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

PAN-CHINA
天健國際會計師事務所有限公司
Confucius International CPA Limited Certified Public Accountants

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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF AUTEL INTELLIGENT TECHNOLOGY CORP., LTD. AND CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED

Introduction

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

Directors' Responsibility for the Historical Financial Information

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

Reporting Accountants' Responsibility

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

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgment, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants considers internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, 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 Company's and the Group's financial position as at December 31, 2023, 2024 and 2025 and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

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

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to Note 12 to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Track Record Period.

Confucius International CPA Limited
Certified Public Accountants
Hong Kong
[Date]

I HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

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

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by Confucius International CPA Limited in accordance with Hong Kong Standards on Auditing issued by HKICPA ("**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

	Notes	Year Ended December 31, 2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Revenue	*5*	3,251,152	3,932,256	4,832,752
Cost of revenue	*8*	(1,548,534)	(1,850,331)	(2,140,937)
Gross profit		1,702,618	2,081,925	2,691,815
General and administrative expenses	*8*	(301,137)	(348,742)	(443,528)
Selling and marketing expenses	*8*	(481,306)	(559,013)	(574,523)
Research and development expenses	*8*	(535,096)	(635,783)	(774,631)
Net impairment losses on financial assets	*3.2*	(17,762)	(23,485)	(33,295)
Other income	*6*	68,093	71,616	86,478
Other gains/(losses), net	*7*	(225,378)	86,671	122,125
Operating profit		**210,032**	**673,189**	**1,074,441**
Finance income	*10*	10,512	26,120	28,307
Finance costs	*10*	(52,196)	(51,057)	(55,447)
Finance (costs)/income, net	*10*	(41,684)	(24,937)	(27,140)
Share of profit or loss of investments in associates	*14*	–	(11,089)	31,820
Impairment provision for investments in associates	*14*	(1,401)	–	–
Profit before income tax		166,947	637,163	1,079,121
Income tax expense	*11*	(27,225)	(76,826)	(188,640)
Profit for the year		**139,722**	**560,337**	**890,481**
Attributable to:				
— Owners of the Company	*35*	179,233	640,925	935,875
— Non-controlling interests		(39,511)	(80,588)	(45,394)
		139,722	**560,337**	**890,481**
Earnings per share for profit attributable to owners of the Company (expressed in RMB per share) (Restated)				
• Basic	*13*	0.27	0.97	1.42
• Diluted	*13*	0.27	0.95	1.36

Consolidated statements of comprehensive income

		Year Ended December 31,		
		2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Profit for the year		**139,722**	**560,337**	**890,481**
Attributable to:				
— Owners of the Company	*35*	179,233	640,925	935,875
— Non-controlling interests		(39,511)	(80,588)	(45,394)
		139,722	**560,337**	**890,481**
Other comprehensive losses				
Item that may be reclassified to profit or loss in subsequent periods, net of tax:				
— Exchange differences on translation of foreign operations		(14,860)	(27,481)	(82,827)
Other comprehensive losses for the year, net of tax		**(14,860)**	**(27,481)**	**(82,827)**
Attributable to:				
— Owners of the Company		(14,830)	(27,272)	(83,240)
— Non-controlling interests		(30)	(209)	413
		(14,860)	**(27,481)**	**(82,827)**
Total comprehensive income for the year		**124,862**	**532,856**	**807,654**
Attributable to:				
— Owners of the Company		164,403	613,653	852,635
— Non-controlling interests		(39,541)	(80,797)	(44,981)
		124,862	**532,856**	**807,654**

Consolidated statements of financial position

		As at December 31,		
	Notes	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
ASSETS				
Non-current assets				
Property, plant and equipment	*17*	1,291,886	1,313,118	1,300,723
Right-of-use assets	*18*	83,179	66,353	265,199
Deferred tax assets	*21*	291,742	321,972	257,536
Intangible assets	*19*	161,449	166,350	237,823
Investments in associates	*14*	–	46,871	500
Other financial assets at fair value through profit or loss	*15*	23,606	7,021	4,913
Prepayments and other receivables	*23*	–	–	64,921
Other non-current assets	*24*	22,841	18,284	49,270
Total non-current assets		**1,874,703**	**1,939,969**	**2,180,885**
Current assets				
Inventories	*25*	1,118,538	1,151,135	1,668,239
Trade and notes receivables	*22*	710,772	871,681	1,141,082
Prepayments and other receivables	*23*	158,364	155,829	135,850
Restricted cash	*26*	16,721	118,718	111,144
Cash and cash equivalents	*26*	1,474,409	1,709,959	1,570,698
Other current assets	*24*	223,340	237,444	328,433
Total current assets		**3,702,144**	**4,244,766**	**4,955,446**
Total assets		**5,576,847**	**6,184,735**	**7,136,331**
LIABILITIES				
Non-current liabilities				
Borrowings	*27*	1,131,953	1,169,948	1,204,602
Lease liabilities	*18*	43,287	25,115	201,824
Deferred tax liabilities	*21*	75,689	75,689	75,689
Deferred income		5,118	2,835	5,545
Contract liabilities	*5*	123,470	241,980	447,657
Provisions	*30*	25,808	26,828	7,167
Total non-current liabilities		**1,405,325**	**1,542,395**	**1,942,484**

	Notes	As at December 31, 2023	2024	2025
		RMB'000	RMB'000	RMB'000
Current liabilities				
Borrowings	27	3,034	5,866	8,798
Trade and notes payables	28	204,255	466,320	558,504
Contract liabilities	5	312,156	381,715	476,717
Lease liabilities	18	23,971	27,423	53,927
Current income tax liabilities		29,837	48,330	39,443
Rental received in advance		977	951	671
Accruals and other payables	29	416,367	384,452	448,491
Provisions	30	22,869	23,598	36,045
Other current liabilities	31	594	3,777	3,949
Total current liabilities		**1,014,060**	**1,342,432**	**1,626,545**
Net current assets		**2,688,084**	**2,902,334**	**3,328,901**
Total liabilities		**2,419,385**	**2,884,827**	**3,569,029**
EQUITY				
— Share capital	32	451,877	451,878	670,183
— Treasury shares	33	(100,281)	(246,821)	(193,068)
— Other equity instruments	27	192,385	192,380	192,376
— Other reserves	36	1,469,632	1,560,850	1,323,639
— Retained earnings	35	1,201,894	1,476,651	1,754,183
		3,215,507	3,434,938	3,747,313
Non-controlling interests		(58,045)	(135,030)	(180,011)
TOTAL EQUITY		**3,157,462**	**3,299,908**	**3,567,302**
TOTAL LIABILITIES AND EQUITY		**5,576,847**	**6,184,735**	**7,136,331**

