao Yun(Note (viii))	—	—	—	—	—
Subtotal	—	—	—	—	—
Total	1,451	220	122	12,456	14,249

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

8. DIRECTORS' AND SUPERVISORS' REMUNERATION—continued

(b) Directors and supervisors—continued

Year ended December 31, 2025

	Salaries, allowances and benefits in kind	Performance related bonus	Pension scheme contributions	Share-based payment expenses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive directors					
Mr. Zhang (Note (i))	686	97	54	51,652	52,489
Mr. Liu Xuyang (Note (vi))	720	3,674	54	115	4,563
Mr. Zhang Hongbo (Note (ix))	382	90	45	28	545
Subtotal	1,788	3,861	153	51,795	57,597
Supervisor					
Mr. Gong Min (Note (vii))	89	—	10	(104)	(5)
Ms. Hu Rong (Note (x))	363	98	20	51	532
Subtotal	452	98	30	(53)	527
Non-executive directors:					
Mr. Shi Chenxing (Note (iii))	—	—	—	—	—
Mr. Chen Zhe (Note (iv))	—	—	—	—	—
Mr. Zhao Yun (Note (viii))	—	—	—	—	—
Mr. Chen Can (Note (xi))	—	—	—	—	—
Mr. Ji Haiquan (Note (xii))	—	—	—	—	—
Subtotal	—	—	—	—	—
Total	2,240	3,959	183	51,742	58,124

Notes:

(i) Mr. Zhang was appointed as a director and the chief executive officer of the Company and the chairman of the Board with effect from March 2020. He was re-designated as an executive director in December 2025, effective from the **[REDACTED]**.

(ii) Mr. Li Zexiang was appointed as a non-executive director of the Company with effect from March 2021 until March 2024.

(iii) Mr. Shi Chenxing was appointed as a non-executive director of the Company with effect from October 2022 until November 2025.

(iv) Mr. Chen Zhe was appointed as a non-executive director of the Company with effect from October 2022 until July 2025.

(v) Ms. Guo Chengcheng was appointed as a non-executive director of the Company with effect from October 2022 until March 2024.

(vi) Mr. Liu Xuyang was appointed as a director of the Company with effect from March 2024 and re-designated as an executive director in December 2025, effective from the **[REDACTED]**.

(vii) Mr. Gong Min was appointed as a supervisor of the Company with effect from March 2024 until April 2025.

(viii) Mr. Zhao Yun was appointed as a director of the Company with effect from March 2024 and re-designated as a non-executive director in December 2025, effective from the **[REDACTED]**.

(ix) Mr. Zhang Hongbo was appointed as a senior management of the Company with effect from August 2025 and was re-designated as an executive director in December 2025, effective from the **[REDACTED]**.

(x) Ms. Hu Rong was appointed as a supervisor of the Company with effect from June 2025 until November 2025.

(xi) Mr. Chen Can was appointed as a director in June 2025 and re-designated as a non-executive director in December 2025, effective from the **[REDACTED]**.

(xii) Mr. Ji Haiquan was appointed as a director in September 2025 and re-designated as a non-executive director in December 2025, effective from the **[REDACTED]**.

(xiii) Mr. Huang Min was appointed as an independent director in November 2025 and was re-designated as an independent non-executive director in December 2025, effective from the **[REDACTED]**. He served as the secretary of the board at Onewo Inc (stock code: 2602), a company listed on the Stock Exchange, and received remuneration of nil from the Company.

(xiv) Ms. Wang Yuqian was appointed as an independent director in November 2025 and was re-designated as an independent non-executive director in December 2025, effective from the **[REDACTED]**.

(xv) Mr. Lam Kwok Sun was appointed as an independent director in November 2025 and was re-designated as an independent non-executive director in December 2025, effective from the **[REDACTED]**.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

8. DIRECTORS' AND SUPERVISORS' REMUNERATION—continued

(b) Directors and supervisors—continued

During the Relevant Periods, share awards were granted to certain directors through share incentive platforms, further details of which are included in the disclosures in note 31 to the Historical Financial Information. The fair value of such awarded shares, which has been recognised in profit or loss, was determined as at the date of grant and the amount included in the Historical Financial Information for the Relevant Periods is included in the above directors' remuneration disclosures.

No emoluments were paid by the Company to the directors and supervisors as an inducement to join or upon joining the Company or as compensation for loss of office during the Relevant Periods.

Save for the non-executive directors, there was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the Relevant Periods.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the Relevant Periods included zero, two, and two directors, respectively, details of whose remuneration are set out in note 8 above. Details of the remuneration for the remaining five, three, and three highest paid employees who are neither a director nor chief executive of the Company during the Relevant Periods are as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Salaries, allowances and benefits in kind	1,969	1,844	1,954
Performance related bonus	313	533	2,837
Pension scheme contributions	149	74	105
Share-based payment expenses	1,654	2,064	252
Total	4,085	4,515	5,148

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

	Year ended December 31,		
	2023	2024	2025
	Numbers of employees		
Nil to HK$ 1,000,000	5	1	—
HK$ 1,000,001 to HK$ 1,500,000	—	—	2
HK$ 1,500,001 to HK$ 2,000,000	—	1	—
HK$ 2,000,001 to HK$ 2,500,000	—	1	—
HK$ 3,000,001 to HK$ 3,500,000	—	—	1
Total	5	3	3

During the Relevant Periods, share awards were granted to non-director and non-chief executive highest paid employees in respect of their services to the Group, further details of which are included in the disclosures in note 31 to the Historical Financial Information. The fair value of such share awards, which have been recognised in the profit or loss over the vesting period, was

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

9. FIVE HIGHEST PAID EMPLOYEES—continued

determined as at the date of grant and the amount included in the Historical Financial Information for the Relevant Periods is included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

10. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Chinese mainland

The provision for corporate income tax in Chinese mainland is based on the statutory rate of 25% of the taxable profits determined in accordance with the PRC Corporate Income Tax Law which was approved and became effective on January 1, 2008.

The Company was qualified as a high and new technology enterprise and was subject to income tax at a preferential tax rate of 15% during the Relevant Periods. This qualification is subject to review by the relevant governmental authority in the PRC for every three years.

A reconciliation of the tax expense applicable to loss before tax at the applicable tax rate in Chinese mainland and to the tax expense at the effective tax rate is as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Loss before tax	(75,585)	(93,735)	(880,977)
Tax charge at the statutory tax rate of 25%	(18,896)	(23,434)	(220,245)
Entities subject to lower statutory income tax rate	6,884	7,443	83,688
Additional deductible allowance for qualified research and development expenses	(3,848)	(4,062)	—
Expenses not deductible for tax	2,350	5,930	125,772
Deductible temporary differences not recognised	251	42	734
Tax losses not recognised	13,259	14,081	10,051
Total	—	—	—

According to the PRC Corporate Income Tax regulations, the Company was entitled to additional deduction of 100% of qualified R&D expenses from taxable income from 2023.

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

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Tax losses	146,414	233,885	277,226
Deductible temporary differences	5,704	5,996	5,809
Total	152,118	239,881	283,035

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

10. INCOME TAX—continued

Chinese mainland—continued

The Group has accumulated tax losses in Chinese mainland of RMB146,414,000, RMB233,885,000 and RMB277,226,000 as at December 31, 2023, December 31, 2024, December 31, 2025, respectively, that will expire in one to ten years for offsetting against future taxable profits of the companies in which the losses arose.

11. DIVIDENDS

No dividend was paid or declared by the Company during the Relevant Periods.

12. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share amounts is based on the loss for each of the Relevant Periods attributable to ordinary equity holders of the parent, and the weighted average number of share capital issue during the Relevant Periods. The weighted average numbers of ordinary shares in issue for the Relevant Periods before the conversion of the Company into a joint stock company were determined by assuming that the paid-in capital had been fully converted into share capital at the same conversion ratio of 1:10.4 (per RMB 1 paid-in capital) as upon conversion of the Company into a joint stock company in December 2025.

Because the diluted loss per share amount is decreased when taking warrants into account, the warrants had an anti-dilutive effect on the basic loss per share for the Relevant Periods and were ignored in the calculation of diluted loss per share.

