The following is the text of a report received from the reporting accountants of the Company, [●], Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF AVATR TECHNOLOGY (CHONGQING) COMPANY LIMITED, CITIC SECURITIES (HONG KONG) LIMITED AND CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED

Introduction

We report on the historical financial information of AVATR Technology (Chongqing) Company Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages I-[●] to I-[●], 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 December 31, 2023, 2024 and 2025, and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-[●] to I-[●] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [MM DD], 2026 (the "Document") in connection with the initial [**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' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 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 December 31, 2023, 2024 and 2025 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-[●] 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
[DD MM] 2026

I HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

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

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by [●] in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") (the "Underlying Financial Statements").

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

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended December 31,		
	Notes	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
REVENUE	*5*	5,645,357	15,195,220	25,631,285
Cost of sales		(5,814,813)	(14,233,927)	(23,214,675)
Gross (loss)/profit		(169,456)	961,293	2,416,610
Other income and gains	*5*	122,450	120,693	192,392
Selling and marketing expenses		(2,304,287)	(3,036,301)	(3,281,131)
Administrative expenses		(579,628)	(705,935)	(765,777)
Research and development costs		(660,121)	(1,214,069)	(2,085,654)
Share of profits of an associate		–	–	182,485
Impairment losses on financial assets, net		–	(1,248)	(4,342)
Other expenses		(16,315)	(37,524)	(32,081)
Finance costs	*7*	(85,148)	(104,894)	(109,603)
LOSS BEFORE TAX	*6*	(3,692,505)	(4,017,985)	(3,487,101)
Income tax	*10*	–	–	(1,790)
LOSS FOR THE YEAR		(3,692,505)	(4,017,985)	(3,488,891)
OTHER COMPREHENSIVE INCOME				
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:				
Exchange differences on translation of foreign operations		(255)	648	858
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF TAX		(255)	648	858
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(3,692,760)	(4,017,337)	(3,488,033)
Loss attributable to:				
Owners of the parent		(3,692,505)	(4,017,985)	(3,488,891)
Total comprehensive loss attributable to:				
Owners of the parent		(3,692,760)	(4,017,337)	(3,488,033)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT				
Basic and diluted (RMB)	*12*	(2.14)	(2.01)	(1.14)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at December 31,		
	Notes	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS				
Property, plant and equipment	*13*	534,302	846,027	802,242
Right-of-use assets	*14*	137,632	63,503	94,405
Other intangible assets	*15*	1,458,344	2,872,921	3,747,700
Investment in an associate	*16*	–	–	11,721,125
Prepayments, other receivables and other assets	*19*	119,200	2,411,604	79,465
Total non-current assets		2,249,478	6,194,055	16,444,937
CURRENT ASSETS				
Inventories	*17*	2,509,297	2,426,681	2,124,056
Trade and notes receivables	*18*	74,819	172,750	280,965
Prepayments, other receivables and other assets	*19*	654,874	989,641	775,858
Restricted bank deposits	*20*	16,521	47,572	51,244
Cash and cash equivalents	*20*	7,139,058	19,323,334	9,687,432
Total current assets		10,394,569	22,959,978	12,919,555
CURRENT LIABILITIES				
Trade and notes payables	*21*	4,312,927	8,688,503	12,089,121
Other payables and accruals	*22*	2,378,786	3,984,116	4,875,805
Contract liabilities	*23*	496,408	352,181	526,723
Interest-bearing bank and other borrowings	*24*	2,455,591	5,034,126	3,563,013
Lease liabilities	*14*	94,201	39,695	24,830
Tax payable		–	–	1,575
Deferred income	*27*	–	63,010	–
Provision	*25*	22,362	86,121	123,080
Total current liabilities		9,760,275	18,247,752	21,204,147
NET CURRENT ASSETS/(LIABILITIES)		634,294	4,712,226	(8,284,592)
TOTAL ASSETS LESS CURRENT LIABILITIES		2,883,772	10,906,281	8,160,345
NON-CURRENT LIABILITIES				
Interest-bearing bank and other borrowings	*24*	635,000	2,003,980	1,770,160
Lease liabilities	*14*	50,498	26,750	64,911
Deferred income	*27*	490	–	138,595
Provision	*25*	101,107	281,763	384,525
Contract liabilities	*23*	2,898	3,658	5,894
Total non-current liabilities		789,993	2,316,151	2,364,085
NET ASSETS		2,093,779	8,590,130	5,796,260
EQUITY				
Equity attributable to owners of the parent				
Paid-in capital	*28*	1,994,965	3,006,328	–
Share capital	*28*	–	–	3,065,147
Reserves	*30*	98,814	5,583,802	2,731,113
Total equity		2,093,779	8,590,130	5,796,260

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended December 31, 2023

	Attributable to owners of the parent					
	Paid-in capital	**Capital reserve**	**Share-based payment reserve**	**Exchange fluctuation reserve**	**Accumulated losses**	**Total**
	RMB'000 *(note 28)*	*RMB'000* *(note 30)*	*RMB'000* *(note 29)*	*RMB'000* *(note 30)*	*RMB'000*	*RMB'000*
At January 1, 2023	1,644,664	3,610,336	16,413	190	(2,498,533)	2,773,070
Loss for the year	–	–	–	–	(3,692,505)	(3,692,505)
Other comprehensive loss for the year:						
Exchange differences related to foreign operations	–	–	–	(255)	–	(255)
Total comprehensive loss for the year	–	–	–	(255)	(3,692,505)	(3,692,760)
Capital paid in	350,301	2,649,699	–	–	–	3,000,000
Equity-settled share-based payment	–	–	13,469	–	–	13,469
At December 31, 2023	1,994,965	6,260,035*	29,882*	(65)*	(6,191,038)*	2,093,779

Year ended December 31, 2024

	Attributable to owners of the parent					
	Paid-in capital	**Capital reserve**	**Share-based payment reserve**	**Exchange fluctuation reserve**	**Accumulated losses**	**Total**
	RMB'000 *(note 28)*	*RMB'000* *(note 30)*	*RMB'000* *(note 29)*	*RMB'000* *(note 30)*	*RMB'000*	*RMB'000*
At January 1, 2024	1,994,965	6,260,035	29,882	(65)	(6,191,038)	2,093,779
Loss for the year	–	–	–	–	(4,017,985)	(4,017,985)
Other comprehensive income for the year:						
Exchange differences related to foreign operations	–	–	–	648	–	648
Total comprehensive loss for the year	–	–	–	648	(4,017,985)	(4,017,337)
Capital paid in	1,011,363	9,479,112	–	–	–	10,490,475
Equity-settled share-based payment	–	–	23,213	–	–	23,213
At December 31, 2024	3,006,328	15,739,147*	53,095*	583*	(10,209,023)*	8,590,130

Year ended December 31, 2025

	Attributable to owners of the parent						
	Share capital	Paid-in capital	Capital reserve	Share-based payment reserve	Exchange fluctuation reserve	Accumulated losses	Total
	RMB'000 *(note 28)*	*RMB'000* *(note 28)*	*RMB'000* *(note 30)*	*RMB'000* *(note 29)*	*RMB'000* *(note 30)*	*RMB'000*	*RMB'000*
At January 1, 2025	–	3,006,328	15,739,147	53,095	583	(10,209,023)	8,590,130
Loss for the year	–	–	–	–	–	(3,488,891)	(3,488,891)
Other comprehensive loss for the year:							
Exchange differences related to foreign operations	–	–	–	–	858	–	858
Total comprehensive loss for the year	–	–	–	–	858	(3,488,891)	(3,488,033)
Capital paid in	–	58,819	551,288	–	–	–	610,107
Equity-settled share-based payment	–	–	–	77,929	–	–	77,929
Conversion into a joint stock company**	3,065,147	(3,065,147)	(9,097,814)	–	–	9,097,814	–
Share of the capital reserve of an associate	–	–	6,127	–	–	–	6,127
At December 31, 2025	3,065,147	–	7,198,748*	131,024*	1,441*	(4,600,100)*	5,796,260

* These reserve accounts comprise the consolidated reserves of RMB98,814,000, RMB5,583,802,000 and RMB2,731,113,000 in the consolidated statements of financial position as at December 31, 2023, 2024 and 2025, respectively.

** The Company was converted from a limited liability company to a joint stock limited company in September 2025.

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	6	(3,692,505)	(4,017,985)	(3,487,101)
Adjustments for:				
Finance costs	7	85,148	104,894	109,603
Depreciation of property and equipment	13	75,990	121,316	195,468
Depreciation of right-of-use assets	14	87,884	85,093	44,329
Amortisation of other intangible assets	15	132,381	357,197	736,945
Share of profits of an associate		–	–	(182,485)
Fair value gains on financial assets at fair value through profit or loss	5	–	–	(1,708)
Gain on disposal of financial assets measured at fair value through profit or loss		–	–	(13)
Equity-settled share option scheme expenses	6	13,469	23,213	77,929
Write-down of inventories to net realisable value, net	6	268,578	108,880	48,469
Impairment loss on trade and notes receivables	18	–	487	3,103
Impairment loss on other receivables	19	–	761	1,239
Losses/(gains) on disposal of property and equipment and right-of-use assets, net	6	(287)	(698)	1,799
		(3,029,342)	(3,216,842)	(2,452,423)
Decrease/(increase) in restricted bank deposits		714	(31,051)	(4,497)
(Increase)/decrease in inventories		(2,225,594)	(26,264)	253,514
Increase in trade and notes receivables		(53,470)	(98,418)	(111,318)
(Increase)/decrease in prepayments, other receivables and other assets		(305,375)	(72,248)	388,701
Increase in trade and notes payables		3,644,457	4,355,920	3,416,589
Increase in other payables and accruals		581,026	743,096	508,388
Increase in provision		122,873	244,415	139,721
Increase/(decrease) in contract liabilities		463,789	(143,467)	176,778
Cash (used in)/generated from operations		(800,922)	1,755,141	2,315,453
Income tax paid		–	–	–
Net cash flows (used in)/generated from operating activities		(800,922)	1,755,141	2,315,453

	Notes	Year ended December 31, 2023	2024	2025
		RMB'000	RMB'000	RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of items of property, plant and equipment		(190,452)	(333,969)	(371,556)
Proceeds from disposal of property, plant and equipment		–	3,262	8
Purchases of other intangible assets		(957,179)	(1,231,503)	(1,362,502)
Purchase of financial assets at fair value through profit or loss		–	–	(200,000)
Proceeds from disposal financial assets at fair value through profit or loss		–	–	201,721
Investment in an associate		–	–	(9,200,000)
Asset-related government grants received	*27*	–	62,520	243,198
Prepayment for acquisition of an associate	*19*	–	(2,300,000)	–
Net cash flows used in investing activities		(1,147,631)	(3,799,690)	(10,689,131)
CASH FLOWS FROM FINANCING ACTIVITIES				
Capital paid in		3,000,000	10,490,475	610,107
New bank and other borrowings		3,434,012	7,069,422	3,831,657
Repayment of bank and other borrowings		(374,270)	(3,134,107)	(5,536,590)
Principal portion of lease payments		(86,376)	(86,710)	(51,746)
Interest portion of lease liabilities		(7,179)	(5,193)	(4,054)
Prepaid lease payments		(4,460)	(812)	(2,146)
Deposits paid for leases		(14,514)	(5,809)	(5,695)
Interest paid		(75,905)	(98,346)	(98,331)
Payment of [**REDACTED**]		[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Net cash flows generated from financing activities		5,871,308	14,228,920	(1,263,030)
NET INCREASE IN CASH AND CASH EQUIVALENTS		3,922,755	12,184,371	(9,636,708)
Cash and cash equivalents at beginning of year		3,217,445	7,139,058	19,323,334
Effect of foreign exchange rate changes, net		(1,142)	(95)	806
CASH AND CASH EQUIVALENTS AT END OF YEAR	*20*	7,139,058	19,323,334	9,687,432
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS				
Cash and cash equivalents as stated in the consolidated statement of financial position	*20*	7,139,058	19,323,334	9,687,432
Cash and cash equivalents as stated in the consolidated statement of cash flows		7,139,058	19,323,334	9,687,432

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*	500,882	832,372	792,891
Right-of-use assets	*14*	24,025	16,301	35,960
Investment in subsidiaries	*38*	20,597	20,597	85,608
Investment in an associate	*16*	–	–	11,688,611
Other intangible assets	*15*	1,486,632	2,911,678	3,836,635
Prepayments, other receivables and other assets	*19*	119,200	2,411,604	74,403
Total non-current assets		2,151,336	6,192,552	16,514,108
CURRENT ASSETS				
Inventories	*17*	1,665,278	894,106	953,653
Trade and notes receivables	*18*	2,530,640	3,487,321	3,807,151
Prepayments, other receivables and other assets	*19*	567,050	768,440	711,548
Restricted bank deposits	*20*	16,521	38,579	27,081
Cash and cash equivalents	*20*	5,837,940	18,751,856	8,683,257
Total current assets		10,617,429	23,940,302	14,182,690
CURRENT LIABILITIES				
Trade and notes payables	*21*	4,360,832	8,685,365	12,107,449
Other payables and accruals	*22*	1,946,681	3,103,347	3,666,619
Contract liabilities	*23*	33,422	19,913	48,128
Interest-bearing bank and other borrowings	*24*	2,422,968	5,021,020	3,138,820
Lease liabilities	*14*	9,631	8,574	10,934
Deferred income	*27*	–	63,010	–
Provision	*25*	22,362	86,121	123,080
Total current liabilities		8,795,896	16,987,350	19,095,030
NET CURRENT ASSETS/(LIABILITY)		1,821,533	6,952,952	(4,912,340)
TOTAL ASSETS LESS CURRENT LIABILITIES		3,972,869	13,145,504	11,601,768
NON-CURRENT LIABILITIES				
Interest-bearing bank and other borrowings	*24*	635,000	2,003,980	1,770,160
Lease liabilities	*14*	17,818	10,486	22,707
Deferred income	*27*	490	–	138,595
Provision	*25*	101,107	281,763	384,525
Total non-current liabilities		754,415	2,296,229	2,315,987
NET ASSETS		3,218,454	10,849,275	9,285,781
EQUITY				
Equity attributable to owners of the parent				
Paid-in capital	*28*	1,994,965	3,006,328	–
Share capital	*28*	–	–	3,065,147
Reserves	*30*	1,223,489	7,842,947	6,220,634
Total equity		3,218,454	10,849,275	9,285,781

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

AVATR Technology (Chongqing) Company Limited was established in the People's Republic of China (the "PRC") with limited liability on July 10, 2018. The Company was converted from a limited liability company into a joint stock company with limited liability on September 29, 2025. The registered office of the Company is located at Building 11, No. 101, Zizhu Road, Liangjiang New Area, Chongqing, Chinese mainland.