Company's statements of financial position

	Notes	As at December 31, 2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
ASSETS				
Non-current assets				
Property, plant and equipment	*17*	213,538	199,794	198,052
Right-of-use assets	*18*	74,163	47,474	184,357
Deferred tax assets	*21*	150,179	133,437	49,495
Intangible assets	*19*	52,449	129,305	136,670
Investments in subsidiaries	*16*	1,505,558	1,390,081	1,456,734
Other financial assets at fair value through profit or loss	*15*	23,606	7,021	4,913
Prepayments and other receivables	*23*	–	–	64,921
Other non-current assets	*24*	12,014	5,449	14,691
Total non-current assets		**2,031,507**	**1,912,561**	**2,109,833**
Current assets				
Inventories	*25*	246,758	122,170	167,601
Trade and notes receivables	*22*	901,001	1,013,178	1,007,639
Prepayments and other receivables	*23*	1,431,726	1,467,782	2,371,873
Restricted cash	*26*	3,554	85,387	63,788
Cash and cash equivalents	*26*	804,279	1,027,245	756,239
Other current assets	*24*	54,137	34,256	72,381
Total current assets		**3,441,455**	**3,750,018**	**4,439,521**
Total assets		**5,472,962**	**5,662,579**	**6,549,354**
LIABILITIES				
Non-current liabilities				
Borrowings	*27*	1,131,953	1,169,948	1,204,602
Lease liabilities	*18*	92,653	77,290	177,343
Deferred income		1,588	806	931
Contract liabilities	*5*	58,523	51,560	74,827
Provisions	*30*	24,790	24,790	–
Total non-current liabilities		**1,309,507**	**1,324,394**	**1,457,703**
Current liabilities				
Borrowings	*27*	3,034	5,866	8,798
Trade and notes payables	*28*	890,688	1,486,322	1,970,584
Contract liabilities	*5*	52,622	106,411	136,504
Lease liabilities	*18*	28,015	26,750	50,562
Accruals and other payables	*29*	254,974	128,291	347,269
Other current liabilities	*31*	393	3,361	3,838
Provisions	*30*	18,698	15,205	21,872
Total current liabilities		**1,248,424**	**1,772,206**	**2,539,427**
Total liabilities		**2,557,931**	**3,096,600**	**3,997,130**
EQUITY				
— Share capital	*32*	451,877	451,878	670,183
— Treasury shares	*33*	(100,281)	(246,821)	(193,068)
— Other equity instruments		192,385	192,380	192,376
— Other reserves	*36*	1,469,055	1,498,202	1,344,231
— Retained earnings	*35*	901,995	670,340	538,502
TOTAL EQUITY		**2,915,031**	**2,565,979**	**2,552,224**
TOTAL LIABILITIES AND EQUITY		**5,472,962**	**5,662,579**	**6,549,354**

Consolidated statements of changes in equity

	Attributable to owners of the Company									
	Share capital	Share premium	Treasury shares	Other equity instruments	Other comprehensive income	Other reserves	Retained earnings	Sub-total	Non-controlling interests	Total equity
	RMB'000 *(Note 32)*	*RMB'000* *(Note 36)*	*RMB'000* *(Note 33)*	*RMB'000* *(Note 27)*	*RMB'000* *(Note 36)*	*RMB'000* *(Note 36)*	*RMB'000* *(Note 35)*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2023	**451,870**	**1,274,218**	**(100,281)**	**192,424**	**13,879**	**188,824**	**1,025,096**	**3,046,030**	**(18,504)**	**3,027,526**
Profit/(losses) for the year	–	–	–	–	–	–	179,233	179,233	(39,511)	139,722
Other comprehensive losses	–	–	–	–	(14,830)	–	–	(14,830)	(30)	(14,860)
Total comprehensive income/(losses)	**–**	**–**	**–**	**–**	**(14,830)**	**–**	**179,233**	**164,403**	**(39,541)**	**124,862**
Conversion of convertible bonds	7	280	–	(39)	–	–	–	248	–	248
Appropriation to statutory reserve	–	–	–	–	–	2,435	(2,435)	–	–	–
Share-based compensation expenses	–	–	–	–	–	4,826	–	4,826	–	4,826
Balance at December 31, 2023	**451,877**	**1,274,498**	**(100,281)**	**192,385**	**(951)**	**196,085**	**1,201,894**	**3,215,507**	**(58,045)**	**3,157,462**
Balance at December 31, 2023	**451,877**	**1,274,498**	**(100,281)**	**192,385**	**(951)**	**196,085**	**1,201,894**	**3,215,507**	**(58,045)**	**3,157,462**
Adjustment to the opening balance in relation to the loss of control over a subsidiary	–	–	–	–	–	(5,653)	5,653	–	–	–
Balance at January 1, 2024	**451,877**	**1,274,498**	**(100,281)**	**192,385**	**(951)**	**190,432**	**1,207,547**	**3,215,507**	**(58,045)**	**3,157,462**
Profit/(losses) for the year	–	–	–	–	–	–	640,925	640,925	(80,588)	560,337
Other comprehensive losses	–	–	–	–	(27,272)	–	–	(27,272)	(209)	(27,481)
Total comprehensive income/(losses)	**–**	**–**	**–**	**–**	**(27,272)**	**–**	**640,925**	**613,653**	**(80,797)**	**532,856**
Conversion of convertible bonds	1	35	–	(5)	–	–	–	31	–	31
Repurchase of ordinary shares	–	–	(146,540)	–	–	–	–	(146,540)	–	(146,540)
Appropriation to statutory reserve	–	–	–	–	–	19,105	(19,105)	–	–	–
Share-based compensation expenses	–	–	–	–	–	15,660	–	15,660	–	15,660
Declaration of dividends	–	–	–	–	–	–	(352,716)	(352,716)	–	(352,716)
Transactions with non-controlling interests	–	–	–	–	–	89,343	–	89,343	(29,318)	60,025
Disposal of a subsidiary	–	–	–	–	–	–	–	–	33,130	33,130
Balance at December 31, 2024	**451,878**	**1,274,533**	**(246,821)**	**192,380**	**(28,223)**	**314,540**	**1,476,651**	**3,434,938**	**(135,030)**	**3,299,908**