The calculations of basic and diluted loss per share are based on:

	Year ended December 31,		
	2023	2024	2025
Loss			
Loss attributable to ordinary equity holders of the parent, used in the basic loss per share calculation (RMB'000)	(75,585)	(93,735)	(880,977)
Shares			
Weighted average number of ordinary shares in issue during the year, used in the basic loss per share calculation ('000)*	59,195	81,506	167,871

* The weighted average number of ordinary shares in issue used in the basic loss per share calculation has been adjusted retrospectively to reflect the subdivision of shares on a one-for-ten basis, which shall take effect immediately before the listing.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

13 PROPERTY, PLANT AND EQUIPMENT

The Group

	Plant and machinery	Electronic equipment and others	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000
December 31, 2023				
At January 1, 2023				
Cost	1,598	772	—	2,370
Accumulated depreciation	(188)	(200)	—	(388)
Net carrying amount	1,410	572	—	1,982
At January 1, 2023, net of accumulated depreciation	1,410	572	—	1,982
Additions	2,195	1,217	2,891	6,303
Depreciation provided during the year	(368)	(336)	(399)	(1,103)
At December 31, 2023, net of accumulated depreciation	3,237	1,453	2,492	7,182
At December 31, 2023				
Cost	3,793	1,989	2,891	8,673
Accumulated depreciation	(556)	(536)	(399)	(1,491)
Net carrying amount	3,237	1,453	2,492	7,182

	Plant and machinery	Electronic equipment and others	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
December 31, 2024					
At January 1, 2024					
Cost	3,793	1,989	2,891	—	8,673
Accumulated depreciation	(556)	(536)	(399)	—	(1,491)
Net carrying amount	3,237	1,453	2,492	—	7,182
At January 1, 2024, net of accumulated depreciation	3,237	1,453	2,492	—	7,182
Additions	4,242	181	—	1,163	5,586
Depreciation provided during the year	(888)	(615)	(1,155)	—	(2,658)
At December 31, 2024, net of accumulated depreciation	6,591	1,019	1,337	1,163	10,110
At December 31, 2024					
Cost	8,035	2,170	2,891	1,163	14,259
Accumulated depreciation	(1,444)	(1,151)	(1,554)	—	(4,149)
Net carrying amount	6,591	1,019	1,337	1,163	10,110

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

13 PROPERTY, PLANT AND EQUIPMENT—continued

The Group —continued

	Plant and machinery	Electronic equipment and others	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
December 31, 2025					
At January 1, 2025					
Cost	8,035	2,170	2,891	1,163	14,259
Accumulated depreciation	(1,444)	(1,151)	(1,554)	—	(4,149)
Net carrying amount	6,591	1,019	1,337	1,163	10,110
At January 1, 2025, net of accumulated depreciation	6,591	1,019	1,337	1,163	10,110
Additions	13,326	624	—	3,300	17,250
Depreciation provided during the year	(2,602)	(562)	(1,155)	—	(4,319)
At December 31, 2025, net of accumulated depreciation	17,315	1,081	182	4,463	23,041
At December 31, 2025					
Cost	21,361	2,794	2,891	4,463	31,509
Accumulated depreciation	(4,046)	(1,713)	(2,709)	—	(8,468)
Net carrying amount	17,315	1,081	182	4,463	23,041

The Company

	Plant and machinery	Electronic equipment and others	Leasehold improvements	Total
	RMB'000	RMB'000	RMB'000	RMB'000
December 31, 2023				
At January 1, 2023				
Cost	1,598	772	—	2,370
Accumulated depreciation	(188)	(200)	—	(388)
Net carrying amount	1,410	572	—	1,982
At January 1, 2023, net of accumulated depreciation	1,410	572	—	1,982
Additions	2,195	1,217	2,891	6,303
Depreciation provided during the year	(368)	(336)	(399)	(1,103)
At December 31, 2023, net of accumulated depreciation	3,237	1,453	2,492	7,182
At December 31, 2023				
Cost	3,793	1,989	2,891	8,673
Accumulated depreciation	(556)	(536)	(399)	(1,491)
Net carrying amount	3,237	1,453	2,492	7,182

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

13 PROPERTY, PLANT AND EQUIPMENT—continued

The Company—continued

	Plant and machinery	Electronic equipment and others	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
December 31, 2024					
At January 1, 2024					
Cost	3,793	1,989	2,891	—	8,673
Accumulated depreciation	(556)	(536)	(399)	—	(1,491)
Net carrying amount	3,237	1,453	2,492	—	7,182
At January 1, 2024, net of accumulated depreciation	3,237	1,453	2,492	—	7,182
Additions	4,242	181	—	1,163	5,586
Depreciation provided during the year	(888)	(615)	(1,155)	—	(2,658)
At December 31, 2024, net of accumulated depreciation	6,591	1,019	1,337	1,163	10,110
At December 31, 2024					
Cost	8,035	2,170	2,891	1,163	14,259
Accumulated depreciation	(1,444)	(1,151)	(1,554)	—	(4,149)
Net carrying amount	6,591	1,019	1,337	1,163	10,110

	Plant and machinery	Electronic equipment and others	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
December 31, 2025					
At January 1, 2025					
Cost	8,035	2,170	2,891	1,163	14,259
Accumulated depreciation	(1,444)	(1,151)	(1,554)	—	(4,149)
Net carrying amount	6,591	1,019	1,337	1,163	10,110
At January 1, 2025, net of accumulated depreciation	6,591	1,019	1,337	1,163	10,110
Additions	13,325	251	—	69	13,645
Depreciation provided during the year	(2,602)	(557)	(1,155)	—	(4,314)
At December 31, 2025, net of accumulated depreciation	17,314	713	182	1,232	19,441
At December 31, 2025					
Cost	21,360	2,421	2,891	1,232	27,904
Accumulated depreciation	(4,046)	(1,708)	(2,709)	—	(8,463)
Net carrying amount	17,314	713	182	1,232	19,441

Considering the losses position in 2023, 2024 and 2025, impairment review on the non-current assets, which including the property, plant and equipment, right-of-use assets and prepayment for property, plant and equipment, has been conducted by the management as at 31 December 2023, 2024 and 2025 according to IAS 36. The management considered that the Group was highly centralised managed and its activities including research and development, procurement, manufacture and production, sales are all governed and managed in headquarters. The entities that hold non-current

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

13 PROPERTY, PLANT AND EQUIPMENT—continued

The Company—continued

assets are highly inter-related and cannot be considered to generate cash inflows that are largely independent of each other. Therefore, the Group as a whole constitutes one cash-generating unit ("CGU") for the purposes of impairment testing of non-current assets located in different entities. The recoverable amount of the CGU was determined based on value in use calculation using cash flow projections based on financial budgets approved by the management. The budgeted sales and margins were estimated based on historical information achieved and the expected market development. The discount rate adopted reflected the time valued and specific risks relating to the Group. According to the impairment test results, the recoverable amount of the CGU was larger than the carrying amount of the non-current assets, thus no impairment loss was recognised as at 31 December 2023, 2024 and 2025.

The key valuation assumptions used in valuation model are as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Pre-Tax Weighted Average Cost of Capital	16.03%	16.43%	16.34%
Revenue Growth Rate	81.50%	51.10%	25.86%
Gross Profit Rate	26.47%	27.27%	27.99%

* The Company had conducted quantitative sensitivity analysis on the key valuation assumptions as at the end of each of the Relevant Periods, which indicated that a 1% change in these inputs would not have impacts on the impairment test results.

14. LEASES

The Group as a lessee

The Group has lease contracts for various items of office and factory premises used in its operations. Leases of office and factory premises generally have lease terms between 1 and 5 years.