During the Relevant Periods, the Company and its subsidiaries (collectively, the "Group") were primarily engaged in the design, development, and sale of new energy vehicles and automotive parts and components, as well as the provision of related after-sales services.

As at the end of the Relevant Periods, the particulars of the Company's principal subsidiaries are set out below:

Name	*Notes*	Place and date of incorporation/ registration and place of operations	Issued/paid up capital	Percentage of equity attributable to the Company	Principal activities
			('000)	*Directly held*	
阿維塔新能源汽車科技(上海)有限公司 Avatr New Energy Vehicle Technology (Shanghai) Co., Ltd.* ("Avatr Shanghai")	*(a)*	PRC/Chinese mainland October 20, 2021	RMB10,000	100%	Research and development and provision of technical services
阿維塔(重慶)汽車銷售服務有限公司 Avatr automobile sales and service (Chongqing) Co., Ltd.* ("Avatr Sales")	*(a)*	PRC/Chinese mainland August 4, 2022	RMB9,000	100%	Sale of new energy vehicles and provision of related after-sales services
阿維塔智行科技(上海)有限公司 AVATR Zhixing Technology (Shanghai) Co., Ltd* ("Avatr Zhixing")	*(a)*	PRC/Chinese mainland August 4, 2025	RMB10,000	100%	Research and development and provision of technical services
Avatr GmbH ("Avatr GmbH")	*(b)*	Germany January 21, 2021	EUR200	100%	Research and development

(a) The statutory financial statements of these entities for the years ended December 31, 2023, 2024 and 2025 prepared in accordance with the China Accounting Standards for Business Enterprises were audited by [●], certified public accountants registered in the Chinese mainland.

(b) No audited financial statements have been prepared for this entity since its date of registration, as the entity is not subject to any statutory accounting requirements under the relevant rules and regulations in its place of registration.

* The English names of all group companies registered in the Chinese mainland represent the best efforts made by the management of the Company to translate the Chinese names of these companies as no English names have been registered.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the Relevant Periods or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards, which comprise all standards and interpretations approved by the International Accounting Standards Board (the "IASB"). All IFRS Accounting Standards effective for the accounting period commencing from January 1, 2025, together with the relevant transitional provisions, have been early 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 financial assets at fair value through profit or loss.

As at December 31, 2025, the Group had net current liabilities of approximately RMB8,284,592,000. Taking into account the financial resources available to the Group, including cash and cash equivalents, available bank facilities granted by banks and financial institutions and funds to be generated from operations, the directors of the Company 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 for the next twelve months from December 31, 2025, and accordingly, the Historical Financial Information has been prepared on a going concern basis.

Basis of consolidation

The Historical Financial Information includes the financial statements of the Company and its subsidiaries for the Relevant Periods. A subsidiary is an entity, directly 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 statements of the subsidiaries are prepared for the same reporting periods 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.

If the Group loses control over a subsidiary, it derecognises the related assets, 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.

2.2 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

The Group has not applied the following new and revised 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 revised IFRS Accounting Standards, if applicable, when they become effective.

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

The Group is in the process of making a detailed assessment of the impact of these new and revised IFRS Accounting Standards upon initial application. So far, the Group considers that these new and revised IFRS Accounting Standards, except for IFRS 18, may result in changes in certain accounting policies and no significant impact on the Group's financial performance and financial position is expected in the period of initial application. The application of IFRS 18 is not expected to have a material impact on the financial position of the Group but is expected to affect the presentation of the statement 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 POLICIES

Investment in an associate

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group's investment in an associate is stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

The Group's share of the post-acquisition results and other comprehensive income of an associate is included in the consolidated statement of profit or loss and other comprehensive income. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associate are eliminated to the extent of the Group's investment in the associate, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of an associate is included as part of the Group's investment in an associate.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Fair value measurement

The Group measures its structured deposits at the end of each reporting period. 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.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized 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 financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories and financial assets), the asset's recoverable 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 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 reporting period 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 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 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;

(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 principal annual depreciation rates used for this purpose are as follows:

Machinery and equipment	6.5% to 20.0%
Motor vehicles	12.1%
Leasehold improvements	Over the shorter of the lease terms and estimated useful lives
Others	19.4%

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 each financial year end.

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.

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.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Software

Self-developed software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of 2 years.

Technology know-how

Technology know-how is stated at cost less any impairment losses and is amortized on the straight-line basis over its estimated useful life of not exceeding five years.

Research and development costs

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.

Deferred development costs are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products not exceeding five years, commencing from the date when the products are put into commercial production.

The carrying value of development costs is reviewed for impairment annually when the asset is not yet in use, or more frequently when an indication of impairment arises during the year.

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 recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying asset.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is 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. 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:

Property	2 to 5 years
Equipment	31 months

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.

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 (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 properties 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.

In a sale and leaseback transaction, one party (the seller-lessee) sells an asset it owns to another party (the buyer-lessor) and simultaneously leases back all or a portion of the same asset for all, or part of, the asset's remaining economic life. The seller-lessee transfers legal ownership of the asset to the buyer-lessor in exchange for consideration, and then makes periodic rental payments to the buyer-lessor to retain the use of the asset. The Group applies requirements in IFRS 15 when determining whether the transfer of an asset shall be accounted for as a sale of the asset.

When the Group is able or required to repurchase the asset for an amount that is less than the original selling price of the asset, the Group continues to recognise the asset and recognises a financial liability for the consideration received from the customer.

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 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 profit or loss when the asset is derecognised, modified or impaired.

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 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 profit or loss.

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.

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 statements of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- 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 the Group's 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 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.

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 instrument 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.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as 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 notes payables, other payables and accruals and interest-bearing bank and other borrowings.

Subsequent measurement

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

Financial liabilities at amortised cost

After initial recognition, trade and notes payables, other payables and accruals and 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 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.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis 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 consolidated statement of financial position comprise cash at banks and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, 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 at banks.

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 passenger vehicles and automotive parts for general repairs or replacements 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 expected unit costs for warranty services, which include the best estimate of projected costs to repair or replace items under warranty. 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.

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 the reporting period, 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 the reporting period 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 and an associate, 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 carryforward 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 carryforward 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 and an associate, 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 reporting 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 reporting 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 the reporting periods.

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.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to profit or loss by way of a reduced depreciation charge.

Government grants relating to income which are used to compensate relevant costs, expenses or losses in subsequent periods are recognised as deferred income and are offset against the related costs or expenses in the periods where relevant costs, expenses or losses are recognised; grants that are used to compensate relevant costs, expenses or losses in the current period are directly offset against the related costs or expenses.

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.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

(a) Sale of goods

Revenue from the sale of goods primarily arises from the sale of passenger vehicles, automotive parts and components, and is recognised at the point in time when control of the products is transferred to the customer.

Certain contracts for the sale of passenger vehicles provide customers with volume rebates, and the relevant revenue is recognized based on contract consideration net of the estimated sales rebate and discount amounts.

Passenger vehicles are often sold with volume rebates and cash-related rebates. To estimate the variable consideration for the expected future rebates, the most likely amount method is used for contracts with a single rebate or with separately identified rebates that associate distinctly with the contracts, and the expected value method is applied for contracts with multiple types of rebates. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume incentives included in the contract or the rebate and discount policies of the Group. The requirements on constraining estimates of variable consideration are applied and a refund liability for the expected future rebates is recognised.

(b) Rendering of services

The services rendered include automobile repair and maintenance services, transportation services, extended warranty services, technology development services, financial services. Should any of the following conditions be satisfied, the services provided by the Group are performance obligations fulfilled within a certain period of time. The Group recognizes revenue within a period of time in accordance with the progress of contract performance. The conditions are: (1) the customer obtains and consumes the economic benefits brought by the contract at the same time performing the contract; (2) the customer is able to control the products under construction during the Group's performance; (3) the products of the Group have no alternative uses, and the Group has the right to ask for payment for the cumulative part that has been completed so far during the entire contract period. Otherwise, the Group recognises revenue at the point the customer obtains control of the relevant services.

(c) Customer loyalty points

The Group offers customer loyalty points, which can be used in the Group's online store to redeem the Group's merchandise or services. The Group concludes that the customer loyalty points offered to customers in connection with the purchase of vehicles constitute a material right and are considered as a separate performance obligation. The amount allocated to the customer loyalty points as a separate performance obligation is recorded as deferred revenue and revenue is recognized when the customer loyalty points are used or expired.

Revenue from other sources

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.

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 Company operates share option 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"). 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 value is determined by an external valuer using the Black-Scholes model, further details are set out in note 29 to the Historical Financial Information.

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 reporting period 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. Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

Other employee benefits

Pension scheme

The employees of the Company and the Group's subsidiaries which operate in Chinese mainland are required to participate in a central pension and unemployment insurance scheme operated by the local municipal government. The subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension and unemployment insurance scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension and unemployment insurance scheme.

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 Chinese mainland. These include housing fund, basic medical 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 on an accrual basis. The Group's liability in respect of these funds is limited to the contributions payable in each reporting periods.

Termination benefits

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

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other 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 financial statements, 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.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. Proposed final dividends are disclosed in the note 11 to the financial statements.

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 foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in 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. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currency of the overseas subsidiary is a currency other than RMB. As at the end of the reporting period, the assets and liabilities of the entity are translated into RMB at the exchange rates prevailing at the end of the reporting period and its statement of profit or loss and other comprehensive income is translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of the overseas subsidiary are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of the overseas subsidiary which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Group's Historical Financial Information requires management to make judgements, 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.

Judgements

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

Business model

The classification of financial assets at initial recognition depends on the Group's business model for managing financial assets. When determining the business model, the Group considers, among others, the methods by which it assesses and the way by which it reports to the key managers about the results of financial assets, the risks confronted by the results of financial assets and relevant risks management methods, and the way determining the compensation of business operators. When assessing whether the objective is to collect contractual cash flows, the Group needs to analyse and judge the reason, timing, frequency and value of the sale before the maturity date of the financial assets.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses and deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses and the deductible temporary differences can be utilised. Significant management judgement 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. Further details are contained in note 26 to the Historical Financial Information.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, 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.

Variable consideration for volume rebates

The Group estimates variable consideration to be included in the transaction price for the sale of passenger vehicles with rights of volume rebates.

The Group's expected volume rebates are analysed on a per customer basis for contracts that are subject to a single volume threshold. Determining whether a customer is likely to be entitled to a rebate depends on the customer's historical rebate entitlement and accumulated purchases to date.

The Group has applied a statistical model for estimating expected volume rebates for contracts with more than one volume threshold. The model uses the historical purchasing patterns and rebate entitlement of customers to determine the expected rebate percentages and the expected value of the variable consideration. Any significant changes in experience as compared to historical purchasing patterns and rebate entitlements of customers will impact the expected rebate percentages estimated by the Group.

The Group updates its assessment of volume rebates monthly and the refund liabilities are adjusted accordingly. Estimates of volume rebates are sensitive to changes in circumstances and the Group's past experience regarding rebate entitlements may not be representative of customers' actual rebate entitlements in the future.

Provision for expected credit losses on trade receivables

The Group calculates expected credit losses using exposure at default and expected credit loss rate. In determining the expected credit loss rate, the Group uses data such as internal historical credit loss experience and adjusts historical data based on current conditions and forward-looking information. When considering forward-looking information, the indicators used by the Group include the risk of economic downturn, external market environment, technological environment and changes in customer situations. The Group regularly monitors and reviews assumptions related to the calculation of expected credit losses.

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 (such as the subsidiary's stand-alone credit rating).

Impairment of non-financial assets (other than goodwill)

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 reporting period. 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.