	Attributable to owners of the Company								Non-controlling interests	Total equity
	Share capital	Share premium	Treasury shares	Other equity instruments	Other comprehensive income	Other reserves	Retained earnings	Sub-total		
	RMB'000 (Note 32)	*RMB'000 (Note 36)*	*RMB'000 (Note 33)*	*RMB'000 (Note 27)*	*RMB'000 (Note 36)*	*RMB'000 (Note 36)*	*RMB'000 (Note 35)*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2025	**451,878**	**1,274,533**	**(246,821)**	**192,380**	**(28,223)**	**314,540**	**1,476,651**	**3,434,938**	**(135,030)**	**3,299,908**
Profit/(losses) for the year	–	–	–	–	–	–	935,875	935,875	(45,394)	890,481
Other comprehensive income/(losses)	–	–	–	–	(83,240)	–	–	(83,240)	413	(82,827)
Total comprehensive income/(losses)	**–**	**–**	**–**	**–**	**(83,240)**	**–**	**935,875**	**852,635**	**(44,981)**	**807,654**
Conversion of convertible bonds	1	30	–	(4)	–	–	–	27	–	27
Repurchase of ordinary shares	–	–	(100,166)	–	–	–	–	(100,166)	–	(100,166)
Appropriation to statutory reserve	–	–	–	–	–	52,651	(52,651)	–	–	–
Conversion of share premium into share capital	218,304	(218,304)	–	–	–	–	–	–	–	–
Share-based payment:										
— Share-based compensation expenses	–	–	–	–	–	115,147	–	115,147	–	115,147
— Exercise of restricted shares	–	7,364	153,919	–	–	(110,859)	–	50,424	–	50,424
Declaration of dividends	–	–	–	–	–	–	(605,692)	(605,692)	–	(605,692)
Balance at December 31, 2025	**670,183**	**1,063,623**	**(193,068)**	**192,376**	**(111,463)**	**371,479**	**1,754,183**	**3,747,313**	**(180,011)**	**3,567,302**

Consolidated statements of cash flows

	Notes	Year Ended December 31, 2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Cash flows from operating activities				
Cash generated from operations	*37(a)*	503,505	836,676	658,977
Interest received		13,065	24,745	28,307
Income tax paid		(85,506)	(113,904)	(95,999)
Net cash generated from operating activities		431,064	**747,517**	**591,285**
Cash flows from investing activities				
Proceeds from settlement of derivative financial instruments		–	–	6,280
Payments for settlement of derivative financial instruments		(23,722)	–	–
Withdrawal of wealth management products and term deposit		1,833,439	40,027	1,802,953
Proceeds from investment income		2,606	1,374	–
Proceeds from disposal of property, plant and equipment, intangible assets and other non-current assets		89	2,350	54
Government grant received in relation to assets		2,993	–	4,313
Payments for purchase of property, plant and equipment, intangible assets and other non-current assets		(215,789)	(150,498)	(132,026)
Placement of wealth management products		(1,830,000)	(40,000)	(1,797,255)
Net outflow of cash from the loss of control over a subsidiary	*38(b)*	–	(103,033)	–
Proceeds from disposal of investments in associates		–	–	44,013
Proceeds from disposal of equity instruments at fair value through profit or loss		5,592	8,508	–
Net cash used in investing activities		**(224,792)**	**(241,272)**	**(71,668)**

		Year Ended December 31,		
	Notes	2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Cash flows from financing activities				
Proceeds from share schemes		–	–	50,424
Proceeds from borrowings		–	200,000	–
Dividends paid to the Company's shareholders		–	(352,716)	(605,692)
Payments for repurchase of shares		–	(146,657)	(100,246)
Principal elements of lease payments		(18,040)	(19,975)	(18,546)
Repayments of borrowings		(150,000)	–	–
Interests paid		(8,889)	(9,262)	(17,834)
Transactions with non-controlling interests		–	35,605	24,420
Payments for **[REDACTED]** expenses		–	–	**[REDACTED]**
Others		(500)	–	4,511
Net cash used in financing activities		**(177,429)**	**(293,005)**	**[REDACTED]**
Net increase in cash and cash equivalents		28,843	213,240	(151,136)
Cash and cash equivalents at beginning of the year		1,431,876	1,474,409	1,709,959
Currency translation differences on cash and cash equivalents		13,690	22,310	11,875
Cash and cash equivalents at the end of the year	*26*	**1,474,409**	**1,709,959**	**1,570,698**

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

Autel Intelligent Technology Corp., Ltd. (深圳市道通科技股份有限公司) (hereinafter referred to as "**the Company**"), formerly known as Autel Intelligent Technology Ltd. (深圳市道通科技有限公司), is a joint stock company with limited liability incorporated in the People's Republic of China (the "**PRC**") on September 28, 2004. The Company was listed on the Shanghai Stock Exchange Sci-Tech Innovation Board (stock code: 688208) in February 2020. The registered office of the Company is located at Rainbow Technology Building, No. 36, Gaoxin North 6th Road, Songpingshan Community, Xili Sub-district, Nanshan District, Shenzhen, PRC. The ultimate controlling shareholder is Mr. Li Hongjing ("**the ultimate controlling shareholder**").

The Company and its subsidiaries (hereinafter collectively referred to as "**the Group**") are primarily engaged in the research and development ("**R&D**"), production, sales, and services of vehicle diagnostics solutions and charging solutions.

The Company's principal subsidiaries during the Track Record Period are set out in Note 16.

The Historical Financial Information are presented in Renminbi ("**RMB**"), which is also the functional currency of the Company, and all values are rounded to the nearest thousands (RMB'000) except when otherwise indicated.

The statutory consolidated financial statements of the Group for the years ended December 31, 2023, 2024 and 2025 prepared in accordance with the relevant accounting principles in the PRC were audited by Pan-China Certified Public Accountants LLP (天健會計師事務所(特殊普通合夥)) which was the Certified Public Accountants registered in the PRC.

2. BASIS OF PREPARATION

The Historical Financial Information of the Group have been prepared in accordance with all applicable International Financial Reporting Standards ("**IFRS Accounting Standards**") issued by the International Accounting Standards Board ("**IASB**"). The Historical Financial Information has been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities measured at fair value through profit or loss ("**FVPL**").

The preparation of the Historical Financial Information in conformity with IFRS Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in Note 4 below.

New standards, amendments and interpretations to the existing standards that are effective during the Track Record Period have been adopted by the Group consistently throughout the years presented, unless prohibited by the relevant standard to apply retrospectively.

Other than those material accounting policies information as disclosed elsewhere in this Historical Financial Information, a summary of the other accounting policies information has been set out in Note 42 to this Historical Financial Information.