(a) Right-of-use assets

The carrying amounts of right-of-use assets and the movements during the Relevant Periods are as follows:

The Group

Office and factory premises

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Carrying amount at January 1,	—	3,418	2,090
Additions	4,876	306	9,390
Depreciation charge	(957)	(1,634)	(3,133)
Termination	(501)	—	—
Carrying amount at December 31,	3,418	2,090	8,347

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

14. LEASES—continued

The Group as a lessee—continued

The Company

Office and factory premises

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Carrying amount at January 1,	—	3,418	2,090
Additions	4,876	306	782
Depreciation charge	(957)	(1,634)	(2,269)
Termination	(501)	—	—
Carrying amount at December 31,	3,418	2,090	603

(b) Lease liabilities

The carrying amounts of lease liabilities and the movements during the Relevant Periods are as follows:

The Group

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Carrying amount at January 1,	—	4,067	2,725
Additions	4,810	306	9,255
Accretion of interest recognised during the year	81	93	105
Termination	(510)	—	—
Lease payment	(314)	(1,741)	(2,894)
Carrying amount at December 31,	4,067	2,725	9,191
Analysed into:			
Current portion	1,986	2,244	3,353
Non-current portion	2,081	481	5,838

The Company

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Carrying amount at January 1,	—	4,067	2,725
Additions	4,810	306	782
Accretion of interest recognised during the year	81	93	48
Termination	(510)	—	—
Lease payment	(314)	(1,741)	(2,894)
Carrying amount at December 31,	4,067	2,725	661
Analysed into:			
Current portion	1,986	2,244	661
Non-current portion	2,081	481	—

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

14. LEASES—continued

The Group as a lessee—continued

(c) The amounts recognised in profit or loss in relation to leases are as follows:

The Group

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Lease payments in respect of short-term leases	575	287	1,198
Loss on termination of a lease	104	—	—
Interest on lease liabilities	81	93	105
Depreciation charge of right-of-use assets	957	1,634	3,133
Total amount recognised in profit or loss	1,717	2,014	4,436

The Company

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Lease payments in respect of short-term leases	575	287	810
Loss on termination of a lease	104	—	—
Interest on lease liabilities	81	93	48
Depreciation charge of right-of-use assets	957	1,634	2,269
Total amount recognised in profit or loss	1,717	2,014	3,127

(d) The total cash outflow for leases is disclosed in note 32 to the Historical Financial Information.

15. INVESTMENTS IN SUBSIDIARIES

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Dongguan Direct Drive Technology Limited (東莞市本末禾葉科技有限公司)	55	70	1,099
Shenzhen Direct Drive Technology Limited (深圳市本末福葉科技有限公司)	30,583	40,252	40,473
Beijing Direct Drive Technology Limited (北京市本末清葉科技有限公司)	—	100	128
Guangdong Direct Drive Technology Limited (本末動力(廣東)有限公司)	—	—	14,993
Total	30,638	40,422	56,693

The management has performed impairment testing for investment in subsidiaries which has impairment indicators as at each of the Relevant Periods and no impairment was needed.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

16. INVENTORIES

The Group

	As at 31 December,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Raw materials	7,299	13,164	22,127
Work in process	1,490	4,454	6,551
Finished goods	4,666	7,315	3,442
Goods in transit	379	1,289	—
Total	13,834	26,222	32,120

The Company

	As at 31 December,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Raw materials	7,299	13,164	15,222
Work in process	1,490	4,454	2,422
Finished goods	4,666	7,315	1,481
Goods in transit	379	1,289	—
Total	13,834	26,222	19,125

17. DEFERRED TAX ASSETS AND LIABILITES

The movements in deferred tax liabilities and assets during the Relevant Periods are as follows:

Deferred tax assets

The Group

	Lease liabilities
	RMB'000
As at January 1, 2023	—
Deferred tax credited to profit or loss during the year	513
As at December 31, 2023 and January 1, 2024	513
Deferred tax debited to profit or loss during the year	(199)
As at December 31, 2024 and January 1, 2025	314
Deferred tax credited to profit or loss during the year	1,712
As at December 31, 2025	2,026

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

17. DEFERRED TAX ASSETS AND LIABILITES—continued

Deferred tax assets—continued

The Company

	Lease liabilities
	RMB'000
As at January 1, 2023	—
Deferred tax credited to profit or loss during the year	513
As at December 31, 2023 and January 1, 2024	513
Deferred tax debited to profit or loss during the year	(199)
As at December 31, 2024 and January 1, 2025	314
Deferred tax debited to profit or loss during the year	(224)
As at December 31, 2025	90

Deferred tax liabilities

The Group

	Right-of-use assets
	RMB'000
As at January 1, 2023	—
Deferred tax charged to profit or loss during the year	513
As at December 31, 2023 and January 1, 2024	513
Deferred tax credited to profit or loss during the year	(199)
As at December 31, 2024 and January 1, 2025	314
Deferred tax charged to profit or loss during the year	1,712
As at December 31, 2025	2,026

The Company

	Right-of-use assets
	RMB'000
As at January 1, 2023	—
Deferred tax charged to profit or loss during the year	513
As at December 31, 2023 and January 1, 2024	513
Deferred tax credited to profit or loss during the year	(199)
As at December 31, 2024 and January 1, 2025	314
Deferred tax credited to profit or loss during the year	(224)
As at December 31, 2025	90

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

17. DEFERRED TAX ASSETS AND LIABILITES—continued

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

The Group

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	513	314	2,026
Net deferred tax liabilities recognised in the consolidated statement of financial position	513	314	2,026
Net deferred tax liabilities	—	—	—

The Company

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	513	314	90
Net deferred tax liabilities recognised in the consolidated statement of financial position	513	314	90
Net deferred tax liabilities	—	—	—

18. TRADE AND BILLS RECEIVABLES

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Bills receivable	—	—	2,206
Trade receivables	10,147	44,698	81,628
	10,147	44,698	83,834
Less: Impairment of trade receivables	(1,049)	(3,904)	(4,395)
Trade and bills receivables, net	9,098	40,794	79,439

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Bills receivable	—	—	2,206
Trade receivables	10,147	44,681	76,229
Due from subsidiaries	—	12	33,730
	10,147	44,693	112,165
Less: Impairment of trade receivables	(1,049)	(3,903)	(4,169)
Trade receivables, net	9,098	40,790	107,996

* The Company estimated that the expected loss rate for its trade receivables due from subsidiaries is minimal.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

18. TRADE AND BILLS RECEIVABLES—continued

The Company has pledged trade receivables of RMB10,000,000 to secure a bank loan granted to the Company as at December 31, 2025.

Bills receivables are subject to impairment under the general approach and the impairment is considered to be minimal.

The Group's trading terms with its customers are mainly on credit. The Group generally gives a credit period of 30-60 days. The Group seeks to maintain strict control over its outstanding receivables to minimize credit risk. Long aging balances are reviewed regularly by senior management. The Group has certain concentration of credit risk as 78.82%, 91.42% and 81.25% of trade receivables were due from the top five customers as at December 31, 2023, 2024 and 2025 respectively. The Group does not hold any collateral or other credit enhancements over its trade and bills receivables.

An aging analysis of the trade receivables as at the end of each of the Relevant Periods, based on the revenue recognition date and net of loss allowance, is as follows:

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year	8,891	40,593	79,080
1 year to 2 years	207	201	341
2 years to 3 years	—	—	18
Total	9,098	40,794	79,439

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year	8,891	40,589	107,637
1 year to 2 years	207	201	341
2 years to 3 years	—	—	18
Total	9,098	40,790	107,996

The movements in the loss allowance for impairment of the trade receivables are as follows:

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At beginning of year	144	1,049	3,904
Impairment losses, net (note 7)	905	2,855	491
At end of year	1,049	3,904	4,395

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

18. TRADE AND BILLS RECEIVABLES—continued

The Group overall considers the characteristics of the shared credit risk and the aging of the trade receivables to measure the expected credit losses. The expected credit losses of trade receivables are assessed on an individual or portfolio basis. Considering the credit risk characteristics of different customers, the Group assesses the expected credit losses of trade receivables with shared risk characteristics based on their ageing portfolio, adjusted as appropriate to reflect current and forward-looking information. The aging profile is determined based on the revenue recognition date.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

The Group

As at December 31, 2023

	Gross carrying amount	Expected credit loss rate	Expected credit loss
	RMB'000		RMB'000
On an individual basis	849	100%	849
On a collective basis:			
Within 1 year	9,060	1.87%	169
1 year to 2 years	238	12.94%	31
Total	10,147	10.34%	1,049

As at December 31, 2024

	Gross carrying amount	Expected credit loss rate	Expected credit loss
	RMB'000		RMB'000
On an individual basis	1,023	100%	1,023
On a collective basis:			
Within 1 year	43,253	6.15%	2,661
1 year to 2 years	422	52.23%	220
Total	44,698	8.73%	3,904

As at December 31, 2025

	Gross carrying amount	Expected credit loss rate	Expected credit loss
	RMB'000		RMB'000
On an individual basis	929	100%	929
On a collective basis:			
Within 1 year	82,351	3.97%	3,270
1 year to 2 years	517	34.24%	177
2 years to 3 years	37	51.35%	19
Total	83,834	5.24%	4,395