Warranty provision

Provisions for warranties granted by the Group for the passenger vehicles sold are recognized based on sales volumes and past experience of costs for repairs and replacements, among others. The estimate of unit warranty cost may not be equal to the actual warranty cost in the future. The Group reassesses the unit warranty cost at least annually and the unit warranty cost is revised when appropriate.

Impairment of inventories

Inventories are stated at the lower of cost and net realizable value at the end of each reporting period. The net realisable value is the estimated selling price in the ordinary course of business, less applicable costs, selling expenses and tax charges. Management of the Group makes the best estimate on the net realizable value and the corresponding impairment of inventories, while the impairment assessment may still be significantly changed due to changes in of market conditions.

Development costs

Development costs are capitalised in accordance with the accounting policy for research and development costs in note 2.3 to the Historical Financial Information. Determining the amounts to be capitalised requires management to make assumptions regarding the expected future cash generation of the assets, discount rates to be applied and the expected period of benefits.

Share-based payment

The Group makes the best estimate of the number of exercisable share options at the end of each reporting period during the vesting period based on the fair value at the grant date and the latest subsequent information obtained, and recognized the services received in the current period in the relevant costs or expenses. The fair value of the share options awards to employees is determined using the Black-Scholes model at the date they are granted. Significant estimates and assumptions, including the expected volatility, risk-free interest rate and expected life of the share options, are made by the management of the Group. Further details are set out in note 29 to the Historical Financial Information.

4. SEGMENT INFORMATION

The chief operating decision-maker has been identified as the executive directors of the Company collectively, who determine the operating segments of the Group and review the Group's internal reporting in order to assess performance and allocate resources. All of the Group's business operations relate to the production and sale of passenger vehicles and automotive parts and components, and the provision of research and development and related technological support services. Accordingly, the executive directors review the performance of the Group as a single business segment to make strategic decisions and allocate resources.

Geographical information

(a) Revenue from external customers

The following table shows the Group's total consolidated revenue by location of customers:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Chinese mainland	5,645,357	14,972,708	24,233,522
Other countries/regions	–	222,512	1,397,763
Total revenue	5,645,357	15,195,220	25,631,285

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

(b) Non-current assets

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Chinese mainland	2,245,325	6,170,820	16,408,795
Other countries/regions	4,153	23,235	36,142
Total non-current assets	2,249,478	6,194,055	16,444,937

The non-current asset information above is based on the locations of the assets.

Information about major customers

No revenue from sales to a single customer or a group of customers under common control accounted for 10% or more of the Group's revenue for each of the Relevant Periods.

5. REVENUE, OTHER INCOME AND GAINS

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	5,645,357	15,195,220	25,631,285

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 or services			
Passenger vehicles	5,542,018	14,417,324	23,902,035
Automotive parts, components and others	103,339	777,896	1,729,250
Total	5,645,357	15,195,220	25,631,285

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Timing of revenue recognition			
Transferred at a point in time	5,645,357	14,993,785	25,535,455
Transferred over time	–	201,435	95,830
Total	5,645,357	15,195,220	25,631,285

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

	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 goods and provision of services	35,517	496,408	352,181

(b) ***Performance obligations***

Information about the Group's performance obligation is summarized below:

Sale of passenger vehicles, automotive parts and components

The Group mainly manufactures and sells a range of passenger vehicles, automotive parts and components to its customers. Sales revenue is recognised when control of the goods is transferred to the customers, and there is no unfulfilled obligation that could affect the customers' acceptance of the goods. Payment in advance or issuance of notes to pay in advance is normally required, except for certain long-standing customers with bulk purchases and good credit standing, where payment is generally due 90 days from delivery.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) at the end of each of the Relevant Periods 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	496,408	352,181	526,723
Over one year	2,898	3,658	5,894
Total	499,306	355,839	532,617

The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognised as revenue after one year relate to the provision of extended warranty services, of which the performance obligations are to be satisfied within five to ten years. All the other amounts of transaction prices relating to the sale of passenger vehicles and automotive parts and components allocated to the remaining performance obligations are expected to be recognised as revenue within one year. The amounts disclosed above do not include variable consideration which is constrained.

An analysis of the Group's other income and gains is as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Other income			
Government grants			
– related to expense items	13,197	21,725	38,743
Interest income from related companies *(note 34 (b))*	14,854	6,715	17,334
Bank interest income	94,367	91,450	132,103
Total other income	122,418	119,890	188,180

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Gains			
Gain on fair value change of financial assets measured at fair value through profit or loss	–	–	1,708
Gain on disposal of financial assets measured at fair value through profit or loss	–	–	13
Gain on disposal of items of property, plant and equipment	–	682	–
Others	32	121	2,491
Total gains	32	803	4,212
Total other income and gains	122,450	120,693	192,392

6. LOSS BEFORE TAX

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

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Cost of inventories sold*	5,414,547	13,625,733	22,715,535
Cost of services provided*	2,579	209,671	219,347
Depreciation of property, plant and equipment *(note 13)*	75,990	121,316	195,468
Depreciation of right-of-use assets *(note 14(a))*	87,884	85,093	44,329
Amortisation of other intangible assets *(note 15)*	132,381	357,197	736,945
Research and development costs*:			
Current year expenditure	1,809,881	3,033,046	4,058,494
Less: Development expenditures capitalized	(989,102)	(1,778,120)	(1,795,684)
Government grants released to research and development costs**	(160,658)	(40,857)	(177,156)
Total	660,121	1,214,069	2,085,654
Lease payments not included in the measurement of lease liabilities *(note 14(c))*	109,956	103,115	30,990
Auditor's remuneration	1,830	1,655	1,556
[**REDACTED**] fees	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Employee benefit expense (including directors' and supervisors' remuneration *(note 8)*):			
Wages, salaries and bonuses	1,328,362	1,577,886	1,725,886
Pension scheme contributions	140,086	171,687	175,988
Staff welfare expense	258,841	265,412	282,890
Termination benefit	–	104,686	28,215
Share-based payment expenses	13,469	23,213	77,929
Total	1,740,758	2,142,884	2,290,908
Foreign exchange differences, net	993	1,866	4,001
Gains on fair value change of financial assets measured at fair value through profit or loss	–	–	(1,708)
Gain on disposal of financial assets measured at fair value through profit or loss	–	–	(13)
Losses/(gains) on disposal of items of property, plant and equipment and right-of-use assets, net	(287)	(698)	1,799
Write-down of inventories to net realisable value, net***	268,578	108,880	48,469
Warranty provisions, net *(note 25)*** **	129,109	289,643	231,325
Impairment losses on trade and other receivables, net	–	1,248	4,342
Bank interest income *(note 5)*	(109,221)	(98,165)	(149,437)

* Cost of inventories sold, cost of services provided and research and development costs include expenses relating to staff costs, and depreciation and amortisation expenses, which are also included in the respective total amounts disclosed separately above for each of these types of expense.

** Various government grants have been received for subsidizing the Group's research activities and offsetting the research and development costs to which the grants relate. Government grants received for which related expenditure has not yet been incurred have been included in deferred income in the statement of financial position. There are no unfulfilled conditions or contingencies relating to these grants.

*** The write-down of inventories to net realisable value is included in "Cost of sales" in the consolidated statement of profit or loss and other comprehensive income.

**** The warranty provisions are included in "Cost of sales" in the consolidated statement of profit or loss and other comprehensive income.

7. 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 and other borrowings	59,644	85,748	82,411
Interest on other borrowings from related companies *(note 34(b))*	16,457	12,588	14,284
Interest on lease liabilities	7,179	5,193	4,054
Other finance costs	1,868	1,365	8,854
Total	85,148	104,894	109,603

8. DIRECTORS' AND SUPERVISORS' REMUNERATION

Directors' and supervisors' remuneration for the Relevant Periods, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Fees	–	98	29
Other emoluments:			
Salaries, allowances, bonuses and benefits in kind (including contributions to pension plan)	4,811	7,140	7,461
Equity-settled share-based payment expenses	2,795	4,034	3,828
Total	7,606	11,272	11,318

During the Relevant Periods, certain directors were granted share options, in respect of their services to the Group, further details of which are set out in note 29 to the Historical Financial Information. The fair values of the Equity-settled share-based payment expenses, which are recognised in profit or loss over the vesting periods, were determined as at the dates of grant and the amount included in the Historical Financial Information for the Relevant Periods are included in the above directors' and supervisors' remuneration disclosures.

(a) Independent non-executive directors

The fees paid to an independent non-executive director during the Relevant Periods were as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Sun Yong	–	98	29

* Mr. Sun Yong was appointed as an independent non-executive director of the Company in January 2024 and resigned in April 2025.

Subsequent to the end of the Relevant Periods, Mr. Du Kui, Mr. Yang Xinmin and Ms. Xue Rui Shirley were appointed as independent non-executive directors.

There were no emoluments payable to the independent non-executive directors during the Relevant Periods.

(b) Executive directors, non-executive directors and supervisors

	Fees	Salaries, allowances, bonuses and benefits in kind (including contributions to pension plan)	Equity-settled share-based payment expenses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Year ended December 31, 2023				
Executive directors:				
Mr. Tan Benhong *(i)*	–	–	–	–
Mr. Qu Tao *(ii)*	–	–	–	–
Mr. Zhu Huarong *(v)*	–	–	–	–
Mr. Chen Zhuo *(vi)*	–	1,887	2,203	4,090
Mr. Hu Chengtai *(xii)*	–	2,248	592	2,840
Supervisors:				
Mr. Zhang Xun *(vii)*	–	–	–	–
Ms. Li Qian *(iv)*	–	676	–	676
Ms. Chen Lingtao *(iii)*	–	–	–	–
	–	4,811	2,795	7,606

	Fees	Salaries, allowances, bonuses and benefits in kind (including contributions to pension plan)	Equity-settled share-based payment expenses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Year ended December 31, 2024				
Executive directors:				
Mr. Qu Tao *(ii)*	–	–	–	–
Mr. Zhu Huarong *(v)*	–	–	–	–
Mr. Liu Changyan *(viii)*	–	–	–	–
Mr. Chen Zhuo *(vi)*	–	2,565	3,344	5,909
Mr. Hu Chengtai *(xii)*	–	2,439	690	3,129
Supervisors:				
Mr. Zhang Xun *(vii)*	–	–	–	–
Mr. Hu Hairuo *(ix)*	–	–	–	–
Ms. Ran Guiqing *(x)*	–	–	–	–
Ms. Li Qian *(iv)*	–	932	–	932
Ms. Zhang Yaxuan *(xi)*	–	375	–	375
Ms. Chen Lingtao *(iii)*	–	829	–	829
	–	7,140	4,034	11,174

	Fees	Salaries, allowances, bonuses and benefits in kind (including contributions to pension plan)	Equity-settled share-based payment expenses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Year ended December 31, 2025				
Executive directors:				
Mr. Chen Zhuo *(vi)*	–	2,990	2,093	5,083
Mr. Hu Chengtai *(xii)*	–	1,536	725	2,261
Mr. Zhu Huarong *(v)*	–	–	–	–
Mr. Yong Jun *(xiii)*	–	2,463	1,010	3,473
Mr. Liu Changyan *(viii)*	–	–	–	–
Non-executive directors:				
Mr. Wang Hui *(xvii)*	–	–	–	–
Mr. Luo Jian *(xiv)*	–	–	–	–
Ms. Long Zhenzhu *(xv)*	–	–	–	–
Supervisors:				
Ms. Ran Guiqing *(x)*	–	–	–	–
Ms. Zhang Yaxuan *(xi)*	–	472	–	472
Mr. Hu Hairuo *(ix)*	–	–	–	–
Ms. Hu Dan *(xvi)*	–	–	–	–
	–	7,461	3,828	11,289

(i) Mr. Tan Benhong was appointed as a director of the Company in May 2020 and resigned in December 2023.

(ii) Mr. Qu Tao was appointed as a director of the Company in March 2022 and resigned in August 2024.

(iii) Ms. Chen Lingtao was appointed as a supervisor of the Company in May 2020 and resigned in April 2024.

(iv) Ms. Li Qian was appointed as a supervisor of the Company in March 2022 and resigned in July 2024.

(v) Mr. Zhu Huarong was appointed as a director of the Company in December 2023 and resigned in September 2025.

(vi) Mr. Chen Zhuo was the chief executive officer and was appointed as a director and president of the Company in December 2023.

(vii) Mr. Zhang Xun was appointed as a supervisor of the Company in March 2022 and resigned in May 2024.

(viii) Mr. Liu Changyan was appointed as a director of the Company in August 2024 and resigned in April 2025.

(ix) Mr. Hu Hairuo was appointed as a supervisor of the Company in May 2024 and resigned in April 2025.

(x) Ms. Ran Guiqing was appointed as a supervisor of the Company in April 2024.

(xi) Ms. Zhang Yaxuan was appointed as a supervisor of the Company in July 2024.

(xii) Mr. Hu Chengtai was appointed as a director of the Company in March 2022 and resigned in August 2025.

(xiii) Mr. Yong Jun was appointed as a director of the Company in August 2025.

(xiv) Mr. Luo Jian was appointed as a non-executive director of the Company in April 2025.

(xv) Ms. Long Zhenzhu was appointed as a non-executive director of the Company in April 2025.

(xvi) Ms. Hu Dan was appointed as a supervisor of the Company in April 2025.