2.1 New Standards and Amendments to Standards Not Yet Adopted

Standards and amendments to standards that have been issued but not yet effective and not been early adopted by the Group during the Track Record Period are as follows:

Standards and amendments	Effective for accounting periods beginning on or after
Amendments to IFRS 10 and IAS 28 'Sale or Contribution of Assets between an Investor and its Associate or Joint Venture'.	To be determined
Amendments to IFRS 9 and IFRS 7 'Amendments to the Classification and Measurement of Financial Instruments'	January 1, 2026
Amendments to IFRS 9 and IFRS 7 'Contracts Referencing Nature-dependent Electricity'.	January 1, 2026
Annual Improvements — Volume 11 IFRS Accounting Standards	January 1, 2026
IFRS 18 'Presentation and Disclosure in Financial Statements'	January 1, 2027
IFRS 19 'Subsidiaries without Public Accountability: Disclosures' . . .	January 1, 2027
Amendments to IAS 21: Translation to a Hyperinflationary Presentation Currency, see if it is applicable to our case	January 1, 2027

Except for the impact of IFRS 18 mentioned below, other new/amended standards are either not relevant to the Group or not expected to have a material impact on the Group's consolidated financial statements when they become effective.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18 "Presentation and Disclosure in Financial Statements", which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 "Presentation of Financial Statements". This new IFRS Accounting Standard, while carrying forward many of the requirements in IAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some IAS 1 paragraphs have been moved to IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" and IFRS 7 "Financial Instruments: Disclosures". Minor amendments to IAS 7 "Statement of Cash Flows" and IAS 33 "Earnings per Share" are also made.

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after January 1, 2027, with early application permitted. The application of IFRS 18 is not expected to have significant impact on the Group's financial position and performance, but may affect the presentation of the statement of profit or loss and disclosures in the future financial statements.

3. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk, and liquidity risk. The Group's overall risk management seeks a balance between risk and return, minimizes the adverse impact of risk on the Group's finance performance and maximize the interests of shareholders and other equity investors. Based on this risk management objective, the basic strategy of the Group's risk management is to identify and analyze the various risks faced by the Group, establish appropriate risk tolerance thresholds and timely and reliably supervise various risks to control them within a limited range.

3.1 Market Risk

(a) Foreign Exchange Risk

Foreign exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not the respective functional currency of the Company and its subsidiaries. The Group manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures and tries to minimize these exposures through buying and selling foreign currencies at market rate, wherever possible.

As at December 31, 2023, 2024 and 2025, the Group's major financial assets/liabilities exposed to foreign exchange risk, representing those financial assets/liabilities denominated in United States dollar ("**USD**") and Euro ("**EUR**") and included in a group entity with different functional currency:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Financial assets denominated in:			
USD	436,232	782,757	1,071,455
EUR	65,092	98,196	170,194
Others	19	79,330	161,130

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Financial liabilities denominated in:			
USD	103,795	30,885	43,182
EUR	8,363	5,127	5,161
Others	1,785	1,749	29,764

As shown in the table above, the Group is primarily exposed to changes in USD and EUR exchange rates. The sensitivity of profit or loss before income tax to changes in the exchange rates arises from USD and EUR denominated financial instruments is as below:

	Year Ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
USD exchange rate —			
Increase 5%	16,622	37,594	51,414
Decrease 5%	(16,622)	(37,594)	(51,414)
EUR exchange rate —			
Increase 5%	2,836	4,653	8,252
Decrease 5%	(2,836)	(4,653)	(8,252)

(b) Interest Rate Risk

The Group's interest rate risk primarily arises from interest-bearing borrowings. Borrowings issued at floating rates expose the Group to cash flow interest rate risk and borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group determines the proportion of borrowings issued at floating rates and fixed rates based on the market environment and maintains an appropriate combination of financial instruments through regular review and monitoring.

As at December 31, 2023, 2024 and 2025, there were no borrowings of the Group which were bearing at floating rates.

Considering the repricing or maturity date, the fair value interest rate risk arises from borrowings and bank balances carried at fixed rates is not significant for the Group.

(c) Price Risk

The Group is mainly exposed to equity price risk arising from investments held by the Group that are classified as FVPL (Note 15). To manage its price risk arising from the investments, the Group diversifies its investment portfolio. The investments are mainly made for strategic purposes. Each investment is managed by the management on a case-by-case basis.

Sensitivity analysis is performed by the management to assess the exposure of the Group's financial results to equity price risk of FVPL at the end of each Track Record Period. If prices of the respective instruments held by the Group had been 5%, 5% and 5% higher/lower as at December 31, 2023, 2024 and 2025, for the years ended December 31, 2023, 2024, and 2025, profit before income tax would have been approximately RMB1,180,000, RMB351,000 and RMB246,000 higher/lower as a result of gains/losses on financial instruments classified as at FVPL.

3.2 Credit Risk

Credit risk arises from cash and cash equivalents, restricted cash, as well as trade and notes receivables and other receivables. The carrying amount of each class of the above financial assets represents the Group's maximum exposure to credit risk in relation to the corresponding class of financial assets.

(a) Risk Management

To manage this risk, cash and cash equivalents as well as restricted cash are mainly placed with reputable financial institutions which are all high-credit-rating financial institutions.

To manage risk from trade and notes receivables as well as other receivables, the Group has policies in place to ensure that credit terms are made to counterparties with an appropriate credit history and the management performs ongoing credit evaluations of the counterparties. It also has continuous monitoring procedures to ensure the collection of the receivables as scheduled and follow up action is taken to recover overdue debts, if any.

(b) Impairment of Financial Assets

The Group has five types of financial assets that are subject to the expected credit loss model:

- Cash and cash equivalents, restricted cash;
- Trade receivables;

- Notes receivables at amortized cost; and
- Other receivables;

Credit risk of cash and cash equivalents and restricted cash

Cash and cash equivalents and restricted cash are mainly placed with high-credit-rating financial institutions. There has been no recent history of default in relation to these financial institutions. The expected credit loss was immaterial as at December 31, 2023, 2024 and 2025.

Credit risk of trade and notes receivables

(i) Trade receivables

The Group applies the IFRS 9 simplified approach to measure expected credit loss ("**ECL**") which uses a lifetime expected loss allowance for all trade receivables.

To measure ECL, trade receivables have been grouped based on shared credit risk characteristics and aging. The Group also made individual assessment on the recoverability of its trade receivables for certain customers based on historical settlement records.