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

19. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current			
Value-added tax recoverable	2,173	2,663	10,443
Prepayments	291	337	6,111
Due from related parties (note 35(b))	31	1	1,292
Deferred **[REDACTED]**	—	—	2,462
Other receivables and deposit	355	689	2,167
	2,850	3,690	22,475
Less: Impairment of other receivables and deposit	(3)	(10)	(71)
Total	2,847	3,680	22,404
Non-Current			
Other receivables and deposits	448	709	1,364
Prepayments for property, plant and equipment	2,325	1,773	2,488
	2,773	2,482	3,852
Less: Impairment of other receivables and deposit	(22)	(35)	(68)
Total	2,751	2,447	3,784

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current			
Value-added tax recoverable	2,155	2,662	314
Prepayments	286	337	4,896
Other receivables and deposit	312	640	1,551
Deferred **[REDACTED]**	—	—	2,462
Due from subsidiaries	488	1,119	54,550
Due from related parties (note 35(b))	31	1	1,292
	3,272	4,759	65,065
Less: Impairment of other receivables and deposit	(3)	(10)	(68)
Total	3,269	4,749	64,997
Non-Current			
Other receivables and deposits	448	709	750
Prepayments for property, plant and equipment	2,325	1,773	1,246
	2,773	2,482	1,996
Less: Impairment of other receivables and deposit	(22)	(35)	(38)
Total	2,751	2,447	1,958

The other receivables and deposits are interest-free and unsecured.

As at December 31, 2023, 2024 and 2025, the impairment of the other receivables and deposits were measured based on 12-month expected credit loss if they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, they were measured based on lifetime expected credit loss.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

19. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES—continued

The movements in the loss allowance for impairment of other receivables are as follows:

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At beginning of year	12	25	45
Impairment losses, net (note 7)	13	20	94
At the end of the year	25	45	139

20. REDEMPTION LIABILITIES

The Group and the Company

(a) Redemption liabilities issued by the Company

The Company and each of the Company's shareholders have entered into certain shareholders' agreements (the "Shareholders' Agreements") in connection with Series Pre-A to Series C rounds of financing ("Series Financing"). Details of the shareholders' agreement are described in the section headed "History, Development and Corporate Structure" of the document.

Pursuant to the Shareholders' Agreements, certain investors were granted certain special rights, including the right of redemption (put option), liquidation preference and valuation anti-dilution right (collectively "Special Rights").

Redemption right

The Series Financing shall be redeemable by the Company at the option of the investors upon occurrence of certain events, including but not limited to:

(i) failure to complete a qualified **[REDACTED]** or a merger transaction within a specified timeframe; or

(ii) establishing other competing entities externally for the purpose of personal gain or causes significant losses to the redemption rights holders by founders without the unanimous consent of the investors.

The redemption price shall be the higher of: (i) the aggregate **[REDACTED]** price paid by the relevant exercising shareholder for series financing to be redeemed, plus a fixed return calculated at a simple interest rate of 8% per annum on such **[REDACTED]** price from the date of its payment to the redemption date, plus any dividends or distributions declared but unpaid (if any) attributable to such shares; or (ii) the fair market value of the series financing to be redeemed (as may be mutually agreed in writing by the Company and the exercising shareholder, or as determined by a Big Four accounting firm engaged by the Company using a reasonable valuation method).

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

20. REDEMPTION LIABILITIES—continued

The Group and the Company—continued

(a) Redemption liabilities issued by the Company—continued

Liquidation preference

In the event of any liquidation or deemed liquidation event, holders of the Series Financing shall be entitled to be paid out of the funds and assets available for distribution to the members of the Company, an amount per share equal to the original issue price for each series share and relevant accumulated dividends or declared but undistributed dividends thereon in the sequence as follows: Series C Shares, Series B++ Shares, Series B+ Shares, Series B Shares, Series Pre-B Shares, Series A++ Shares, Series A+ Shares, Series A Shares, Series Pre-A Shares, Series Angel+ Shares, Series Angel Shares.

Valuation anti-dilution right

If the Company increases its paid-in capital at a price lower than the price paid by the investors on a per paid-in capital basis, the investors have a right to adjust their owned shares percentage of the Company by issuing additional paid-in capital at no consideration to the investors from the Company, so that the total amount paid by the investors divided by the total amount of paid-in capital obtained is equal to the price per paid-in capital in the new issuance.

Pursuant to the Shareholders' special rights termination agreement dated December 31, 2025, the relevant redemption rights ceased to be exercisable one day before the first filing of the **[REDACTED]** by the Company to the Stock Exchange ("First Filing"), provided that such right shall automatically resume and be deemed to have never ceased to be effective upon the earliest occurrence of any of the following events: (i) the voluntary withdrawal by the Company of its application for **[REDACTED]** (ii) the Company's failure to obtain approval from the **[REDACTED]** of the Stock Exchange and complete the filing with the CSRC within 24 months from the date of the First Filing, if the hearing of the Stock Exchange has been passed or the filing with the CSRC has been completed, such 24-month period shall be automatically extended by a further 12 months; or (iii) the Company's failure, for whatever reason, to complete the **[REDACTED]** on the Stock Exchange within 12 months from the date on which the filing with the CSRC is completed. All other shareholders' special rights granted under the foregoing documents will be automatically terminated upon or before the **[REDACTED]** in accordance with the terms of the Shareholders' special rights termination agreement.

(b) Presentation and classification

As the Shareholders' Agreements gave rise to redemption obligation of the Company, upon the issuance of each Series Financing, the Company classifies the Series Financing as financial liabilities and debited to capital reserve in equity. As the special rights granted to the investors of Series Financing in the Shareholders' Agreements form a hybrid contract with multiple embedded derivatives which satisfy the criteria under IFRS9, upon the issuance of each series financing, the Group designated the entire hybrid instrument as financial liabilities at fair value through profit or loss upon initial recognition and presented as "redemption liabilities" in the consolidated statements of financial position. The change in fair value of the financial liabilities on series financing is

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

20. REDEMPTION LIABILITIES—continued

The Group and the Company—continued

(b) Presentation and classification—continued

charged to profit or loss except for the portion attributable to credit risk change that shall be charged to other comprehensive income. Management considered that the fair value change in the financial liabilities on series financing attributable to changes of own credit risk is not significant.

The financial liabilities on Series Financing were presented as current liabilities as they would be required to be settled immediately once the triggering events relating to founders which were out of the control of the Company occurred.

The movements of the redemption liabilities are set out below:

	Series Pre-A Shares	Series A Shares	Series A+ Shares	Series A++ Shares	Series Pre-B Shares	Series B Shares	Series B+ Shares	Series B++ Shares	Series C Shares	Total Shares
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2023	22,356	61,394	—	—	—	—	—	—	—	83,750
Issue	—	5,000	14,000	698	—	—	—	—	—	19,698
Changes in the carrying amount	6,103	5,196	977	35	—	—	—	—	—	12,311
At December 31, 2023	28,459	71,590	14,977	733	—	—	—	—	—	115,759
At January 1, 2024	28,459	71,590	14,977	733	—	—	—	—	—	115,759
Issue	—	—	—	—	70,000	—	—	—	—	70,000
Changes in the carrying amount	5,059	5,230	1,124	48	5,330	—	—	—	—	16,791
At December 31, 2024	33,518	76,820	16,101	781	75,330	—	—	—	—	202,550
At January 1, 2025	33,518	76,820	16,101	781	75,330	—	—	—	—	202,550
Issue	—	8,526*	—	—	—	140,000	40,000	108,316	140,000	436,842
Changes in the carrying amount	82,396	133,568	28,764	1,456	117,876	215,599	58,133	132,216	88	770,096
At December 31, 2025	115,914	218,914	44,865	2,237	193,206	355,599	98,133	240,532	140,088	1,409,488

* The issue in Series A was related to the exercise of warrants, details were set out in note 21.

The Group used the discounted cash flow or back-solve method to determine the underlying share value of the Company and performed an equity allocation based on the Option Pricing model ("OPM model") to arrive the fair value of the redemption liabilities as at the end of each reporting period with reference to valuation report carried out by an independent valuer.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

20. REDEMPTION LIABILITIES—continued

The Group and the Company—continued

(b) Presentation and classification—continued

The key valuation assumptions used in valuation model are as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Risk-free interest rate	2.21%	1.09%	1.41%
DLOM	13.00%-20.00%	18.00%-23.00%	8.00%-10.00%
Volatility	45.16%	60.20%	49.62%
Discount rate	14.00%	14.00%	NA

The Group estimated the risk-free interest rate based on the yield of China government bond with maturity close to the expected exit timing as of the valuation date. The DLOM was estimated based on the option-pricing method. Under the option-pricing method, the cost of put option, which can hedge the price change before the privately held share can be sold, was considered as a basis to determine DLOM. Volatility was estimated based on annualized standard deviation of daily shares price return of comparable companies for a period from the valuation date and with a similar span as time to expiration.