(xvii) Mr. Wang Hui was appointed as a non-executive director of the Company in September 2025.

There was no arrangement under which a director waived or agreed to waive any remuneration during the Relevant Periods.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the years ended December 31, 2023, 2024 and 2025 included 2 directors, 2 directors and 2 directors of the Company, respectively, details of whose remuneration are set out in note 8(b) to the Historical Financial Information above. Details of the remuneration for the remaining highest paid employees who are neither directors nor supervisors 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, bonuses and benefits in kind (including contributions to pension plan)	10,027	12,246	15,136
Equity-settled share-based payment expenses	2,404	2,962	6,470
Total	12,431	15,208	21,606

The numbers of non-director and non-supervisor highest paid employees whose remuneration fell within the following bands are as follows:

	Number of employees		
	Year ended December 31,		
	2023	2024	2025
HKD2,000,000 to HKD3,000,000	–	–	–
HKD3,000,001 to HKD4,000,000	1	1	–
HKD4,000,001 to HKD5,000,000	1	1	1
HKD5,000,001 to HKD6,000,000	1	–	1
HKD9,000,000 to HKD10,000,000	–	1	–
HKD13,000,000 to HKD14,000,000	–	–	1
Total	3	3	3

During the Relevant Periods, share options were granted to a non-director and non-supervisor highest paid employee in respect of his services to the Group, further details of which are set out in note 29. The fair values of the share-based compensation, which have been recognised in profit or loss over the vesting periods, were determined as at the dates of grant and the amounts included in the Historical Financial Information are included in the above non-director and non-supervisor 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

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

In 2023, the Company was recognized as a "High and New Technology Enterprise" ("HNTE") and enjoyed a preferential income tax rate of 15% from 2023 to 2025.

During the Relevant Periods, the income tax rate for the Chinese mainland subsidiaries was 25%.

Germany

The applicable corporate income tax rate for Avatr GmbH is 15% incorporated in Germany which is subject to the state income tax rate of 5.5%.

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Current income tax	–	–	1,790
Deferred income tax *(note 26)*	–	–	–
Total tax charge for the year	–	–	1,790

A reconciliation of the tax credit applicable to loss before tax at the statutory tax rate for the jurisdiction in which the Company and its subsidiaries are domiciled to the tax credit at the effective tax rate is as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Loss before tax	(3,692,505)	(4,017,985)	(3,487,101)
Tax at applicable tax rate	(553,876)	(602,698)	(523,065)
Different tax rates enacted by subsidiaries	(79,856)	(119,505)	(125,295)
Expenses not deductible for tax	302	14,387	9,092
Additional deduction for research and development costs	(48,406)	(27,718)	(78,552)
Tax loss utilised from previous periods	–	(3,267)	–
Profit attributable to an associate	–	–	(27,373)
Tax losses and temporary differences not recognised	681,836	738,801	746,983
Tax credit at the Group's effective tax rate for the year	–	–	1,790

11. DIVIDEND

No dividends were declared by the Company during the Relevant Periods.

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

The weighted average number of ordinary shares in issue during the Relevant Periods was calculated on the basis that the Company's paid-in capital had been fully converted into share capital at the beginning of the Relevant Period.

The calculation of the basic loss per share amounts is based on the loss attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares in issue during the Relevant Periods.

No adjustment has been made to the basic loss per share amounts presented for the Relevant Periods in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue.

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

	Year ended 31 December,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Loss attributable to ordinary equity holders of the parent, used in the basic loss per share calculation	(3,692,505)	(4,017,985)	(3,488,891)

	Number of shares		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Shares			
Weighted average number of ordinary shares in issue during the years used in the basic earnings per share calculation	1,727,947	1,996,697	3,051,918

13. PROPERTY, PLANT AND EQUIPMENT

The Group

	Machinery and equipment	Motor vehicles	Others	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
December 31, 2023						
At January 1, 2023:						
Cost	252,192	433	27,110	37,764	35,298	352,797
Accumulated depreciation	(3,096)	(241)	(3,583)	(5,462)	–	(12,382)
Net carrying amount	249,096	192	23,527	32,302	35,298	340,415
At January 1, 2023, net of accumulated depreciation	249,096	192	23,527	32,302	35,298	340,415
Additions	176	2,254	24,445	–	243,158	270,033
Transfers	169,886	325	10,827	36,357	(217,395)	–
Disposals	(256)	–	(34)	–	–	(290)
Depreciation provided during the year *(note 6)*	(41,055)	(273)	(9,198)	(25,464)	–	(75,990)
Exchange realignment	–	–	134	–	–	134
At December 31, 2023, net of accumulated depreciation	377,847	2,498	49,701	43,195	61,061	534,302
At December 31, 2023:						
Cost	421,969	3,012	62,489	74,121	61,061	622,652
Accumulated depreciation	(44,122)	(514)	(12,788)	(30,926)	–	(88,350)
Net carrying amount	377,847	2,498	49,701	43,195	61,061	534,302
December 31, 2024						
At January 1, 2024:						
Cost	421,969	3,012	62,489	74,121	61,061	622,652
Accumulated depreciation	(44,122)	(514)	(12,788)	(30,926)	–	(88,350)
Net carrying amount	377,847	2,498	49,701	43,195	61,061	534,302
At January 1, 2024, net of accumulated depreciation	377,847	2,498	49,701	43,195	61,061	534,302
Additions	164,296	1,599	13,331	1,361	259,922	440,509

	Machinery and equipment	Motor vehicles	Others	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Transfers	233,751	–	13,512	10,111	(257,374)	–
Disposals	–	–	(867)	(6,440)	–	(7,307)
Depreciation provided during the year *(note 6)*	(80,995)	(344)	(14,686)	(25,291)	–	(121,316)
Exchange realignment	–	–	(161)	–	–	(161)
At December 31, 2024, net of accumulated depreciation	694,899	3,753	60,830	22,936	63,609	846,027
At December 31, 2024:						
Cost	820,016	4,611	87,548	47,567	63,609	1,023,351
Accumulated depreciation	(125,117)	(858)	(26,718)	(24,631)	–	(177,324)
Net carrying amount	694,899	3,753	60,830	22,936	63,609	846,027
December 31, 2025						
At January 1, 2025:						
Cost	820,016	4,611	87,548	47,567	63,609	1,023,351
Accumulated depreciation	(125,117)	(858)	(26,718)	(24,631)	–	(177,324)
Net carrying amount	694,899	3,753	60,830	22,936	63,609	846,027
At January 1, 2025, net of accumulated depreciation	694,899	3,753	60,830	22,936	63,609	846,027
Additions	–	1,635	15,528	1,679	171,205	190,047
Transfers	170,063	–	18,707	4,438	(193,208)	–
Government grants related to assets offsetting	(38,000)	–	–	–	–	(38,000)
Disposals	–	(61)	7	(677)	–	(731)
Depreciation provided during the year *(note 6)*	(161,322)	(654)	(19,297)	(14,195)	–	(195,468)
Exchange realignment	–	–	367	–	–	367
At December 31, 2025, net of accumulated depreciation	665,640	4,673	76,142	14,181	41,606	802,242
At December 31, 2025:						
Cost	952,079	5,863	121,875	31,132	41,606	1,152,555
Accumulated depreciation	(286,439)	(1,190)	(45,733)	(16,951)	–	(350,313)
Net carrying amount	665,640	4,673	76,142	14,181	41,606	802,242

The Company

	Machinery and equipment	Motor vehicles	Others	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
December 31, 2023						
At January 1, 2023:						
Cost	252,192	433	20,220	12,203	29,853	314,901
Accumulated depreciation	(3,096)	(241)	(2,276)	(2,900)	–	(8,513)
Net carrying amount	249,096	192	17,944	9,303	29,853	306,388
At January 1, 2023, net of accumulated depreciation	249,096	192	17,944	9,303	29,853	306,388
Additions	176	2,513	20,382	–	228,746	251,817
Transfers	169,886	325	10,827	16,500	(197,538)	–
Disposals	(256)	–	(30)	–	–	(286)

	Machinery and equipment	Motor vehicles	Others	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Depreciation provided during the year	(41,055)	(280)	(7,447)	(8,255)	–	(57,037)
At December 31, 2023, net of accumulated depreciation	377,847	2,750	41,676	17,548	61,061	500,882
At December 31, 2023:						
Cost	421,970	3,271	51,380	28,703	61,061	566,385
Accumulated depreciation	(44,123)	(521)	(9,704)	(11,155)	–	(65,503)
Net carrying amount	377,847	2,750	41,676	17,548	61,061	500,882
December 31, 2024						
At January 1, 2024:						
Cost	421,970	3,271	51,380	28,703	61,061	566,385
Accumulated depreciation	(44,123)	(521)	(9,704)	(11,155)	–	(65,503)
Net carrying amount	377,847	2,750	41,676	17,548	61,061	500,882
At January 1, 2024, net of accumulated depreciation	377,847	2,750	41,676	17,548	61,061	500,882
Additions	164,295	1,600	11,818	1,360	256,283	435,356
Transfers	233,751	–	13,512	6,472	(253,735)	–
Disposals	–	–	(411)	(154)	–	(565)
Depreciation provided during the year	(80,994)	(388)	(12,601)	(9,318)	–	(103,301)
At December 31, 2024, net of accumulated depreciation	694,899	3,962	53,994	15,908	63,609	832,372
At December 31, 2024:						
Cost	820,016	4,871	75,870	25,963	63,609	990,329
Accumulated depreciation	(125,117)	(909)	(21,876)	(10,055)	–	(157,957)
Net carrying amount	694,899	3,962	53,994	15,908	63,609	832,372
December 31, 2025						
At January 1, 2025:						
Cost	820,016	4,871	75,870	25,963	63,609	990,329
Accumulated depreciation	(125,117)	(909)	(21,876)	(10,055)	–	(157,957)
Net carrying amount	694,899	3,962	53,994	15,908	63,609	832,372
At January 1, 2025, net of accumulated depreciation	694,899	3,962	53,994	15,908	63,609	832,372
Additions	–	1,426	11,916	909	171,193	185,444
Transfers	170,063	–	18,707	4,438	(193,208)	–
Government grants related to assets offset	(38,000)	–	–	–	–	(38,000)
Disposals	–	(61)	17	–	–	(44)
Depreciation provided during the year	(161,322)	(654)	(16,767)	(8,138)	–	(186,881)
At December 31, 2025, net of accumulated depreciation	665,640	4,673	67,867	13,117	41,594	792,891
At December 31, 2025:						
Cost	952,079	5,863	106,385	28,347	41,594	1,134,268
Accumulated depreciation	(286,439)	(1,190)	(38,518)	(15,230)	–	(341,377)
Net carrying amount	665,640	4,673	67,867	13,117	41,594	792,891

14. LEASES

The Group as a lessee

The Group has lease contracts for various items of property and other equipment used in its operations. Leases of property and plant generally have lease terms between 1 and 5 years, while other equipment generally has lease terms of 31 months. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

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

	Property	Equipment	Total
	RMB'000	*RMB'000*	*RMB'000*
As at January 1, 2023	144,499	504	145,003
Additions	87,626	–	87,626
Depreciation charge *(note 6)*	(87,609)	(275)	(87,884)
Termination	(7,214)	–	(7,214)
Exchange realignment	101	–	101
As at December 31, 2023 and January 1, 2024	137,403	229	137,632
Additions	37,577	–	37,577
Depreciation charge *(note 6)*	(84,864)	(229)	(85,093)
Termination	(26,113)	–	(26,113)
Exchange realignment	(500)	–	(500)
As at December 31, 2024 and January 1, 2025	63,503	–	63,503
Additions	74,536	–	74,536
Depreciation charge *(note 6)*	(44,329)	–	(44,329)
Termination	(1,205)	–	(1,205)
Exchange realignment	1,900	–	1,900
As at December 31, 2025	94,405	–	94,405

(b) Lease liabilities

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

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount at the beginning of the year	155,459	144,699	66,445
New leases	83,269	36,662	74,239
Accretion of interest recognised during the year	7,179	5,193	4,054
Payments	(93,555)	(91,903)	(55,800)
Termination	(7,791)	(27,701)	(805)
Exchange realignment	138	(505)	1,608
Carrying amount at the end of the year	144,699	66,445	89,741
Analysed into:			
Current portion	94,201	39,695	24,830
Non-current portion	50,498	26,750	64,911
Total	144,699	66,445	89,741

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

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Interest on lease liabilities	7,179	5,193	4,054
Depreciation of right-of-use assets	87,884	85,093	44,329
Expenses relating to short-term leases	109,956	103,115	30,990
Net (gain)/loss on disposal of lease termination	(577)	(1,588)	400
Total amount recognised in profit or loss	204,442	191,813	79,773

The maturity analysis of lease liabilities is disclosed in note 38 to the Historical Financial Information.

The Company as a lessee

The Company has lease contracts for property used in its operations with lease terms between 1 and 5 years. Generally, the Company is restricted from assigning and subleasing the leased assets outside the Company.