The historical loss rates are calculated based on the historical payment profiles of customers and the corresponding historical incurred credit losses. The historical loss rates are adjusted to reflect the forward-looking information on macroeconomic factors as well as the credit rating analysis of respective customers and other external data which have impacts to the ability of the customers to settle the receivables. The Group has identified the Gross Domestic Product ("**GDP**") of the countries in which it sells its goods to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the failure of a debtor to engage in a repayment plan with the Group and other indicators of severe financial difficulties.

On that basis, the loss allowance as at December 31, 2023, 2024 and 2025 were determined as follows for trade receivables:

As at December 31, 2023, the loss allowance of individually impaired trade receivables is determined as follows:

Assess individually:

	Gross carrying amount	ECL rate	Loss allowance	Reason
	RMB'000		*RMB'000*	
Trade receivables . .	13,090	100%	13,090	Financial difficulty/Bankruptcy

As at December 31, 2024, the loss allowance of individually impaired trade receivables is determined as follows:

Assess individually:

	Gross carrying amount	ECL rate	Loss allowance	Reason
	RMB'000		*RMB'000*	
Trade receivables	10,766	100%	10,766	Financial difficulty/Bankruptcy

As at December 31, 2025, the loss allowance of individually impaired trade receivables is determined as follows:

Assess individually:

	Gross carrying amount	ECL rate	Loss allowance	Reason
	RMB'000		*RMB'000*	
Trade receivables	17,327	100%	17,327	Financial difficulty/Bankruptcy

As at December 31, 2023, 2024 and 2025, the loss allowance of grouped impaired trade receivables are determined as follows:

Assessed based on grouping:

	Year Ended December 31, 2023			Year Ended December 31, 2024			Year Ended December 31, 2025		
	Expected loss rate	Gross carrying amount	Loss allowance	Expected loss rate	Gross carrying amount	Loss allowance	Expected loss rate	Gross carrying amount	Loss allowance
	%	*RMB'000*	*RMB'000*	%	*RMB'000*	*RMB'000*	%	*RMB'000*	*RMB'000*
Within 1 year	5	723,112	36,155	5	893,020	44,651	5	1,175,349	58,767
1 to 2 years	50	36,463	18,232	50	36,772	18,386	50	42,362	21,181
Over 2 years	100	10,122	10,122	100	25,205	25,205	100	33,910	33,910
Total		**769,697**	**64,509**		**954,997**	**88,242**		**1,251,621**	**113,858**

The management of the Group determined the ECL rates for portfolio of trade receivables with reference to past-due status of such balances by estimating their default rates taking into account the historical information and forward-looking information.

As at the end of each Track Record Period, the Group assessed the historical observed default rates and the forward-looking estimates, respectively. The management of the Group reviewed the portfolio of customers contributing the trade receivables balances for the respective past-due time band throughout the Track Record Period and noted that the majority of the balances of the respective past-due time band were due from similar portfolio of customers. Furthermore, The Group assessed these customers' financial condition, past settlement history, business relationship with the Group and other factors such as current market conditions and industry information, and considered that the credit risk for the same portfolio of customers remains approximately the same throughout the Track Record Period. Accordingly, the same ECL rates were adopted for the same past-due time band throughout the Track Record Period.

Based on the above calculation results and with reference to the provision ratios of other companies in the same industry, the Group conducts a comprehensive analysis and the outcome closely aligns with the fixed ratio currently adopted. Therefore, it has been decided that the fixed ratio will remain unchanged during the Track Record Period.

The loss allowances for trade receivables for the years ended December 31, 2023, 2024 and 2025 reconcile to the opening loss allowances are as follows:

	Year Ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Opening loss allowance	53,674	77,599	99,008
Loss allowance recognized	23,144	23,879	32,048
Loss allowance written off	–	(1,160)	(853)
Currency translation differences	781	(1,310)	982
Closing loss allowance	**77,599**	**99,008**	**131,185**

(ii) Notes Receivables at Amortized Cost

The Group measured provisions for impairment of notes receivables based on the lifetime ECL and assessed that there was no significant credit risk associated with its bank acceptance notes as the Group did not expect that there would be any significant losses from non-performance by these reputable banks.

(iii) Other Receivables

Other receivables at the end of each of the periods are mainly comprised of deposits, export tax refund, equity disposal receivables and advance to staff. The Group considers the probability of default upon initial recognition of the assets and whether there has been significant increase in credit risk on an ongoing basis throughout Track Record Period. To assess whether there is a significant increase in credit risk, the Group compares risk of a default occurring on the assets as of the reporting date with the risk of default as of the date of initial recognition. Especially the following indicators are incorporated:

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant impact on the debtor's ability to meet its obligations;
- external credit rating of the counterparty;
- actual or expected significant adverse changes in the operating results of the debtor; and
- significant changes in the expected performance and behavior of the debtor, including changes in the payment status of debtor.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 365 days past due in making a contractual payment.

If the credit risk of the asset is in line with original expectations, the Group categorizes the asset as performing and recognizes 12-month expected credit losses (Stage 1). If a significant credit risk of the asset has occurred compared to original expectations or the credit is impaired, the asset is categorized as underperforming or non-performing and lifetime expected credit losses are recognized (Stages 2 and 3):

Set out below is the information about credit risk exposure on the Group's other receivables:

	Stage 1	Stage 2	Stage 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
December 31, 2023				
Expected loss rate	8.73%	–	–	
Gross carrying amount	62,633	–	–	62,633
Loss allowance	5,470	–	–	5,470
December 31, 2024				
Expected loss rate	8.50%	–	–	
Gross carrying amount	59,618	–	–	59,618
Loss allowance	5,070	–	–	5,070
December 31, 2025				
Expected loss rate	6.25%	–	–	
Gross carrying amount	101,074	–	–	101,074
Loss allowance	6,322	–	–	6,322

The loss allowances for other receivables for the years ended December 31, 2023, 2024 and 2025 reconcile to the opening loss allowances are as follows:

	Year Ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Opening loss allowance	12,575	5,470	5,070
Loss allowance (reversed)/recognized	(5,382)	(394)	1,247
Loss allowance written off	(1,742)	–	–
Currency translation differences	19	(6)	5
Closing loss allowance	**5,470**	**5,070**	**6,322**

3.3 Liquidity Risk

The Group intends to maintain sufficient cash and cash equivalents. Due to the dynamic nature of the underlying business, the policy of the Group is to regularly monitor the Group's liquidity risk and to maintain adequate liquid assets such as cash and cash equivalents or to retain adequate financing arrangements to meet the Group's liquidity requirements.