Set out below is a summary of significant unobservable inputs to the valuation of financial liabilities recognised within Level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis as at the end of each of the Relevant Periods.

		Increase/(Decrease) in the fair value		
		Year ended December 31,		
	Decrease/(Increase) in the inputs	2023	2024	2025
		RMB'000	RMB'000	RMB'000
Risk-free interest rate	(1%)/1%	646/(631)	654/(639)	1,328/(1,280)
DLOM	(1%)/1%	1,662/(1,662)	2,892/(2,892)	17,671/(17,671)
Volatility	(1%)/1%	(49)/44	47/(51)	(86)/74
Discount rate	(1%)/1%	26,740/(22,392)	39,686/(32,868)	NA

21. DERIVATIVE LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS

On July 4, 2022, the Company entered into an agreement with Innoven (Shanghai) Equity Investment Partnership Enterprise (Limited Partnership) ("Innoven"). Under the agreement, the Company granted the right to Innoven to subscribe for or accept a transfer of the Company's registered capital at the exercise price, which is referenced to the price of financing received by the Company next to the round of Pre-A financing. Innoven may exercise this right at any time during the exercise period by delivering an exercise notice and paying the corresponding exercise price (except in the case of a net exercise, where no payment is required) or request the Company to settle the warrant by cash. On December 22, 2025, Innoven exercised the warrant, the exercisable shares according to the arrangement was 98,736 shares. Innoven obtained 98,736 shares of the Company with special rights same as Series A shares at cash consideration of RMB98,736, and the relevant derivative liability of RMB8,427,000 was classified as redemption liabilities upon exercise.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

21. DERIVATIVE LIABILITIES MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS—continued

On June 27, 2023, the Company entered into a loan agreement with China CITIC Bank Corporation Limited ("CITIC Bank"), which included a detachable warrant component. Pursuant to the agreement, CITIC Bank provided a loan facility of RMB8,000,000 to the Company and granted a warrant to the Company. The warrant entitles an investor which will be designated by CITIC Bank to acquire 2% of the Company's equity interests, either through a share transfer from Mr. Zhang or a new issuance by the Company. The exercise price per share of the warrant is set at 90% of the market price per share of the Company which should be determined based on the Company's equity value of its latest round of fund raising. In November 2025, CITIC Bank entered into a Termination Agreement about the warrant and the accumulated changes in fair value was reversed upon termination.

Both warrants were classified as derivative financial liabilities measured at fair value through profit or loss. Changes in the fair value of the liabilities are recognised in "other expenses" in profit or loss.

The Group applied the binomial lattice option pricing model to arrive the fair value of the warrants as at the end of each of the Relevant Periods with reference to valuation report carried out by an independent valuer.

The key valuation assumptions used in valuation model are as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Risk-free interest rate	2.32%/2.56%	1.16%/1.68%	1.42%
Volatility	48.09%/49.86%	55.37%/55.67%	49.65%

Set out below is a summary of significant unobservable inputs to the valuation of financial liabilities recognised within Level 3 of the fair value hierarchy, together with a quantitative sensitivity analysis as at the end of each of the Relevant Periods.

		(Decrease)/Increase in the fair value		
		Year ended December 31,		
	Decrease/(Increase) in the inputs	2023	2024	2025
		RMB'000	RMB'000	RMB'000
Risk-free interest rate	(1%)/1%	(43)/43	(23)/23	NA
Volatility	(1%)/1%	(36)/36	(22)/22	NA

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

22. CASH AND CASH EQUIVALENTS

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cash and bank balances	397	15,840	353,217
Cash held at third party payment platforms	15	—	654
	412	15,840	353,871
Cash and cash equivalents	412	15,840	353,871
Denominated in:			
RMB	412	15,840	332,782
USD	—	—	21,089
	412	15,840	353,871

Cash and cash equivalents include cash and bank balances, as well as cash held at third party payment platforms, with cash held on third party payment platforms being deposits at Alipay.

The RMB is not freely convertible into other currencies, however, under Chinese mainland's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cash and bank balances	308	15,754	338,043
Cash held at third party payment platforms	15	—	654
	323	15,754	338,697
Cash and cash equivalents	323	15,754	338,697
Denominated in			
RMB	323	15,754	317,608
USD	—	—	21,089
	323	15,754	338,697

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

23. DEBT INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The Group and the Company

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Bank acceptance bills	—	—	22,725

The above bank acceptance bills are issued by reputable banks in Chinese mainland. They are classified and measured at fair value through other comprehensive income as they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling. Due to their relatively short remaining maturity, the fair value approximates the carrying amount.

24. TRADE PAYABLES

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade payables	9,589	36,681	62,397

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

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year	9,589	36,681	62,397
	9,589	36,681	62,397

The trade payables are non-interest-bearing and are normally settled on terms on 2-3 months terms.

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade payables	9,436	36,681	37,034
Due to subsidiaries	1,365	3,126	46,169
	10,801	39,807	83,203

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

24. TRADE PAYABLES—continued

The Company—continued

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

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year	10,801	39,807	83,203
Total	10,801	39,807	83,203

25. OTHER PAYABLES AND ACCRUALS

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Payroll payables	6,410	7,726	13,431
Other tax payables	103	1,938	12,494
Payables for property, plant and equipment	224	51	1,627
Other payables*	2,172	2,154	1,100
Payables of financing expenses for redemption liabilities	1,728	3,358	7,000
Payables of **[REDACTED]**	—	—	1,474
Due to a related party (note 35(b))	727	1,742	—
Total	11,364	16,969	37,126

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Payroll payables	4,930	6,163	129
Other tax payables	283	1,600	6,191
Payables for property, plant and equipment	224	51	1,485
Other payables*	1,990	2,489	252
Payables for redemption liabilities issue expenses	1,728	3,358	7,000
Payables for **[REDACTED]**	—	—	1,474
Due to a related party	105	1,120	—
Due to subsidiaries	27,111	13,401	23,982
Total	36,371	28,182	40,513

* Other payables, which primarily consist of accrued expenses and deposits received, are non-interest-bearing and have an average term of three months.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

26. INTEREST-BEARING BANK LOANS

The Group

	At December 31,								
	2023			2024			2025		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current									
Bank loans—secured	4	2024	10,742	3.50-3.60	2025	18,030	2.3-3.85	2026	40,023
Current portion of long-term bank loans—secured			—	3.25-4.30	2025	5,922			—
Current portion of long-term bank loans and other loans—unsecured	6	2024	5,571			—	3.4-3.5	2026	505
Total—current			16,313			23,952			40,528
Non-current									
Bank loans—secured			—	3.25-3.50	2027	13,200			—
Bank loans—unsecured			—			—	3.4-3.5	2027	4,250
Total—non-current			—			13,200			4,250
Total			16,313			37,152			44,778

Bank loans amounting to RMB10,742,000, RMB37,152,000 and RMB40,023,000 as at December 31, 2023, 2024 and 2025 respectively were guaranteed by Mr. Zhang (note 35(c)), and the guarantees provided by Mr. Zhang are expected to be released before the **[REDACTED]**. Included in the balance of 31 December 2025, a short term bank loan amounting to RMB10,000,000 was pledged against the group's account receivable.

All loans were denominated in RMB and the carrying amounts approximate to their fair values as at December 31, 2023, 2024 and 2025.