(a) Right-of-use assets

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

Property

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount at the beginning of the year	34,793	24,025	16,301
Additions	2,280	–	30,787
Depreciation charge	(11,020)	(7,724)	(11,128)
Termination	(2,028)	–	–
Carrying amount at the end of the year	24,025	16,301	35,960

(b) Lease liabilities

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

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount at the beginning of the year	38,337	27,449	19,060
New leases	1,973	–	30,787
Accretion of interest recognised during the year	1,368	1,063	1,641
Payments	(11,865)	(9,225)	(17,847)
Termination	(2,364)	(227)	–
Carrying amount at the end of the year	27,449	19,060	33,641
Analysed into:			
Current portion	9,631	8,574	10,934
Non-current portion	17,818	10,486	22,707
Total	27,449	19,060	33,641

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

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Interest on lease liabilities	1,368	1,063	1,641
Depreciation of right-of-use assets	11,020	7,724	11,128
Expenses relating to short-term leases	2,486	3,699	4,579
Net gains on disposal of lease termination	(336)	(227)	–
Total amount recognised in profit or loss	14,538	12,259	17,348

15. OTHER INTANGIBLE ASSETS

The Group

	Software	Technology know-how	Capitalised development expenditures	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
December 31, 2023				
At January 1, 2023:				
Cost	38,785	443,048	139,950	621,783
Accumulated amortisation	(11,493)	(14,768)	–	(26,261)
Net carrying amount	27,292	428,280	139,950	595,522
At January 1, 2023, net of accumulated amortisation	27,292	428,280	139,950	595,522
Additions	10,550	–	989,102	999,652
Transfers	2,614	722,399	(725,013)	–
Other decreases	–	(4,449)	–	(4,449)
Amortisation provided during the year *(note 6)*	(20,565)	(111,816)	–	(132,381)
At December 31, 2023	19,891	1,034,414	404,039	1,458,344
At December 31, 2023:				
Cost	51,560	1,160,998	404,039	1,616,597
Accumulated amortisation	(31,669)	(126,584)	–	(158,253)
Net carrying amount	19,891	1,034,414	404,039	1,458,344
December 31, 2024				
At January 1, 2024:				
Cost	51,560	1,160,998	404,039	1,616,597
Accumulated amortisation	(31,669)	(126,584)	–	(158,253)
Net carrying amount	19,891	1,034,414	404,039	1,458,344
At January 1, 2024, net of accumulated amortisation	19,891	1,034,414	404,039	1,458,344
Additions	6,929	–	1,778,120	1,785,049
Transfers	46,809	1,321,740	(1,368,549)	–
Other decreases	(113)	(13,162)	–	(13,275)
Amortisation provided during the year *(note 6)*	(37,139)	(320,058)	–	(357,197)
At December 31, 2024	36,377	2,022,934	813,610	2,872,921
At December 31, 2024:				
Cost	105,185	2,469,576	813,610	3,388,371
Accumulated amortisation	(68,808)	(446,642)	–	(515,450)
Net carrying amount	36,377	2,022,934	813,610	2,872,921
December 31, 2025				
At January 1, 2025:				
Cost	105,185	2,469,576	813,610	3,388,371
Accumulated amortisation	(68,808)	(446,642)	–	(515,450)
Net carrying amount	36,377	2,022,934	813,610	2,872,921
At January 1, 2025, net of accumulated amortisation	36,377	2,022,934	813,610	2,872,921
Additions	–	–	1,795,684	1,795,684
Transfers	120,789	1,623,980	(1,744,769)	–
Government grants related to assets offset	–	(129,613)	–	(129,613)
Other decreases	–	(54,347)	–	(54,347)
Amortisation provided during the year *(note 6)*	(91,032)	(645,913)	–	(736,945)
At December 31, 2025	66,134	2,817,041	864,525	3,747,700
At December 31, 2025:				
Cost	225,974	3,909,596	864,525	5,000,095
Accumulated amortisation	(159,840)	(1,092,555)	–	(1,252,395)
Net carrying amount	66,134	2,817,041	864,525	3,747,700

The Company

	Software	Technology know-how	Capitalised development expenditures	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
December 31, 2023				
At January 1, 2023:				
Cost	42,059	450,611	142,639	635,309
Accumulated amortisation	(12,584)	(15,020)	–	(27,604)
Net carrying amount	29,475	435,591	142,639	607,705
At January 1, 2023, net of accumulated amortisation	29,475	435,591	142,639	607,705
Additions	10,549	–	1,007,189	1,017,738
Transfers	–	736,864	(736,864)	–
Other decreases	–	(4,449)	–	(4,449)
Amortisation provided during the year	(20,391)	(113,971)	–	(134,362)
At December 31, 2023	19,633	1,054,035	412,964	1,486,632
At December 31, 2023:				
Cost	52,219	1,183,026	412,964	1,648,209
Accumulated amortisation	(32,586)	(128,991)	–	(161,577)
Net carrying amount	19,633	1,054,035	412,964	1,486,632
December 31, 2024				
At January 1, 2024:				
Cost	52,219	1,183,026	412,964	1,648,209
Accumulated amortisation	(32,586)	(128,991)	–	(161,577)
Net carrying amount	19,633	1,054,035	412,964	1,486,632
At January 1, 2024, net of accumulated amortisation	19,633	1,054,035	412,964	1,486,632
Additions	6,927	–	1,794,217	1,801,144
Transfers	48,824	1,333,325	(1,382,149)	–
Other decreases	(113)	(12,806)	–	(12,919)
Amortisation provided during the year	(37,887)	(325,292)	–	(363,179)
At December 31, 2024	37,384	2,049,262	825,032	2,911,678
At December 31, 2024:				
Cost	107,857	2,503,545	825,032	3,436,434
Accumulated amortisation	(70,473)	(454,283)	–	(524,756)
Net carrying amount	37,384	2,049,262	825,032	2,911,678
December 31, 2025				
At January 1, 2025:				
Cost	107,857	2,503,545	825,032	3,436,434
Accumulated amortisation	(70,473)	(454,283)	–	(524,756)
Net carrying amount	37,384	2,049,262	825,032	2,911,678
At January 1, 2025, net of accumulated amortisation	37,384	2,049,262	825,032	2,911,678
Additions	–	–	1,857,372	1,857,372
Transfers	124,177	1,659,997	(1,784,174)	–
Government grants related to assets offset	–	(129,613)	–	(129,613)
Other decreases	–	(54,347)	–	(54,347)
Amortisation provided during the year	(93,999)	(654,456)	–	(748,455)
At December 31, 2025	67,562	2,870,843	898,230	3,836,635
At December 31, 2025:				
Cost	232,034	3,979,582	898,230	5,109,846
Accumulated amortisation	(164,472)	(1,108,739)	–	(1,273,211)
Net carrying amount	67,562	2,870,843	898,230	3,836,635

The Group determines whether there is any indication that an asset may be impaired at the balance sheet date. If there is an indication of impairment, the Group estimates its recoverable amount and performs an impairment test. The recoverable amount is the higher of the fair value of the cash-generating unit, net of disposal costs, and the present value of the cash-generating unit's estimated future cash flows.

The Group's directors performed impairment assessments on other intangible assets and no impairment provision was required as at December 31, 2023, 2024 and 2025.

The Group's capitalized development expenditures which have not yet commenced to amortize are tested for impairment annually or whenever events or circumstances indicate that the carrying amount of the capitalized development expenditures may no longer be recoverable. The recoverable amount of the cash generating unit ("CGU") to which the intangible assets are related has been determined based on a value in use calculation using cash flow projections based on financial forecast approved by our management. The forecasted revenue of the products to which the intangible assets are related is based on our management's forecast on timing of products commercialization. The costs and operating expenses are estimated over the revenue forecast period based on the current margin levels and percentage of revenue with historical experience. The discount rates used are pre-tax and reflect specific risks associating to the relevant product.

The key assumptions adopted for impairment assessments for the year ended December 31, 2023, 2024 and 2025 are as follows:

The Group

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Discount rate	20%	20%	20%
Revenue growth rate	-48%~94%	-43%~24%	-38%~82%
Recoverable amount	3,929,802	1,602,995	3,992,917

Impairment test-sensitivity

The Company performed sensitivity analysis by increasing 1% of discount rate or decreasing 10% of sales volume, which are the key assumptions to determine the recoverable amount of each intangible asset, with all other variables held constantly. The impacts on the amount by which the intangible asset's recoverable amount above its carrying amount (headroom) are as below:

The Group

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Headroom	3,039,163	789,482	3,133,117
Impact by increasing discount rate	(104,410)	(35,201)	(98,822)
Impact by sale volume	(986,193)	(525,195)	(1,592,515)

Considering there was sufficient headroom based on the assessment, management believes that a reasonably possible change in key assumptions on which management has based its determination of each intangible asset's recoverable amount would not cause its carrying amount to exceed its recoverable amount.

16. INVESTMENTS IN AN ASSOCIATE

The Group

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Share of net assets	–	–	2,419,196
Goodwill on acquisition	–	–	9,301,929
Total	–	–	11,721,125

Particulars of the material associate are as follows:

Name	Particulars of capital held	Place of registration and business	Percentage of ownership interest attributable to the Group	Principal activity
引望智能技術有限公司 Yinwang Intelligent Technology Co., Ltd ("Yinwang")	Paid-in capital	Chinese mainland	10	Automotive Manufacturing and Sales

On February 28, 2025, the Group acquired a 10% equity interest in Yinwang at a total cash consideration of RMB11.5 billion. In the opinion of the directors of the Group, this entity is regarded as an associate of the Group because the Group is entitled to nominate a director to the board of directors of the entity and the Company's directors consider that the Group has significant influence over this entity.

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Share of net assets	–	–	2,386,682
Goodwill on acquisition	–	–	9,301,929
Total	–	–	11,688,611

17. INVENTORIES

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	487,736	295,575	794,861
Finished goods	1,985,371	2,059,880	1,238,291
Spare parts and others	36,190	71,226	90,904
Total	2,509,297	2,426,681	2,124,056

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	487,736	295,575	781,899
Finished goods	1,142,098	527,602	81,653
Spare parts and others	35,444	70,929	90,101
Total	1,665,278	894,106	953,653

As at December 31, 2023, 2024 and 2025, the Group's other borrowings from sale and leaseback arrangements were secured by the Group's inventories with carrying amounts of RMB89,065,000, RMB12,143,000 and RMB17,551,000, respectively (note 24).

18. TRADE AND NOTES RECEIVABLES

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	69,083	130,890	283,572
Notes receivable	5,736	42,347	983
Impairment	–	(487)	(3,590)
Net carrying amount	74,819	172,750	280,965

The Group's trading terms with its customers are mainly on advance payment, except for certain long-standing customers with bulk purchases and good credit standing, where payment is generally due 90 days from delivery. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. The balances of trade and notes receivables are non-interest-bearing.

An aging analysis of the trade and notes receivables as at the end of each of the Relevant Periods, based on the transaction date and net of allowance for expected credit losses, is as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	74,819	170,512	277,784
1 to 2 years	–	2,238	3,181
Total	74,819	172,750	280,965

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

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	–	–	487
Impairment losses, net	–	487	3,103
At the end of the year	–	487	3,590

As at December 31, 2023, 2024 and 2025, the Group considers that there is no material credit risk in the notes receivable of the Group.

The Group considers the characteristics of shared credit risk and the aging of trade receivables to measure expected credit losses. The expected credit losses on 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:

	As at December 31, 2023		
	Expected credit loss rate	Gross carrying amount	Expected credit losses
		RMB'000	*RMB'000*
Provision on an individual basis	0%	739	–
Provision on a collective basis:			
Within 3 months	0%	68,344	–
Total		69,083	–

	As at December 31, 2024		
	Expected credit loss rate	Gross carrying amount	Expected credit losses
		RMB'000	*RMB'000*
Provision on an individual basis	0.67%	73,202	487
Provision on a collective basis:			
Within 3 months	0%	57,688	–
Total		130,890	487

	As at December 31, 2025		
	Expected credit loss rate	Gross carrying amount	Expected credit losses
		RMB'000	*RMB'000*
Provision on an individual basis	1.85%	193,761	3,583
Provision on a collective basis:			
Within 3 months	0.01%	89,811	7
Total		283,572	3,590

As at December 31, 2023, 2024 and 2025, included in the Group's trade receivable balances with provision on a collective basis are debtors with no carrying amount which are past due but not impaired at the reporting date. The balances are expected to be fully received from the customers by reference to past experience and taking into consideration forward-looking information.

The amounts due from related companies included in trade receivables are set out in note 34 to the Historical Financial Information.

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade and notes receivables	2,530,640	3,487,321	3,807,151
Impairment	–	–	–
Net carrying amount	2,530,640	3,487,321	3,807,151

The trade and notes receivables from subsidiaries were RMB2,528,679,000, RMB3,482,068,000 and RMB3,767,280,000 as at December 31, 2023, 2024 and 2025, respectively.

An aging analysis of the trade and notes receivable as at the end of each of the Relevant Periods, based on the transaction date and net of allowance for expected credit losses, is as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	2,530,640	3,487,321	3,807,151

As at December 31, 2023, 2024 and 2025, the Company considers that there is no material credit risk in the trade and notes receivable of the Company, and therefore no allowance for expected credit losses has been provided.