The tables below analyze the Group's financial liabilities that will be settled into relevant maturity groupings based on the remaining period at the end of each Track Record Period to their contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total	Total carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at December 31, 2023					
Trade and notes payables	204,255	–	–	204,255	204,255
Accruals and other payables (excluding non-financial liabilities)	241,363	–	–	241,363	241,363
Lease liabilities	25,986	14,348	28,035	68,369	67,258
Borrowings	12,797	15,730	1,338,237	1,366,764	1,134,987
	484,401	**30,078**	**1,366,272**	**1,880,751**	**1,647,863**

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total	Total carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at December 31, 2024					
Trade and notes payables	466,320	–	–	466,320	466,320
Accruals and other payables (excluding non-financial liabilities)	126,103	–	–	126,103	126,103
Lease liabilities	29,422	10,266	16,197	55,885	52,538
Borrowings	15,730	19,196	1,319,541	1,354,467	1,175,814
	637,575	**29,462**	**1,335,738**	**2,002,775**	**1,820,775**

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total	Total carrying amount
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at December 31, 2025						
Trade and notes payables	558,504	–	–	–	558,504	558,504
Accruals and other payables (excluding non-financial liabilities)	133,917	–	–	–	133,917	133,917
Lease liabilities	61,282	65,711	141,810	10,378	279,181	255,751
Borrowings	19,195	23,034	1,305,276	–	1,347,505	1,213,400
	772,898	**88,745**	**1,447,086**	**10,378**	**2,319,107**	**2,161,572**

The interest rate of borrowings and lease liabilities are disclosed in Note 27 and Note 18, respectively.

3.4 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 maximize shareholders' value.

The Group manages its capital structure 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 issue new shares, sell assets to reduce debt or raise additional funding from shareholders or financial institutions as and when necessary. 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 years ended December 31, 2023, 2024 and 2025.

The Group monitors capital on the basis of the debt to asset ratio as at December 31, 2023, 2024 and 2025 are as follows:

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Total assets	5,576,847	6,184,735	7,136,331
Total liabilities	2,419,385	2,884,827	3,569,029
Debt to asset ratio	43.38%	46.64%	50.01%

3.5 Fair Value Estimation

(a) Determination of Fair Value and the Fair Value Hierarchy of Financial Instruments

This note provides information on how the Group determines the fair values of various financial assets and liabilities.

For financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The Group

As at December 31, 2023

	Level 1	**Level 2**	**Level 3**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through profit or loss				
— Equity instruments at FVPL *(i)*	–	–	23,606	23,606

As at December 31, 2024

	Level 1	**Level 2**	**Level 3**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through profit or loss				
— Equity instruments at FVPL *(i)*	–	–	7,021	7,021

As at December 31, 2025

	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through profit or loss				
— Equity instruments at FVPL *(i)*	–	–	4,913	4,913

(i) The above equity instruments are unlisted entities. Individually and in aggregate, these investments were not material.

The timing of transfers is determined at the date of the event or change in circumstances that caused the transfers. During the Track Record Period, there was no transfer between Level 1 and Level 2.

Transfers between levels in the hierarchy.

For the years ended 31 December 2023, 2024 and 2025, there were no transfers into or out of Level-3 fair value measurements of the Group's financial instruments.

(b) The Group's Valuation Process

For the financial assets, including level 3 fair values, the Group's finance department performs the valuations for financial reporting purposes. The finance department reports the valuation results to the management.

(c) The reconciliation of Level 3 assets are analyzed below:

	Financial assets at FVPL		
	Year Ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Opening balance	44,050	23,606	7,021
Disposals	(5,592)	(8,508)	–
Changes in fair value through profit or loss	(14,852)	(8,077)	(2,108)
Closing balance	23,606	7,021	4,913

(i) The fair values of unlisted equity instruments designated at fair value through profit or loss (FVPL) as of December 31, 2023, and 2024 were determined with reference to the adjusted net asset value of the underlying investments. The most significant of these is an investment in a fund. The fund's objective is to invest in a portfolio of listed equity securities. Accordingly, the adjusted net asset value represents the aggregate fair value of the fund's listed holdings, reduced by the accrual for estimated future management fees payable.

The fair values of unlisted equity instruments designated at fair value through profit or loss (FVPL) as of December 31, 2025 were determined with reference to valuation under market approach. The key assumptions used to determine the fair value include Price-to-Sale Ratio ("P/S"), Discount for lack of marketability ("**DLOM**"), and discount for other risks. The P/S, DLOM and discount for other risks used for the valuation is 2.33, 30.59% and 18.00%, respectively.

If the P/S used had been 5% higher/lower for equity instruments at FVPL, the profit/(loss) before tax for the years ended December 31, 2025 would have been approximately RMB246,000 higher/lower.

If the DLOM used had been 5% higher/lower for equity instruments at FVPL, the profit/(loss) before tax for the years ended December 31, 2025 would have been approximately RMB354,000 lower/higher.

If the discount for other risks used had been 5% higher/lower for equity instruments at FVPL, the profit/(loss) before tax for the years ended December 31, 2025 would have been approximately RMB300,000 lower/higher.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Group continually evaluates the critical accounting estimates and key judgments applied based on historical experience and other factors, including expectations of future events that are believed to be reasonable.

The critical accounting estimates and key assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are outlined below:

(a) Provision Against Obsolete and Slow-Moving Inventories

The Group reviews the condition of its inventories and makes a provision against obsolete and slow-moving inventory items which are identified as no longer suitable for sale or use. In determining the amount of provision required for obsolete and slow-moving inventories, the Group would evaluate aging analysis of inventories and compare the carrying amounts of inventories to their respective net realizable value.

Management estimates the net realizable value for such inventories based primarily on the latest invoice prices and current market conditions. The Group carries out an inventory review at the end of each reporting period and makes a provision against obsolete and slow-moving items. The provision against obsolete and slow-moving inventories requires the use of judgments and estimates. Where the expectation is different from the original estimate, such difference will have an impact on the carrying value of inventories and the write-down of inventory amount in the year in which such estimates have been changed.

(b) Allowance for Expected Credit Loss of Receivables

Except for certain trade receivables from customers with specific credit risk that management adopts an individual impairment assessment approach, the Group uses a provision matrix to calculate ECLs for receivables. The loss allowances for receivables are based on assumptions about risk of default and expected loss rates to determine the expected loss. The Group uses judgment in making these assumptions and selecting the inputs to the impairment calculation. The historical loss rates are adjusted to reflect the forward-looking information on macroeconomic factors as well as the credit rating analysis of respective customers and other external data which have impacts to the ability of the customers to settle the receivables.