The Company

	At December 31,								
	2023			2024			2025		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current									
Bank loans—secured	4	2024	7,739	3.50-3.60	2025	18,030	2.3-3.85	2026	40,023
Current portion of long-term bank loans—secured			—	3.25-4.30	2025	5,922			—
Current portion of long-term bank loans and other loans—unsecured	6	2024	5,571			—	3.4-3.5	2026	505
Total—current			13,310			23,952			40,528
Non-current									
Bank loans—secured			—	3.25-3.50	2027	13,200			—
Bank loans—unsecured			—			—	3.4-3.5	2027	4,250
Total—non-current			—			13,200			4,250
Total			13,310			37,152			44,778

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

27. CONTRACT LIABILITIES

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Advances from customers			
Sale of goods	344	642	1,751
Analysed for reporting purposes as:			
Current liabilities	344	642	1,751
Total	344	642	1,751

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Advances from customers			
Sale of goods	344	642	1,430
Analysed for reporting purposes as:			
Current liabilities	344	642	1,430
Total	344	642	1,430

28. PROVISION

The Group and the Company

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Product warranty provision	61	217	357

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

28. PROVISION—continued

The Group and the Company—continued

The Group generally provides 12 months warranties to its customers on certain of its products for general repairs of defects occurring during the warranty period. The amount of the provision for the warranties is estimated based on sales volumes and past experience of the level of repairs and returns. The estimation basis is reviewed on an ongoing basis and revised where appropriate.

	Product warranty provision
	RMB'000
At January 1, 2023	47
Additional provision (note 7)	75
Amounts utilised during the year	(61)
At December 31, 2023 and January 1, 2024	61
At January 1, 2024	61
Additional provision (note 7)	239
Amounts utilised during the year	(83)
At December 31, 2024	217
At January 1, 2025	217
Additional provision (note 7)	597
Amounts utilised during the year	(457)
At December 31, 2025	357

29. SHARE CAPITAL/PAID-IN CAPITAL

The Group and the Company

Paid-in Capital:

	Paid-in capital
	RMB'000
As at January 1, 2023	500
Capital contribution by shareholders*	7
Investments with redemption rights**	70
As at December 31, 2023	577
As at January 1, 2024	577
Capital contribution by shareholders*	18
Investments with redemption rights**	213
As at December 31, 2024	808
As at January 1, 2025	808
Capital contribution by shareholders*	1,321
Investments with redemption rights**	750
Conversion into a joint stock company***	(2,879)
As at December 31, 2025	—

* During the year ended 31 December 2023, the Company received capital contribution of RMB2,030,000 from two investors. The capital contribution increased the paid-in capital and capital reserve by RMB7,000 and RMB2,023,000, respectively.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

29. SHARE CAPITAL/PAID-IN CAPITAL—continued

The Group and the Company—continued

During the year ended 31 December 2024, the Company received capital contribution of RMB142,000 from two investors. The capital contribution increased the paid-in capital by RMB18,000 and capital reserve by RMB124,000, respectively.

During the year ended 31 December 2025, the Company received capital contribution of RMB1,471,000 from four investors. The capital contribution increased the paid-in capital by RMB1,321,000 and capital reserve by RMB150,000, respectively.

** During the year ended 31 December 2023, the Company received investments of RMB19,698,000 from Series A, Series A+ and Series A++ investors with redemption rights. The investments increased the paid-in capital and capital reserve by RMB70,000 and RMB19,628,000, respectively.

During the year ended 31 December 2024, the Company received investments of RMB70,000,000 from Series Pre-B investors with redemption rights. The investments increased the paid-in capital and capital reserve by RMB213,000 and RMB69,787,000, respectively.

During the year ended 31 December 2025, the Company received investments of RMB288,316,000 from Series B, Series B+ and Series B++ investors with redemption rights. The investments increased the paid-in capital and capital reserve by RMB750,000 and RMB287,566,000, respectively. For the details of investments with redemption rights, please refer to note 20 to the Historical Financial Information.

*** In December 2025, the Company converted into a joint stock company with limited liability under the Company Law of the PRC. The net assets of the Company as of the conversion base date, including the paid-in capital, capital reserves and retained profits, were converted into 30,000,000 ordinary shares of RMB1.00 each. The excess of the net assets converted over the nominal value of the ordinary shares was credited to the Company's capital reserve.

Share Capital:

	Number of shares in issue	Share Capital
		RMB'000
As at January 1, 2025	—	—
Issue of ordinary shares upon conversion into a joint stock company of RMB 1 each***	30,000	30,000
Investments with redemption rights****	1,404	1,404
Warrant exercised*****	99	99
As at December 31, 2025	31,503	31,503

**** In December 2025, the Company received capital contribution of RMB140,000,000 from Series C investors with redemption rights, which increased the share capital and capital reserve by RMB1,404,608 and RMB138,595,392, respectively. For the details of investments with redemption rights, please refer to note 20 to the Historical Financial Information.

***** In December 2025, the Company issued 98,736 new shares with consideration of RMB98,736 to one particular investor to settle the derivative liabilities for warrant, details were set out in note 21.

30. RESERVES

The Group

The amounts of the Group's reserves and the movements therein for the Relevant Periods are presented in the consolidated statements of changes in equity.

(i) Capital reserve

Capital reserve of the Group represents the difference between the value of the paid-up capital and the consideration received. In the meanwhile, mentioned in note 20 to the Historical Financial Information, as the Shareholders' Agreements gave rise to redemption obligation of the Company, upon the issuance of each series financing, the Company classifies the series financing as financial liabilities and debited to capital reserve in equity.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

30. RESERVES—continued

(ii) Share-based payment reserve

The share-based payment reserve of the Group represents the share-based compensation reserve due to equity-settled share-based payment transactions, details of which were set out in note 31 to the Historical Financial Information.

The Company

The amounts of the Company's reserves and the movements therein for the Relevant Periods are presented as follows:

	Capital reserve	Share-based payment reserve	Accumulated loss	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2023	5,975	26,032	(80,358)	(48,351)
Loss for the year	—	—	(68,841)	(68,841)
Total comprehensive loss for the year	—	—	(68,841)	(68,841)
Share-based payments	—	2,051	—	2,051
Capital contribution by shareholders	2,023	—	—	2,023
Investments with redemption rights	19,628	—	—	19,628
Recognition of redemption liabilities	(19,698)	—	—	(19,698)
At December 31, 2023	7,928	28,083	(149,199)	(113,188)
At January 1, 2024	7,928	28,083	(149,199)	(113,188)
Loss for the year	—	—	(74,428)	(74,428)
Total comprehensive loss for the year	—	—	(74,428)	(74,428)
Share-based payments	—	15,350	—	15,350
Capital contribution by shareholders	124	—	—	124
Investments with redemption rights	69,787	—	—	69,787
Recognition of redemption liabilities	(70,000)	—	—	(70,000)
At December 31, 2024	7,839	43,433	(223,627)	(172,355)
At January 1, 2025	7,839	43,433	(223,627)	(172,355)
Loss for the year	—	—	(836,877)	(836,877)
Total comprehensive income for the year	—	—	(836,877)	(836,877)
Share-based payments	—	58,758	—	58,758
Capital contribution by shareholders	150	—	—	150
Investments with redemption rights	434,589	—	—	434,589
Conversion into a joint stock company	(192,957)	—	165,836	(27,121)
Recognition of redemption liabilities	(436,842)	—	—	(436,842)
At December 31, 2025	(187,221)	102,191	(894,668)	(979,698)

31. SHARE-BASED PAYMENTS

(a) Employee incentive platforms

The Group approved and adopted the share award scheme (the "Share Award Scheme") for certain employees of the Group ("Share Incentive Participants") in order to recognize the contributions of the Share Incentive Participants to the growth and development of the Group.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

31. SHARE-BASED PAYMENTS—continued

(a) Employee incentive platforms—continued

In order to implement the Share Award Scheme, Dongguan Worang Zhongchuang Partnership Enterprise (Limited Partnership) ("Worang Zhongchuang") and Dongguan Guyuan Investment Partnership Enterprise (Limited Partnership)("Guyuan Investment") were established and designated as share incentive platforms to hold the shares specially awarded to the eligible participants as the ultimate beneficial owners. The Group has no control over the share incentive platforms.

On 1 March 2023, 9 December 2023, 1 July 2024 and 31 December 2025, the Group granted certain directors and eligible employees 3,188,000 restricted award units of the share incentive platforms ("RAUs"), 462,590 RAUs, 1,885,600 RAUs and 9,940,900 RAUs (equivalent to 332,145 shares, 48,200 shares, 196,453 shares and 1,035,700 shares after conversion into a joint stock company) at subscribed prices of RMB0.28, RMB0.06 and RMB0.01 per RAU through Worang Zhongchuang and Guyuan Investment, respectively. The granted RAUs can be vested in stages during four vesting periods. At the end of each vesting period, 25% of the RAUs are entitled to vest under the prerequisite of meeting performance conditions.