Set out below is the information about the credit risk exposure on the Company's trade receivables:

	As at December 31, 2023		
	Expected credit loss rate	Gross carrying amount	Expected credit losses
		RMB'000	*RMB'000*
Provision on an individual basis	0%	2,528,867	–
Provision on a collective basis:			
Within 3 months	0%	1,773	–
Total		2,530,640	–

	As at December 31, 2024		
	Expected credit loss rate	Gross carrying amount	Expected credit losses
		RMB'000	*RMB'000*
Provision on an individual basis	0%	3,485,954	–
Provision on a collective basis:			
Within 3 months	0%	1,367	–
Total		3,487,321	–

	As at December 31, 2025		
	Expected credit loss rate	Gross carrying amount	Expected credit losses
		RMB'000	*RMB'000*
Provision on an individual basis	0%	3,789,543	–
Provision on a collective basis:			
Within 3 months	0%	17,608	–
Total		3,807,151	–

19. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Current portion			
Value-added tax recoverable	452,127	635,120	577,953
Prepayments	97,530	197,257	79,310
Interest receivables	8,483	25,169	34,707
Other receivables	11,065	26,028	15,424
Deferred [**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Deposits to suppliers	85,669	106,688	64,092
	654,874	990,262	777,718
Impairment allowance	–	(621)	(1,860)
Subtotal	654,874	989,641	775,858
Non-current portion			
Prepayments	–	22,204	14,803
Prepayments for acquisition of an associate*	–	2,300,000	–
Deposits to suppliers	119,200	89,400	64,662
	119,200	2,411,604	79,465
Impairment allowance	–	–	–
Subtotal	119,200	2,411,604	79,465
Total	774,074	3,401,245	855,323

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	–	–	621
Impairment losses, net of reversal	–	761	1,239
Write-off	–	(140)	–
At the end of the year	–	621	1,860

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Current portion			
Value-added tax recoverable	382,773	437,570	382,927
Prepayment	74,258	159,323	45,642
Interest receivables	7,696	22,402	32,461
Other receivables*	66,474	84,020	207,074
Deferred [**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
Deposits to suppliers	35,849	65,127	37,297
	567,050	768,442	711,633
Impairment allowance	–	(2)	(85)
Subtotal	567,050	768,440	711,548
Non-current portion			
Prepayments	–	22,204	14,803
Prepayments for acquisition of an associate*	–	2,300,000	–
Deposits to suppliers	119,200	89,400	59,600
	119,200	2,411,604	74,403
Impairment allowance	–	–	–
Subtotal	119,200	2,411,604	74,403
Total	686,250	3,180,044	785,951

* Amounts due from subsidiaries included in other receivables of the Company were RMB60,373,000, RMB72,673,000 and RMB195,691,000 as at December 31, 2023, 2024 and 2025, respectively, and were unsecured, interest-free and repayable on demand.

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At the beginning of the year	–	–	2
Impairment losses, net of reversal	–	2	83
At the end of the year	–	2	85

* The Company and Huawei Technologies Co., Ltd. ("Huawei") entered into an equity transfer agreement (the "Huawei Agreement") in August 2024, pursuant to which the Company would acquire a 10% equity interest in Yinwang Intelligent Technology Co., Ltd. ("Yinwang") held by Huawei for a total consideration of RMB11.5 billion. The Company prepaid RMB2.3 billion to Huawei as the first installment of the total consideration in 2024 in accordance with the Huawei Agreement. The acquisition was completed in 2025.

Impairment of prepayments, other receivables and other assets is measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. A significant increase in credit risk of a receivable occurred since initial recognition would result in impairment being measured as lifetime expected credit losses.

The amounts due from related companies included in prepayments, other receivables and other assets are set out in note 34 to the Historical Financial Information.

20. CASH AND CASH EQUIVALENTS AND RESTRICTED BANK DEPOSITS

The Group

(a) Cash and cash equivalents

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cash and cash equivalents	7,139,058	19,323,334	9,687,432
Denominated in:			
RMB	7,128,520	19,312,987	9,682,921
EUR	10,538	10,347	4,511
Total	7,139,058	19,323,334	9,687,432

(b) Restricted bank deposits

	As at December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Restricted bank deposits	16,521	47,572	51,244

As at December 31, 2023, 2024 and 2025, the Group's cash and bank balances of RMB450,670,000, RMB1,511,394,000 and RMB1,268,498,000, respectively, were deposited with China South Industries Group Finance Co., Ltd. ("China South Industries Group Finance"), a joint venture of China Changan Automobile Group Co., Ltd. ("China Changan"), which is a beneficial equity holder of the Company (note 34).

The Company

(a) Cash and cash equivalents

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Cash and cash equivalents	5,837,940	18,751,856	8,683,257
Denominated in:			
RMB	5,837,940	18,751,856	8,683,257

(b) Restricted bank deposits

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Restricted bank deposits	16,521	38,579	27,081

As at December 31, 2023, 2024 and 2025, the Company's cash and bank balances of RMB450,670,000, RMB1,472,457,000, and RMB1,254,703,000, respectively, were deposited with China South Industries Group Finance.

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

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

The restricted bank deposits represent deposits pledged to banks for issuance of bank acceptance notes, which will be released upon the settlement of the notes.

21. TRADE AND NOTES PAYABLES

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	1,296,244	5,115,673	5,028,752
Notes payable	3,016,683	3,572,830	7,060,369
Total	4,312,927	8,688,503	12,089,121

An aging analysis of the trade and notes payables as at the end of each of the Relevant Periods, based on the billing date, is as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	4,312,927	8,680,947	12,088,441
Over 1 year	–	7,556	680
Total	4,312,927	8,688,503	12,089,121

Trade payables are non-interest-bearing and are normally settled within 3 months.

As at December 31, 2023, 2024 and 2025, the Group's certain notes payables were secured by the restricted bank deposits amounting to RMB16,521,000, RMB47,572,000, and RMB51,244,000, respectively.

The amounts due to related companies included in trade and notes payables are set out in note 34 to the Historical Financial Information.

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	1,344,149	5,119,243	5,072,900
Notes payable	3,016,683	3,566,122	7,034,549
Total	4,360,832	8,685,365	12,107,449

The trade and notes payables to subsidiaries were RMB67,794,000, RMB5,207,000 and RMB53,818,000 as at December 31, 2023, 2024 and 2025, respectively.

An aging analysis of the trade and notes payables as at the end of each of the Relevant Periods, based on the billing date, is as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	4,360,832	8,677,809	12,104,762
Over 1 year	–	7,556	2,687
Total	4,360,832	8,685,365	12,107,449

Trade payables are non-interest-bearing and are normally settled within 3 months.

As at December 31, 2023, 2024 and 2025, the Company's certain notes payables were secured by the restricted bank deposits amounting to RMB16,521,000, RMB47,572,000, and RMB27,081,000, respectively.

22. OTHER PAYABLES AND ACCRUALS

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Accrued salaries, bonuses and benefits	346,761	394,487	462,884
Other tax payables	97,984	136,218	99,254
Marketing and promotion service payables	800,161	1,387,487	1,194,843
Research and development payables	638,767	1,054,667	1,829,302
Payables for purchases of property, plant and equipment	181,654	331,458	199,145
Deposits from customers	87,585	181,396	115,315
Software and cloud service payables	59,779	101,462	92,138
Refund liabilities	915	146,434	636,209
Interest payable	2,046	3,981	2,345
Other payables	163,134	246,526	244,370
Total	2,378,786	3,984,116	4,875,805

The amounts due to related companies included in other payables and accruals are set out in note 34 to the Historical Financial Information.

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Accrued salaries, bonuses and benefits	121,692	185,088	248,879
Other tax payables	23,001	77,608	38,733
Marketing and promotion service payables	653,017	1,097,482	979,229
Research and development payables*	659,612	1,094,630	1,854,666
Payables for purchases of property, plant and equipment	179,687	329,732	197,473

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Deposits from customers	196	1,675	11,615
Software and cloud service payables	59,779	101,462	92,138
Other payables*	249,697	215,670	243,886
Total	1,946,681	3,103,347	3,666,619

* Amounts due to subsidiaries included in other payables and accruals were RMB164,773,000, RMB170,081,000 and RMB159,980,000, as at December 31, 2023, 2024 and 2025, respectively, and were unsecured, interest-free and repayable on demand.

Other payables are unsecured, non-interest-bearing and repayable within one year.

23. CONTRACT LIABILITIES

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Current			
Sale of goods	496,408	352,181	526,723
Non-current			
Extended warranty services	2,898	3,658	5,894
Total	499,306	355,839	532,617

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Current			
Sale of goods	33,422	19,913	48,128

Contract liabilities include short-term advances received from customers for the sale of goods. Contract liabilities include advances received from customers for the provision of extended warranty services.

The advances received from related companies included in contract liabilities are set out in note 34 to the Historical Financial Information.

24. INTEREST-BEARING BANK AND OTHER BORROWINGS

The Group

	As at December 31, 2023		
	Effective interest rate per annum	Maturity (year)	
			RMB'000
Current			
Bank loans – unsecured	2.00%-2.45%	2024	1,540,000
Other borrowings – unsecured*	2.50%	2024	820,000
Other borrowings – secured**	16.00%-23.00%	2024	95,591
Subtotal			2,455,591
Non-current			
Bank loans – unsecured	2.45%	2025	635,000
Total			3,090,591

	As at December 31, 2024		
	Effective interest rate per annum	Maturity (year)	
			RMB'000
Current			
Bank loans – unsecured	1.56%-2.68%	2025	3,500,000
Other borrowings – unsecured*	1.55%	2025	1,500,000
Current portion of non-current bank loans – unsecured	2.08%-2.38%	2025	21,020
Other borrowings – secured**	14.00%-24.00%	2025	13,106
Subtotal			5,034,126
Non-current			
Bank loans – unsecured	2.08%-2.38%	2026	2,003,980
Total			7,038,106

	As at December 31, 2025		
	Effective interest rate per annum	Maturity (year)	
			RMB'000
Current			
Bank loans – unsecured	1.56%	2026	1,997,783
Other borrowings – unsecured*	2.24%	2026	6,200
Current portion of non-current bank loans – unsecured	1.76%-2.38%	2026	1,532,620
Other borrowings – secured**	13.86%~20.65%	2026	26,410
Subtotal			3,563,013
Non-current			
Bank loans – unsecured	1.76%~2.24%	2027	1,466,360
Other borrowings – unsecured*	2.24%	2027	303,800
Subtotal			1,770,160
Total			5,333,173

	As at 31 December,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Analysed into:			
Bank loans repayable:			
Within one year	1,540,000	3,521,020	3,536,403
In the second year	635,000	2,003,980	1,466,360
Subtotal	2,175,000	5,525,000	4,996,763
Other borrowings repayable:			
Within one year	915,591	1,513,106	32,610
In the second year	–	–	303,800
Subtotal	915,591	1,513,106	336,410
Total	3,090,591	7,038,106	5,333,173

All of the Group's bank loans and other borrowings are denominated in RMB.

The Company

	As at December 31, 2023		
	Effective interest rate per annum	Maturity (year)	
			RMB'000
Current			
Bank loans – unsecured	2.00%-2.45%	2024	1,540,000
Other borrowings – unsecured*	2.50%	2024	820,000
Other borrowings – secured**	16.00%-23.00%	2024	62,968
Subtotal			2,422,968
Non-current			
Bank loans – unsecured	2.45%	2025	635,000
Total			3,057,968

	As at December 31, 2024		
	Effective interest rate per annum	Maturity (year)	
			RMB'000
Current			
Bank loans – unsecured	1.56%-2.68%	2025	3,500,000
Other borrowings – unsecured*	1.55%	2025	1,500,000
Current portion of non-current bank loans – unsecured	2.08%-2.38%	2025	21,020
Subtotal			5,021,020
Non-current			
Bank loans – unsecured	2.08%-2.38%	2026	2,003,980
Total			7,025,000

	As at December 31, 2025		
	Effective interest rate per annum	Maturity (year)	
			RMB'000
Current			
Bank loans – unsecured	1.56%	2026	1,600,000
Other borrowings – unsecured*	2.24%	2026	6,200
Current portion of non-current bank loans – unsecured	1.76%~2.38%	2026	1,532,620
Subtotal			3,138,820
Non-current			
Bank loans – unsecured	1.76%-2.24%	2027	1,466,360
Other borrowings – unsecured*	2.24%	2027	303,800
Subtotal			1,770,160
Total			4,908,980

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Analysed into:			
Bank loans repayable:			
Within one year	1,540,000	3,521,020	3,132,620
In the second year	635,000	2,003,980	1,466,360
Subtotal	2,175,000	5,525,000	4,598,980
Other borrowings repayable:			
Within one year	882,968	1,500,000	6,200
In the second year	–	–	303,800
Subtotal	882,968	1,500,000	310,000
Total	3,057,968	7,025,000	4,908,980

* The borrowing from related companies are set out in note 34 to the Historical Financial Information.

** As at December 31, 2023, 2024 and 2025, other borrowings from sale and leaseback arrangements were secured by the Group's inventories.