The Group takes into account different macroeconomic scenarios in considering forward-looking information in Chinese Mainland and abroad. The Group regularly monitors and reviews the key macroeconomic assumptions and parameters related to the calculation of expected credit losses. The Group has identified the Gross Domestic Product ("**GDP**") of the countries in which it sells its goods to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

(c) Impairment of Non-Financial Assets

The non-financial assets, mainly including property, plant and equipment, intangible assets, investments in associate, investments in subsidiaries, as well as right-of-use assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be fully recoverable. The recoverable amounts have been determined based on value-in-use ("**VIU**") calculations or fair value less costs of disposal ("**FVLCD**"). These calculations require the use of judgments and estimates.

Judgment is required to identify any impairment indicators existing for any of the Group's non-financial assets, to determine appropriate impairment approaches, i.e., fair value less costs of disposal or value in use, for impairment review purposes, and to select key assumptions applied in the adopted valuation models. Changing the assumptions selected by management in assessing impairment could materially affect the result of the impairment test and in turn affect the Group's financial condition and results of operations. If there is a significant adverse change in the key assumptions applied, it may be necessary to take additional impairment charge to the consolidated statements of profit or loss.

(d) Income Tax and Deferred Taxation

Estimation and judgment are required in determining the amount of the provision for income tax. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recognized, such differences will impact on the income tax and deferred taxation provisions in the period in which such determination is made.

Deferred tax assets are recognized 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 deductible temporary difference can be utilized. Significant estimation is required in determining the recoverability of deferred tax assets.

In the event that future tax rules and regulations or related circumstances change, adjustments to current and deferred taxation may be necessary which would impact on the Group's results or financial position.

(e) Fair Value Measurement of Financial Assets at Level 3 Fair Value Hierarchy

The fair value of financial instruments classified as level 3 is determined using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. For details of the valuation techniques, inputs and key assumptions used in the determination of the fair value of financial assets at level 3 fair value hierarchy see Note 3.6.

(f) Provisions

Provision is made for estimated warranty claims in respect of certain vehicle diagnostics solutions and charging solutions sold during the warranty periods. Management estimates the related provision for future warranty claims based on historical warranty claim information, as well as recent trends that might suggest that past cost information could differ from future claims. Factors that could impact the estimated claim information include the success of the Group's productivity and quality initiatives, as well as cost per claim to satisfy the warranty obligation. The estimation basis is reviewed on an on-going basis and revised where appropriate.

5. REVENUE AND SEGMENT INFORMATION

(a) Revenue

The following is an analysis of the Group's revenue from major end-use products and services:

	Year Ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Sale of products			
Diagnostic devices			
— Diagnostic tablets and others	1,286,594	1,267,392	1,392,009
— TPMS	532,440	705,750	1,007,321
— ADAS	307,484	390,457	381,232
— Others	163,711	208,833	198,975
Charging network	566,527	866,701	1,241,917
Material sales	28,278	38,661	51,164
Provision of services			
Diagnostic software	352,761	442,584	529,964
Charging software	6,207	3,257	14,862
Others	–	–	6,889
Revenue from contracts with customers	3,244,002	3,923,635	4,824,333
Lease income	7,150	8,621	8,419
Total	**3,251,152**	**3,932,256**	**4,832,752**

Geographical information by customers

The amount of the Group's revenue from contracts with customers by location is shown in the table below:

	Year Ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
North America	1,697,908	1,989,838	2,553,948
Europe	538,132	789,892	922,429
Chinese Mainland	81,374	101,183	124,422
Others *(i)*	926,588	1,042,722	1,223,534
	3,244,002	**3,923,635**	**4,824,333**

(i) Primarily include non-China standard products sold to cross-border e-commerce platforms.

Timing of revenue from contracts with customers recognition

	Year Ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Timing of revenue recognition			
Products or services transferred at a point in time	2,885,034	3,477,794	4,279,507
Services transferred over time	358,968	445,841	544,826
	3,244,002	3,923,635	4,824,333

(b) Segment Information

Operating segment is reported in a manner consistent with the internal reporting provided to the chief operating decision maker ("**CODM**"). The executive directors assess the financial performance and position of the Group and make strategic decisions. The executive directors, which has been identified as being the CODM, consists of the executive director and the chief financial officer.

For the purposes of assessing segment performance and allocating resources between segments, the CODM monitor the results attributable to each reportable segment on the following bases:

Revenue and cost are allocated to the reportable segments with reference to sales generated by those segments and the costs incurred by those segments. The measure used for reporting segment profit is gross profit.

The segment information provided to the CODM for the reportable segments for the years ended December 31, 2023, 2024 and 2025 is as follows:

Segment information for the year ended December 31, 2023 is as follows:

	Chinese Mainland	North America	Europe	Other countries or regions	Elimination between segments	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue from transactions with external customers	848,547	1,754,695	540,319	100,441	–	3,244,002
Other revenue *(i)*	7,150	–	–	–	–	7,150
Inter-segment revenue	2,396,489	39,223	104,416	1,158,849	(3,698,977)	–
Cost of revenue	2,518,102	1,265,004	523,384	964,206	(3,722,162)	1,548,534
Gross profit	734,084	528,914	121,351	295,084	23,185	1,702,618
Total assets	8,469,712	1,848,782	745,339	2,350,396	(7,837,382)	5,576,847
Total liabilities	4,742,744	1,882,845	819,998	1,366,384	(6,392,586)	2,419,385

Segment information for the year ended December 31, 2024 is as follows:

	Chinese Mainland	North America	Europe	Other countries or regions	Elimination between segments	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue from transactions with external customers	1,005,769	2,003,272	790,538	124,056	–	3,923,635
Other revenue *(i)*	8,621	–	–	–	–	8,621
Inter-segment revenue	3,810,556	239,364	207,535	1,807,599	(6,065,054)	–
Cost of revenue	3,389,688	1,913,079	819,546	1,493,865	(5,765,847)	1,850,331
Gross profit	1,435,258	329,557	178,527	437,790	(299,207)	2,081,925
Total assets	9,274,727	2,452,365	848,496	2,779,424	(9,170,277)	6,184,735
Total liabilities	5,626,781	2,536,191	938,854	1,439,787	(7,656,786)	2,884,827

Segment information for the year ended December 31, 2025 is as follows:

	Chinese Mainland	North America	Europe	Other countries or regions	Elimination between segments	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue from transactions with external customers	1,237,720	2,548,117	921,253	117,243	–	4,824,333
Other revenue *(i)*	8,419	–	–	–	–	8,419
Inter-segment revenue	4,533,890	37,997	222,439	1,985,675	(6,780,001)	–
Cost of revenue	3,989,057	2,080,212	899,736	1,670,833	(6,498,901)	2,140,937
Gross profit	1,790,972	505,902	243,956	432,085	(281,100)	2,691,815
Total assets	12,125,294	2,765,205	1,218,490	3,134,258	(12,106,916)	7,136,331
Total liabilities	8,352,934	2,788,074	1,303,168	1,494,228	(10,369,375)	3,569,029

(i) Other revenue represents lease income.