On 1 March 2025 and 31 December 2025, the Group granted certain directors and eligible employees 457,300 RAUs and 508,800 RAUs respectively (equivalent to 47,647 shares and 53,006 shares after conversion into a joint stock company) at subscribed prices of RMB0.82 and RMB0.28 per RAU respectively through Worang Zhongchuang. Among the above RAUs granted, 844,100 RAUs were vested immediately, the remaining RAUs will be fully vested in three years under the prerequisite of meeting performance conditions.

The fair values of the RAUs granted were estimated as at the grant date by using discounted cash flow method or backsolve method, as well as equity allocation based on option pricing model, taking into account the terms and conditions upon which the share awards were granted. The key valuation assumptions used to determine the fair value are as follows:

	At grant dates
Expected volatility	45.16% - 60.20%
Risk-free interest rate	1.09% - 2.68%
DLOM	9.62% - 23.09%

Set out below are details of the movements of the outstanding restricted award units granted throughout the Relevant Periods.

	Outstanding at January 1, 2023	Granted during the year	Forfeited	Vested	Outstanding at December 31, 2023
Restricted award units*	—	3,650,590	(148,903)	(1,829,965)	1,671,722

	Outstanding at January 1, 2024	Granted during the year	Forfeited	Vested	Outstanding at December 31, 2024
Restricted award units*	1,671,722	1,885,600	(1,872,688)	(724,841)	959,793

	Outstanding at January 1, 2025	Granted during the year	Forfeited	Vested	Outstanding at December 31, 2025
Restricted award units*	959,793	10,906,996	(130,390)	(2,095,441)	9,640,958

* 1 RAU equivalents to RMB0.01 registered capital before conversion into a joint stock company and equivalents to 0.10 share after conversion into a joint stock company.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

31. SHARE-BASED PAYMENTS—continued

(a) Employee incentive platforms—continued

During the years ended December 31, 2023 and 2024 and December 31, 2025, the Group recognised share-based payment expenses of RMB1,792,000, RMB168,000 and RMB5,141,000, respectively.

(b) Equity settled share option schemes

In 2023, the Company passed a written resolution of the shareholders of the Company to grant share options ("Share Options") to certain directors and employees of the Group. The Share Options granted will be settled through Worang Zhongchuang as share incentive platforms.

In October 2023, the Group granted 356,200 Share Options (equivalent to 37,112 shares after conversion into a joint stock company) to one eligible employee with the exercise price of RMB0.28 per share option, which will be vested in four year installments and the vesting of Share Options is also under the prerequisite of meeting performance conditions.

In September 2024, the Group granted 3,996,200 Share Options (equivalent to 416,348 shares after conversion into a joint stock company) to thirty eight employees with the exercise price of RMB0.59 per share option, which will be vested in four year instalments and the vesting of Share Options is also under the prerequisite of meeting performance conditions.

In December 2025, the Group granted 426,300 and 26,423,200 Share Options (equivalent to 44,400 shares and 2,752,900 shares after conversion into a joint stock company) with the exercise price of RMB0.82 and RMB0.01, respectively. And the Share Options will be vested in four year instalments and the vesting of share options is also under the prerequisite of meeting performance conditions.

The fair value of Share Options granted were estimated as at the grant date by using the binomial lattice option pricing model. The following table lists the key inputs to the fair value model used:

	For the year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Risk-free interest rate	2.56%	2.15%	1.85%
Volatility	48.09%	58.45%	49.55%

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

31. SHARE-BASED PAYMENTS—continued

(b) Equity settled share option schemes—continued

The share options granted and outstanding during the Relevant Periods are as follows:

	Number of share options	Weighted average exercise price per share
		RMB'000
At 1 January 2023	—	—
Granted during the year	356,214	0.28
Forfeited during the year	—	—
Exercised during the year	(89,054)	0.28
At 31 December 2023	267,160	0.28
At 1 January 2024	267,160	0.28
Granted during the year	3,996,200	0.59
Forfeited during the year	(427,161)	0.40
Exercised during the year	—	—
At 31 December 2024	3,836,199	0.59
At 1 January 2025	3,836,199	0.59
Granted during the year	26,849,465	0.02
Forfeited during the year	(576,042)	0.59
Exercised during the year	(1,177,150)	0.59
At 31 December 2025	28,932,472	0.06

*1 Share Options of the share incentive platforms equivalents to RMB0.01 registered capital before conversion into a joint stock company and equivalents to 0.10 share after conversion into a joint stock company.

During the years ended 31 December 2023, 2024 and 2025, the Group recognised expenses of RMB258,000 and RMB838,000 and RMB2,088,000 respectively, for the above Share Options granted.

(c) Other share-based payments arrangement

On January 11, 2024, the Group granted certain directors and eligible employees RMB73,403 registered capital (equivalent to 764,756 Share after conversion into a joint stock company) of the Company at subscribed prices of RMB27,717 in total. The share awarded to them were vested immediately and the Group recognised expenses of RMB14,345,000.

On September 4, 2025, the Company issued RMB183,479 registered capital (equivalent to 1,911,601 Share after conversion into a joint stock company) to Mr Zhang at a price of RMB1 per registered capital, which was below the fair value at the time of issuance. The transaction has been accounted for as an equity-settled share-based payment and the Group recognised expenses of RMB51,528,000.

32. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the years ended December 31, 2023, 2024 and 2025, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB4,810,000, RMB306,000, and RMB9,255,000, respectively, in respect of lease arrangements for buildings premises.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

32. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS—continued

(b) Changes in liabilities arising from financing activities

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

	Interest bearing bank loans	Lease liabilities	Redemption liabilities	Amount due to related parties	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2023	16,356	—	83,750	2,727	102,833
Changes from financing cash flow	(1,625)	(314)	—	(2,000)	(3,939)
New Lease	—	4,810	—	—	4,810
Termination	—	(510)	—	—	(510)
New redemption liabilities	—	—	19,698	—	19,698
Changes in the carrying amount of the redemption liabilities	—	—	12,311	—	12,311
Accretion of interest	1,582	81	—	—	1,663
At December 31, 2023 and January 1, 2024	16,313	4,067	115,759	727	136,866
Changes from financing cash flow	19,371	(1,741)	—	949	18,579
New Lease	—	306	—	—	306
New redemption liabilities	—	—	70,000	—	70,000
Changes in the carrying amount of the redemption liabilities	—	—	16,791	—	16,791
Accretion of interest	1,402	93	—	66	1,561
At December 31, 2024 and January 1, 2025	37,086	2,725	202,550	1,742	244,103
Changes from financing cash flow	6,039	(2,894)	—	(1,099)	2,046
New Lease	—	9,255	—	—	9,255
New redemption liabilities	—	—	436,842	—	436,842
Changes in the carrying amount of the redemption liabilities	—	—	770,096	—	770,096
Accretion of interest	1,587	105	—	34	1,726
At December 31, 2025	44,712	9,191	1,409,488	677	1,464,068

(c) Total cash outflow for leases

The total cash outflow for leases included in the consolidated statements of cash flows is as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within operating activities	575	287	1,198
Within financing activities	314	1,741	2,894
Total	889	2,028	4,092

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

33. PLEDGE OF ASSETS

Details of the Group's assets pledged for the Group's bank loans is included in note 18 to the financial statements.

34. COMMITMENTS

The Group had the following capital commitments at the end of each of the Relevant Periods.

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Contracted, but not provided for:			
Purchase of items of property, plant and equipment	1,400	4,128	11,096

35. RELATED PARTY TRANSACTIONS

The Directors are of the view that the following are related parties that have material transactions or balances with the Group during the Relevant Periods.

(a) Name and relationships of the related parties

Name	Relationship
Mr. Zhang	Executive director and one of the Controlling Shareholders
Worang Zhongchuang	One of the Controlling Shareholders
Guyuan Investment	One of the Controlling Shareholders

(b) Outstanding balances with related parties:

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Amounts due from related parties:			
Worang Zhongchuang*	31	1	1,267
Guyuan Investment*	—	—	25
	31	1	1,292
Amounts due to related parties:			
Mr. Zhang**	727	1,742	—
Total	727	1,742	—

* Non-trade in nature, included in "Prepayments, deposits and other receivables" in the consolidated statement of financial position, the balances represent the difference between the exercise price received by Worang Zhongchuang and Guyuan Investment as a share incentive platform from the employees and the subscription price Worang Zhongchuang and Guyuan Investment paid to the Company for the registered capital subscribed, and the balances are expected to be fully repaid before the **[REDACTED]**.