25. PROVISION

The Group and the Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Warranties *(a)*	121,638	354,513	496,066
Compensation to suppliers	1,831	13,371	11,539
	123,469	367,884	507,605
Less: Current portion	22,362	86,121	123,080
Non-current portion	101,107	281,763	384,525

(a) Warranties

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	596	121,638	354,513
Addition	129,109	289,643	231,325
Amounts utilized during the year	(8,067)	(56,768)	(89,772)
At end of the year	121,638	354,513	496,066
Less: Current portion	22,362	86,121	123,080
Non-current portion	99,276	268,392	372,986

The Group provides for warranties in relation to the sale of passenger vehicles, automotive parts and components. Provisions for warranties are initially recognised based on sales volume and past experience of the level of repairs and returns. The estimate is reviewed on an ongoing basis and revised when appropriate.

26. DEFERRED TAX

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

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Tax losses	5,077,150	7,216,434	10,044,435
Deductible temporary differences	1,969,561	4,030,602	5,100,639
Total	7,046,711	11,247,036	15,145,074

The above tax losses are available for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

27. DEFERRED INCOME

The Group and the Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Government grants:	490	63,010	138,595
Less: Current portion	–	63,010	–
Non-current portion	490	–	138,595

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At January 1,	490	490	63,010
Government grants received:			
– related to assets	–	62,520	243,198
– related to expenses	300,000	350,000	180,601
Government grants released:			
– related to assets	–	–	(167,613)
– related to expenses	(300,000)	(350,000)	(180,601)
At December 31,	490	63,010	138,595

28. PAID-IN CAPITAL/SHARE CAPITAL

The Group and the Company

Share capital

A summary of movement in the Company's share capital is as follows:

	Number of shares in issue	Share
		RMB'000
As at 1 January 2025	–	–
Issue of ordinary shares upon conversion into a joint stock company of RMB1 each	3,065,146,675	3,065,147
As at 31 December 2025	3,065,146,675	3,065,147

Paid-in capital

	Total
	RMB'000
As at 1 January 2023	1,644,664
Capital paid in	350,301
As at 31 December 2023 and 1 January 2024	1,994,965
Capital paid in	1,011,363
As at 31 December 2024 and 1 January 2025	3,006,328
Capital paid in	58,819
Conversion into a joint stock company	(3,065,147)
As at 31 December 2025	–

During the year ended December 31, 2023, an aggregate amount of RMB3,000,000,000 in cash was contributed by investors, of which RMB350,301,000 and RMB2,649,699,000 were credited to the Company's paid-in capital and capital reserve, respectively.

During the year ended December 31, 2024, an aggregate amount of RMB10,490,475,000 in cash was contributed by investors, of which RMB1,011,363,000 and RMB9,479,112,000 were credited to the Company's paid-in capital and capital reserve, respectively.

During the year ended December 31, 2025, an aggregate amount of RMB610,107,000 in cash was contributed by then equity holders of the Company, of which RMB58,819,000 and RMB551,288,000 were credited to the Company's paid-in capital/share capital and capital reserve, respectively.

29. SHARE-BASED PAYMENTS

The Company has implemented equity-settled incentive schemes for the Group's management and employees in order to recognize and reward their contribution to the growth and development of the Group, and to retain eligible employees for the continued operation and development of the Group.

2022 Incentive Scheme

The Company implemented a share option incentive scheme in June 2022 (the "2022 Incentive Scheme"). The maximum equity-settled share awards that may be granted under the 2022 Incentive Scheme should not exceed 5% of the Company's paid-in capital in 2022. Paid-in-capital owned by an equity holder, limited to 5%, would be used as incentive equity instrument under the 2022 Incentive Scheme upon the exercise of share options by the grantees.

Share options do not confer rights to dividends or to vote at shareholders' meetings.

Under the 2022 Incentive Scheme, 43,420,000 share options were granted to 69 management personnel and employees (the "2022 Incentive Recipients") at exercise prices ranging from RMB3.20 to RMB3.64 per share in August 2022; 4,610,000 share options were granted to 3 management personnel and employees (the "2023 Incentive Recipients") at exercise price ranging from RMB3.29 to RMB3.80 per share from April 2023 to July 2023; 970,000 share options were granted to 3 management personnel and employees (the "2024 Incentive Recipients") at exercise price ranging from RMB3.58 to RMB4.03 per share from January 2024 to March 2024. The 2022 Incentive Recipients, 2023 Incentive Recipients and 2024 Incentive Recipients include the Group's key management, core technology or business personnel and other core employees as determined by the board of directors of the Company.

Each grant of share options is required to meet a service requirement as vesting period from the date of grant to the later of (1) 18 months since the grant date for the first tranche of 33% of the share options, 30 months since the grant date for the second tranche of 33% of the share options, and 42 months since the grant date for the last tranche of the remaining 34% of the share options; and (2) the date of successful [**REDACTED**] of the Company.

Each of the 2022, 2023 and 2024 Incentive Recipients would be granted paid-in capital of the Company in 3 tranches upon fulfillment of foregoing designated vesting periods. 33%, 33% and 34% of the Company's paid-in capital of each Incentive Recipients would be granted for fulfillment of the first, second and third vesting periods, respectively.

The performance conditions included certain market performance conditions and non-market performance conditions.

2024 Incentive Scheme

In August 2024, the board of directors of the Company approved the 2024 Incentive Scheme (the "2024 Incentive Scheme") as a replacement for the 2022 Incentive Scheme and to grant new share options to eligible management and employees ("2024 Incentive Recipients"). Paid-in capital owned by three equity holders would be used as incentive equity instrument under the 2024 Incentive Scheme upon the exercise of share options by the grantees. The maximum equity-settled share awards that may be granted under the 2024 Incentive Scheme should not exceed 3.25% of the Company's paid-in capital.

Each of the share options granted is subject to service conditions and performance conditions. The service conditions require the 2024 Incentive Recipients to remain in the Company since the date of grant to the later of (1) April 1, 2025 for the first tranche of 33% share options granted, April 1, 2026 for the second tranche of 33% of the share options granted, and April 1, 2027 for the last tranche of 34% of the share options granted; and (2) the successful [**REDACTED**]; or the earlier of (1) 24 months (lock-up period) after April 1, 2025 for the first 33% of the share option granted, 24 months (lock-up period) after April 1, 2026 for the second 33% of the share option granted; and 24 months (lock-up period) after April 1, 2027 for the remaining 34% of the share option granted and (2) the date of successful [**REDACTED**] of the Company.

The 2024 Incentive Scheme amended the number of share options granted, service conditions, performance conditions and vesting period of the 2022 Incentive Scheme. In this connection, the outstanding 28,740,000 shares options previously granted to Incentive Recipients under the 2022 Incentive Scheme are replaced and are subject to requirements and conditions under the 2024 Incentive Scheme.

The number of outstanding share options granted to the Incentive Recipients was reduced according to the 2024 Incentive Scheme arrangement and the Group has accounted for this reduction in number of share options granted as a cancellation and the related share-based payment expense was recognised immediately at the cancellation date.

For other amendments made to the 2022 Incentive Scheme as replaced by the 2024 Incentive Scheme that increase the fair value of the share-base payments, the incremental fair value would be recognised over the remaining vesting period under the 2024 Incentive Scheme.

In addition, 25,301,000 share options were granted under the 2024 Incentive Scheme to the Incentive Recipients at exercise prices ranging from RMB3.78 to RMB4.38 per share.

In March and July 2025, 7,258,000 share options were granted under the 2024 Incentive Scheme to the Incentive Recipients at exercise prices ranging from RMB4.08 to RMB4.80 per share.

2025 Incentive Scheme

In August 2025, the board of directors of the Company approved the an incentive scheme (the "2025 Incentive Scheme") as a replacement for the 2024 Incentive Scheme and to grant new share options to eligible management and employees ("2025 Incentive Recipients"). The maximum equity-settled share awards that may be granted under the 2025 Incentive Scheme should not exceed 2.03% of the Company's paid-in capital/share capital.

Each of the share options granted is subject to service conditions and performance conditions. The service conditions require the 2025 Incentive Recipients to remain in the Company since the date of grant to the later of (1) 24 months since the registered date on the employee shareholding platform and (2) the date of successful [**REDACTED**] of the Company.

The 2025 Incentive Scheme amended the number of share options granted, service conditions, performance conditions and vesting period of the 2024 Incentive Scheme. In this connection, the outstanding 45,790,000 shares options previously granted to Incentive Recipients under the 2024 Incentive Scheme are replaced and are subject to requirements and conditions under the 2025 Incentive Scheme.

The number of outstanding share options granted to the Incentive Recipients was reduced according to the 2025 Incentive Scheme arrangement and the Group has accounted for this reduction in number of share options granted as a cancellation and the related share-based payment expense was recognised immediately at the cancellation date.

For other amendments made to the 2024 Incentive Scheme as replaced by the 2025 Incentive Scheme that increase the fair value of the share-base payments, the incremental fair value would be recognised over the remaining vesting period under the 2025 Incentive Scheme.

In addition, 11,126,000 share options were granted under the 2025 Incentive Scheme to the Incentive Recipients at exercise prices ranging from RMB3.88 to RMB4.80 per share in August 2025.

The movements in the number of share options granted under the 2024 Incentive Scheme and the 2025 Incentive Scheme during the Relevant Periods are set out below:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At January 1	39,710	33,680	52,455
Granted during the year			
– 2022 Incentive Scheme	4,610	970	–
– 2024 Incentive Scheme	–	25,301	7,258
– 2025 Incentive Scheme	–	–	11,126
Forfeited during the year	(10,640)	(6,385)	(5,761)
Cancelled during the year	–	(1,031)	(7,273)
Accelerated during the year	–	(80)	(133)
At December 31	33,680	52,455	57,672

The fair value of the equity-settled share options at the date of grant is determined by an external valuer using the Black-Scholes model which takes into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	2022 Incentive Scheme	2024 Incentive Scheme	2025 Incentive Scheme
Expected volatility	38.75%-56.98%	39.18%-44.72%	22.02%-41.05%
Risk-free interest rate	1.94%-2.34%	1.51%-1.74%	1.20%-1.47%

The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may not necessarily be the actual outcome.

Amounts of RMB13,469,000, RMB23,213,000 and RMB77,929,000 in respect of the Incentive Scheme were recognised as employee costs for the years ended December 31, 2023, 2024 and 2025, respectively.

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 in the Historical Financial Information.

Share-based payment reserve

The share-based payment reserve arises from equity-settled share-based payment transactions as set out in note 29 to the Historical Financial Information.

Capital Reserve

Capital reserve represents the difference between the par value of the shares issued and the consideration received and share of capital reserve of an associate.

Exchange fluctuation reserve

The exchange fluctuation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations with a functional currency other than RMB. The reserve is dealt with in accordance with the accounting policies set out in note 2.3 to the Historical Financial Information.

The Company

	Attributable to owners of the parent			
	Capital reserve	Share-based payment reserve	Accumulated losses	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2023	3,610,336	16,413	(2,306,770)	1,319,979
Loss and other comprehensive income for the year	–	–	(2,759,658)	(2,759,658)
Total comprehensive loss for the year	–	–	(2,759,658)	(2,759,658)
Capital paid in	2,649,699	–	–	2,649,699
Equity-settled share-based payment	–	13,469	–	13,469
At December 31, 2023 and January 1, 2024	6,260,035	29,882	(5,066,428)	1,223,489

	Attributable to owners of the parent			
	Capital reserve	Share-based payment reserve	Accumulated losses	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Loss and other comprehensive income for the year	–	–	(2,882,867)	(2,882,867)
Total comprehensive loss for the year	–	–	(2,882,867)	(2,882,867)
Capital paid in	9,479,112	–	–	9,479,112
Equity-settled share-based payment	–	23,213	–	23,213
At December 31, 2024 and January 1, 2025	15,739,147	53,095	(7,949,295)	7,842,947
Loss and other comprehensive income for the year	–	–	(2,257,657)	(2,257,657)
Total comprehensive loss for the year	–	–	(2,257,657)	(2,257,657)
Capital paid in	551,288	–	–	551,288
Equity-settled share-based payment	–	77,929	–	77,929
Conversion into a joint stock company	(9,097,814)	–	9,097,814	–
Share of the capital reserve of an associate	6,127	–	–	6,127
At December 31, 2025	7,198,748	131,024	(1,109,138)	6,220,634

31. NOTES TO THE 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 RMB83,269,000, RMB36,662,000 and RMB74,239,000, respectively, in respect of lease arrangements for property, plant and equipment.

(b) Changes in liabilities arising from financing activities

	Lease liabilities	Bank and other borrowings	Other receivables	Other payables
	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2023	155,459	35,931	(27,184)	–
Changes from financing cash flows	(93,555)	3,039,169	(18,974)	(55,332)
New leases	83,269	–	4,357	–
Interest expenses	7,179	20,572	–	57,397
Termination	(7,791)	–	–	–
Others	–	(5,081)	–	–
Effect of foreign exchange changes	138	–	–	–
At December 31, 2023 and January 1, 2024	144,699	3,090,591	(41,801)	2,065
Changes from financing cash flows	(91,903)	3,923,953	(6,621)	(86,984)
New leases	36,662	–	915	–
Interest expenses	5,193	11,362	–	88,339
Termination	(27,701)	–	–	–
Others	–	12,200	–	–
Effect of foreign exchange changes	(505)	–	–	–
At December 31, 2024 and January 1, 2025	66,445	7,038,106	(47,507)	3,420
Changes from financing cash flows	(55,800)	(1,708,592)	(14,073)	(94,672)
New leases	74,239	–	297	–
Interest expenses	4,054	3,659	–	101,890
Termination	(805)	–	–	–
Effect of foreign exchange changes	1,608	–	–	–
At December 31, 2025	89,741	5,333,173	(61,283)	10,638

(c) Total cash outflow for leases

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

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within operating activities	91,813	118,357	28,439
Within financing activities	112,529	98,524	63,641
Total	204,342	216,881	92,080

32. PLEDGE OF ASSETS

Details of the Group's assets pledged for notes payable and secured other borrowing are included in notes 20 and 21, and notes 17 and 24, respectively, to the Historical Financial Information.

33. COMMITMENTS

The Group had the following contractual commitments at the end of each of the Relevant Periods:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Construction in progress	205,558	57,394	117,411
Capital commitment for acquisition of an associate	–	9,200,000	–
Total	205,558	9,257,394	117,411

34. RELATED PARTY TRANSACTIONS

(a) Names of related parties and relationships

The names of related parties and their relationships with the Group are as follows:

Name	Relationships with the Group
Chongqing Changan Automobile Co., Ltd. ("Chongqing Changan")	An equity holder of the Company
China Changan Automobile Group Co., Ltd. ("China Changan")*	The holding company of Chongqing Changan
China South Industries Group Corporation	An equity holder of Chongqing Changan
China South Industries Group Finance	A joint venture of China Changan
Contemporary Amperex Technology Co., Limited ("CATL")	An equity holder of the Company
Yinwang Intelligent Technology Co., Ltd ("Yinwang")	An associate of the Company

* Transactions and balances with China Changan Automobile Group Co., Ltd and its subsidiaries have excluded Chongqing Changan and its subsidiaries.

(b) Transactions with related parties

Except as disclosed elsewhere in the Historical Financial Information, the Group had the following transactions with related parties during the Relevant Periods:

	For the year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Yinwang:			
Purchases of products, materials	–	–	3,354,196
Service charges for research and development and other support	–	–	1,028,542

	For the year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Chongqing Changan and its subsidiaries:			
Purchases of products, materials and production services	2,797,515	3,023,225	3,042,391
Service charges for research and development	280,304	626,633	493,561
Service charges for IT and other support	–	25,222	13,115
Other services income	–	49,776	33,585
Sales of products	13,479	180,783	704,106
Joint ventures and associates of Chongqing Changan:			
Service charges for research and development	3,087	–	13,870
Other services charge	16,376	6,095	16,694
Other services income	71	135,297	76,096
Sales of products	–	–	2,593
China Changan and its subsidiaries:			
Purchases of products and materials	19,160	379,516	783,256
Service charges for research and development	13,920	9,023	15,897
Purchases of property, plant and equipment	–	1,581	–
Service charges for marketing support and commissions	438	30,215	59,448
Other service charges	–	2,646	8,365
Sales of products	5,784	235,701	929,036
Joint ventures and associates of China Changan:			
Purchases of products and materials	6,446	387,506	843,372
Service charges for research and development	7,686	16,400	6,984
Logistics service charges	45,838	137,594	246,909
Other services income	102	–	–
Purchases of property, plant and equipment	8,624	54,835	11,287
Sales of products	–	340	58
China South Industries Group Finance:			
Loans advanced to the Group	820,000	1,500,000	310,000
Repayments of loans by the Group	–	820,000	1,500,000
Interest income	14,854	6,715	17,334
Interest expense	16,457	12,588	14,284
CATL and its subsidiaries:			
Purchases of products and materials	2,211,897	2,931,731	4,969,541
Service charges for research and development	108,691	235,641	18,941
Service charges for marketing support and commissions	–	–	201
Sales of products	4,429	1,941	19
Joint ventures and associates of CATL:			
Purchases of products and materials	–	–	13

In the opinion of the directors of the Company, the above transactions were carried out in the normal course of business and on terms negotiated between the Group and the respective related parties.

(c) Outstanding balances with related parties

	For the year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade nature			
Yinwang:			
Trade receivables	–	–	2,060
Trade and notes payables	–	–	305,856
Other payables and accruals	–	–	476,825
Chongqing Changan and its subsidiaries:			
Trade receivables	663	68,684	186,152
Prepayments, other receivables and other assets	3,330	11,837	2,778
Trade and notes payables	1,778,607	1,440,338	2,469,953
Other payables and accruals	113,271	267,423	773,198
Contract liabilities	–	–	9

	For the year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Joint ventures and associates of Chongqing Changan:			
Trade receivables	76	–	–
Prepayments, other receivables and other assets	–	1,047	–
Other payables and accruals	2,232	16	13,870
China Changan and its subsidiaries			
Trade receivables	–	–	5,549
Prepayments, other receivables and other assets	58	3,615	698
Trade and notes payables	15,659	307,100	364,875
Other payables and accruals	19,161	23,382	39,326
Contract liabilities	–	9,779	118,931
Joint ventures and associates of China Changan			
Trade and notes payables	13,269	414,270	203,550
Other payables and accruals	50,877	123,395	141,892
Contract liabilities	–	58	18
CATL and its subsidiaries:			
Prepayments, other receivables and other assets	149,000	149,000	89,400
Trade and notes payables	1,641,261	1,769,402	3,058,570
Other payables and accruals	91,224	195,408	174,606
Contract liabilities	200	–	973
Joint ventures and associates of CATL:			
Prepayments, other receivables and other assets	–	–	27
Non-trade in nature			
China South Industries Group Finance:			
Interest-bearing bank and other borrowings*	820,000	1,500,000	310,000
Cash deposited**	450,670	1,511,394	1,268,498

Balances with related companies are unsecured and interest-free with credit periods of 30 to 90 days, except for those borrowings and cash deposited with related companies.

* The interest rates were 1.55% to 2.50% per annum. The borrowings were unsecured with repayment terms of one year in 2023 and 2024. The borrowings were unsecured with repayment terms of two year in 2025, in view of the directors, the borrowings with related companies will be fully settled before [**REDACTED**] on the Hong Kong Stock Exchange.

** The interest rate was in accordance with the bank's deposit interest rate for corresponding periods and cash deposited was repayable on demand, and in view of the directors, the cash deposit will be fully settled before [**REDACTED**] on the Hong Kong Stock Exchange.

(d) Compensation of key management personnel of the Group

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Salaries, allowances, bonuses and benefits in kind (including contributions to pension plan)	14,179	20,097	21,066
Equity-settled share-based payment expenses	3,588	5,108	7,361
Total compensation paid to key management personnel	17,767	25,205	28,427

Further details of directors' and supervisors' emoluments are set out in note 8 to the Historical Financial Information.

35. 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 are as follows:

Financial assets

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Financial assets at amortised cost:			
Trade and notes receivables	74,819	172,750	280,965
Financial assets included in prepayments, other receivables and other assets	224,417	246,664	177,025
Restricted bank deposits	16,521	47,572	51,244
Cash and cash equivalents	7,139,058	19,323,334	9,687,432
Total	7,454,815	19,790,320	10,196,666

Financial liabilities

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Financial liabilities at amortised cost:			
Trade and notes payables	4,312,927	8,688,503	12,089,121
Financial liabilities included in other payables and accruals	1,934,041	3,453,411	4,313,667
Lease liabilities	144,699	66,445	89,741
Interest-bearing bank and other borrowings	3,090,591	7,038,106	5,333,173
Total	9,482,258	19,246,465	21,825,702

36. TRANSFERRED FINANCIAL ASSETS THAT ARE DERECOGNISED IN THEIR ENTIRETY

As at December 31, 2025, the Group discounted certain notes receivable accepted by banks in Chinese Mainland (the "Derecognised Notes") with a carrying amount in aggregate of RMB4,921 million. The Derecognised Notes had a maturity of one to six months at the end of reporting period. In accordance with the Law of Negotiable Instruments in the Chinese Mainland, the holders of the Derecognised Notes may exercise the right of recourse against any, several or all of the persons liable for the Derecognised Notes, including the Group, in disregard of the order of precedence (the "Continuing Involvement"). In the opinion of the directors, the risk of the Group being claimed by the holders of the Derecognised Notes is remote in the absence of a default of the accepted banks. The Group has transferred substantially all risks and rewards relating to the Derecognised Notes. Accordingly, it has derecognised the full carrying amounts of the Derecognised Notes and the associated trade payables. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Notes and the undiscounted cash flows to repurchase these Derecognised Notes is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group's Continuing Involvement in the Derecognised Bills are not significant.

37. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

The Group's finance department headed by the financial manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At each reporting period, 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 values of the non-current portion of interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank and other borrowings as at December 31, 2023, 2024 and 2025 were assessed to be not material.

The fair values of the non-current portion of other receivables have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The fair values have been assessed to be approximate to their carrying amounts.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank and other borrowings, finance leases 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 and notes receivables, trade and notes payables and other payables and accruals which arise directly from its operations.

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

Credit risk

The Group trades mainly with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis.

Maximum exposure and year-end staging

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on aging information unless other information is available without undue cost or effort, and staging classification as at December 31, 2023, 2024 and 2025.

The amounts presented are gross carrying amounts for financial assets.

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 and notes receivables*	–	–	–	74,819	74,819
Financial assets included in prepayments, other receivables and other assets					
– Normal**	224,417	–	–	–	224,417
Restricted bank deposits					
– Not yet past due	16,521	–	–	–	16,521
Cash and cash equivalents					
– Not yet past due	7,139,058	–	–	–	7,139,058
Total	7,379,996	–	–	74,819	7,454,815

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 and notes receivables*	–	–	–	173,237	173,237
Financial assets included in prepayments, other receivables and other assets					
– Normal**	242,556	–	–	–	242,556
– Doubtful**	–	4,729	–	–	4,729
Restricted bank deposits					
– Not yet past due	47,572	–	–	–	47,572
Cash and cash equivalents					
– Not yet past due	19,323,334	–	–	–	19,323,334
Total	19,613,462	4,729	–	173,237	19,791,428

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 and notes receivables*	–	–	–	284,555	284,555
Financial assets included in prepayments, other receivables and other assets					
– Normal**	173,956	–	–	–	173,956
– Doubtful**	–	4,929	–	–	4,929
Restricted bank deposits					
– Not yet past due	51,244	–	–	–	51,244
Cash and cash equivalents					
– Not yet past due	9,687,432	–	–	–	9,687,432
Total	9,912,632	4,929	–	284,555	10,202,116

* The Group applies the simplified approach for impairment, information based on the general matrix is disclosed in note 18 to the Historical Financial Information.

** The credit quality of the financial assets included in prepayments, other receivables and other assets 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. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 18 to the Historical Financial Information.

As at December 31, 2023, 2024 and 2025, the Group had certain concentrations of credit risk as 5%, 52% and 33% of the Group's trade receivables were due from the Group's largest customer. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimize credit risk.

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 Group's objective is to maintain a balance between continuity of funding and flexibility through the use of internally generated cash flows from operations, lease liabilities, and bank and other interest-bearing loans. The Group regularly reviews its major funding positions to ensure that it has adequate financial resources in meeting its financial obligations.

The maturity profile of the Group's and the Company's financial liabilities as at the end of each of the Relevant Periods, based on the contractual undiscounted payments, was as follows:

	As at December 31, 2023		
	Within 1 year	1 to 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*
Trade and notes payables	4,312,927	–	4,312,927
Financial liabilities included in other payables	1,934,041	–	1,934,041
Lease liabilities	98,974	54,136	153,110
Interest-bearing bank and other borrowings	2,504,945	638,033	3,142,978
Total	8,850,887	692,169	9,543,056

	As at December 31, 2024		
	Within 1 year	1 to 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*
Trade and notes payables	8,688,503	–	8,688,503
Financial liabilities included in other payables	3,453,411	–	3,453,411
Lease liabilities	42,406	28,930	71,336
Interest-bearing bank and other borrowings	5,132,019	2,033,124	7,165,143
Total	17,316,339	2,062,054	19,378,393

	As at December 31, 2025		
	Within 1 year	1 to 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*
Trade and notes payables	12,089,121	–	12,089,121
Financial liabilities included in other payables	4,313,667	–	4,313,667
Lease liabilities	28,573	69,751	98,324
Interest-bearing bank and other borrowings	3,627,556	1,798,291	5,425,847
Total	20,058,917	1,868,042	21,926,959

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 equity holders' 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 equity holders, return capital to equity holders 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 Group monitors capital using an asset-liability ratio, which is total liabilities divided by total assets. The asset-liability ratios 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*
Total assets	12,644,047	29,154,033	29,364,492
Total liabilities	10,550,268	20,563,903	23,568,232
Asset-liability ratio	83%	71%	80%

39. INVESTMENT IN SUBSIDIARIES

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Investment, at cost	20,597	20,597	85,608

The increase in investment in subsidiaries of RMB55,011,000 in 2025 was mainly due to the increase in share-based payment cost which were recognized in subsidiaries but subjected to be settled by the Company.

The Company's directors performed impairment assessments on the investments in subsidiaries and no impairment provision was required as at December 31, 2023, 2024 and 2025.

40. EVENTS AFTER THE RELEVANT PERIODS

No significant events of the Group occurred after December 31, 2025.

41. SUBSEQUENT FINANCIAL STATEMENTS

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