** Non-trade in nature, included in "Other payables and accruals" in the consolidated statement of financial position and "Finance costs" in profit or loss. The balance as at 31 December 2024 included a loan of RMB1,000 thousand with a lending period of two months and an interest rate of 10%, and the balances and interest were fully repaid in January 2025. Other outstanding balances as at 31 December 2023 and 2024 are interest-free loans, and the balances were fully repaid in December 2025.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

35. RELATED PARTY TRANSACTIONS—continued

(c) Guarantee provided by related parties:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Mr. Zhang	10,742	37,152	40,023

The above guarantees were provided free of charge for bank borrowings with the duration period from 2023 to 2027. And the guarantees provided by related parties are expected to be released before the **[REDACTED]**.

(d) Compensation of key management personnel of the Group

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Salaries, allowances and benefits in kind	563	1,451	2,240
Performance related bonus	94	220	3,959
Pension scheme contributions	51	122	183
Equity-settled share-based payment expenses	—	12,456	51,742
Total	708	14,249	58,124

Further details of directors' and supervisors' remuneration are included in note 8 to the Historical Financial Information.

36. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods were as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Financial assets			
Financial assets at fair value through other comprehensive income:			
Debt investments at fair value through other comprehensive income	—	—	22,725
Total			22,725
Financial assets at amortised cost:			
Trade receivables	9,098	40,794	79,439
Financial assets included in deposit and other receivables	809	1,354	4,684
Cash and cash equivalents	412	15,840	353,871
Total	10,319	57,988	437,994
Financial liabilities			
Financial liabilities at fair value through profit and loss:			
Derivative liabilities measured at fair value through profit or loss	2,411	2,856	—
Redemption liabilities	115,759	202,550	1,409,488
Total	118,170	205,406	1,409,488

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

36. FINANCIAL INSTRUMENTS BY CATEGORY—continued

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Financial liabilities at amortised cost:			
Trade payables	9,589	36,681	62,397
Financial liabilities included in other payables and accruals	4,851	7,305	11,201
Interest-bearing bank loans and other loans	16,313	37,152	44,778
Total	30,753	81,138	118,376

37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Fair values

Management has assessed that the fair values of cash and cash equivalents, loans, trade and bills receivables, trade payables, financial assets included in prepayments, other receivables and other assets, and financial liabilities included in other payables and accruals, interest-bearing bank loans and other loans approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department headed by the financial director is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At the end of each reporting periods, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The directors review the results of the fair value measurement of financial instruments periodically for financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair value of debt investments at fair value through other comprehensive income is estimated by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all required significant inputs to fair value of an instrument are observable, the instruments are included in Level 2. If one or more of the significant inputs are not based on observable market data, the instruments are included in Level 3.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS—continued

Fair value hierarchy

As at December 31, 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Financial liabilities				
Derivative liabilities measured at fair value through profit or loss	—	—	2,411	2,411
Redemption liabilities	—	—	115,759	115,759
Total	—	—	118,170	118,170

As at December 31, 2024

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Financial liabilities				
Derivative liabilities measured at fair value through profit or loss	—	—	2,856	2,856
Redemption liabilities	—	—	202,550	202,550
Total	—	—	205,406	205,406

As at December 31, 2025

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Financial liabilities				
Derivative liabilities measured at fair value through profit or loss	—	—	—	—
Redemption liabilities	—	—	1,409,488	1,409,488
Total	—	—	1,409,488	1,409,488

Further details of redemption liabilities are included in note 20 to the Historical Financial Information.

During the Relevant Periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank and other borrowings, financial assets at fair value through profit or loss and cash. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's short-term and long-term borrowings. The Group currently does not enter into any hedging instrument for both of the fair value interest rate risk and cash flow interest rate risk.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings) and the Group's equity.

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax	Increase/ (decrease) in equity*
		RMB'000	RMB'000
Year ended December 31, 2023			
RMB	50	(23)	—
RMB	(50)	23	—
Year ended December 31, 2024			
RMB	50	(266)	—
RMB	(50)	266	—
Year ended 31 December 2025			
RMB	50	(163)	—
RMB	(50)	163	—

* Excluding retained losses

Foreign currency risk

Foreign currency risk is the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between RMB and other currencies in which the Group conducts business may affect the Group's financial condition and results of operations.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES—continued

Foreign currency risk—continued

The following table demonstrates the sensitivity at the end of each of the Relevant Periods to a reasonably possible change in foreign currency exchange rates, with all other variables held constant, of the Group's (loss)/profit before tax (due to changes in the translated value of monetary assets and liabilities) and the Group's equity.

	Increase/(decrease) in foreign currency exchange rates	Increase/(decrease) in profit before tax	(Decrease)/ increase in equity*
	%	RMB'000	RMB'000
Year ended 31 December 2025			
If RMB weakens against the USD	5	1,054	—
If RMB strengthens against the USD	5	(1,054)	—

* Excluding retained losses

Credit risk

The Group trades only with recognised and creditworthy parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. Receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, time deposits, restricted cash and financial assets included in prepayments, deposits and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at the end of each of the Relevant Periods.

The amounts presented are gross carrying amounts for financial assets.

As at December 31, 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	—	—	—	10,147	10,147
Financial assets included in deposits and other receivables	834	—	—	—	834
Cash and cash equivalents	412	—	—	—	412
Total	1,246	—	—	10,147	11,393

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES—continued

Maximum exposure and year-end staging—continued

As at December 31, 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	—	—	—	44,698	44,698
Financial assets included in deposits and other receivables*	1,400	—	—	—	1,400
Cash and cash equivalents	15,840	—	—	—	15,840
Total	17,240	—	—	44,698	61,938

As at December 31, 2025

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	—	—	—	81,628	81,628
Debt investments at fair value through other comprehensive income	22,725	—	—	—	22,725
Bill receivables	2,206	—	—	—	2,206
Financial assets included in deposits and other receivables *	4,823	—	—	—	4,823
Cash and cash equivalents	353,871	—	—	—	353,871
Total	383,625	—	—	81,628	465,253

* The credit quality of the financial assets included in prepayments, deposits and other receivables is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition.

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations. The maturity profile of the Group's financial liabilities as at the end of each of the Relevant Periods, based on the contractual undiscounted payments, is as follows:

As at December 31, 2023

	Less than 12 months or on demand	1 to 10 years	Total
	RMB'000	RMB'000	RMB'000
Trade payables	9,589	—	9,589
Financial liabilities included in other payables and accruals	4,851	—	4,851
Lease liabilities	2,042	2,154	4,196
Interest-bearing bank loans	17,293	—	17,293
Redemption liabilities	115,759	—	115,759
Total	149,534	2,154	151,688

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES—continued

Maximum exposure and year-end staging—continued

Liquidity risk—continued

As at December 31, 2024

	Less than 12 months or on demand	1 to 10 years	Total
	RMB'000	RMB'000	RMB'000
Trade payables	36,681	—	36,681
Financial liabilities included in other payables and accruals	7,305	—	7,305
Lease liabilities	2,258	509	2,767
Interest-bearing bank loans	25,443	14,203	39,646
Redemption liabilities	202,550	—	202,550
Total	274,237	14,712	288,949

As at December 31, 2025

	Less than 12 months or on demand	1 to 10 years	Total
	RMB'000	RMB'000	RMB'000
Trade payables	62,397	—	62,397
Financial liabilities included in other payables and accruals	11,201	—	11,201
Lease liabilities	3,523	5,946	9,469
Interest-bearing bank loans	41,365	4,397	45,762
Redemption liabilities	1,409,488	—	1,409,488
Total	1,527,974	10,343	1,538,317

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

The asset-liability ratios as at the end of each of the Relevant Periods are as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Total assets	39,542	101,183	545,731
Total liabilities	159,908	299,792	1,565,088
Asset-liability ratio*	404%	296%	287%

* Asset-liability ratio is calculated by dividing total liabilities by total assets.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION—continued

39. EVENTS AFTER THE REPORTING PERIOD

Pursuant to the shareholders' resolutions dated 22 December 2025, the Series C investors Rockets Capital L.P. and Brizan Ventures VII subscribed for 355,135 shares and 100,329 shares at a consideration of USD5,000,000 and USD1,412,550. These investments are with redemption rights and were fully paid in January 2026.

40. SUBSEQUENT FINANCIAL STATEMENTS

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