(c) Revenue from Major Customers

There was no customer who individually contributed 10% or more of the Group's revenue for the years ended December 31, 2023, 2024 and 2025.

(d) Contract Liabilities

During the Track Record Period, the additions to the contract liabilities were primarily due to cash collections in advance of fulfilling performance obligations, while the reductions to the contract liabilities were primarily due to the recognition of revenues upon fulfillment of performance obligations.

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Non-current:			
Contract liabilities in relation to provision of services	123,470	241,980	447,657
Current:			
Contract liabilities in relation to sale of goods and provision of services	312,156	381,715	476,717

As at January 1, 2023, the Group's contract liabilities from customers amounted to approximately RMB385,252,000.

Contract liabilities of the Group mainly arise from the non-refundable advance payments made by customers while the underlying services are yet to be provided. Such liabilities increased mainly as a result of the growth of the Group's vehicle diagnostics solutions and charging solutions.

The following table shows how much of the revenue, which was included in the contract liabilities at the beginning of the year, recognized during the Track Record Period relates to carried-forward contract liabilities:

	Year Ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Revenue recognized that was included in the beginning balance	267,365	306,107	311,979

Management expects that the unsatisfied performance obligations, recognized as current liabilities, will be fulfilled within one year, while the non-current portion will be fulfilled over the following one to three years.

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Non-current:			
Contract liabilities in relation to provision of services	58,523	51,560	74,827
Current:			
Contract liabilities in relation to sale of goods and provision of services	52,622	106,411	136,504

As at January 1, 2023, the Company's contract liabilities from customers amounted to approximately RMB87,713,000.

(e) Accounting Policies and Significant Judgments for Revenue Recognition

The Group recognizes revenue when (or as) a performance obligation is satisfied, i. e., when control of the goods or services underlying the particular performance obligation is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the goods and services may be transferred over time or at a point in time. Control of the goods and services is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer;
- creates or enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date

If control of the goods and services transfers over time, revenue is recognized over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognized at a point in time when the customer obtains control of the goods and 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 recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Contracts with customers may include multiple performance obligations. For such arrangements, the Group allocates revenue to each performance obligation based on its relative standalone selling price. The Group generally determine standalone selling prices based on the prices charged to customers. If the standalone selling price is not directly observable, it is estimated using expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information. Assumptions and estimations have been made in estimating the relative selling price of each distinct performance obligation, and changes in judgments on these assumptions and estimates may impact the revenue recognition.

If a customer pays consideration or the Company has a right to an amount of consideration that is unconditional, before the Company transfers goods or services to the customer, the Company presents the contract liability when the payment is made. A contract liability is the Company's obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer.

(i) Products revenue

The Group is principally engaged in research and development, design, manufacturing and sales of diagnostic devices and charging networks.

The Group recognizes revenue at a point in time for sales of products.

Some contracts set forth multiple obligations, including the sale of diagnostic devices and the provision of related diagnostic software for a specified post-sale period. As these contracts contain two distinct performance obligations, the transaction price must be allocated to the performance obligations on a relative stand-alone selling price basis. Management determines the stand-alone selling prices at the contract's commencement, and any discount inherent in the arrangement is apportioned between the two components in proportion to these estimated prices.

Revenue from domestic sales of products shall be recognized at a point in time based on the sales contracts, settlement vouchers and other documents generally upon the completion of products delivery and arriving to the named place of destination and acceptance by the customers. Upon confirming the acceptance, the customer has the right to sell the products at its discretion and takes the risks of any price fluctuation and obsolescence and loss of the products.

Revenue from oversea sales of products shall be recognized based on the sales contracts, customs declaration form, bill of lading, and other documents. Upon the completion of customs declaration or arrival to the named port, the buyer has the right to sell the products at its discretion and takes the risks of any price fluctuation and obsolescence and loss of the products.

(ii) Services Revenue

Service revenue primarily comprises fees from softwares related to diagnostic products and charging networks. Revenue from these contracts is recognized over time as follows:

Diagnostic software: This service delivers vehicle model updates and functionality expansions services for diagnostic and testing application software.

Charging software: This service provides end-customers with intelligent operations, maintenance, and charging payment solutions.

As the Group delivers benefits that are simultaneously received and consumed by the customer, revenue from both types is systematically recognized on a straight-line basis over the respective service terms.

For services revenue generated from provision of R&D services, testing services and other services, the revenue is recognized at a point in time upon acceptance of such services by the customer given that the Group cannot transfer the benefit to the customers as it performs and therefore does not satisfy its performance obligation over time. The cost of fulfilling the services is recognized as an asset when the costs are expected to be recovered and amortized into cost of revenue at a point in time when the corresponding revenue is recognized if they meet the capitalization criteria as described under IFRS 15. The fulfillment costs of the services that are not recoverable are recognized as cost of revenue.

6. OTHER INCOME

	Year Ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
VAT refund *(i)*	37,618	63,481	63,030
Government grants	26,138	7,235	17,234
Interest income *(ii)*	3,439	27	5,698
Others	898	873	516
	68,093	**71,616**	**86,478**

(i) Pursuant to the Announcement [2011] No. 100 "Notice on the VAT Policies for Software Products (《關於軟件產品增值稅政策的通知》)" issued in 2011 by the Ministry of Finance and the State Taxation Administration, the portion of the actual VAT burden exceeding 3% is subject to an immediate refund upon collection. One subsidiary enjoys the preferential policy during the Track Record Period.

(ii) The amount mainly comprises interest income on the Group's structured deposits. Interest income from cash and cash equivalents is included in "Finance (costs)/income, net" (Note 10).

7. OTHER GAINS/(LOSSES), NET

	Year Ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Factoring costs for trade receivables	(25,657)	(32,457)	(20,464)
Net (losses)/gains on settlement of derivative instruments	(8,636)	–	6,280
Fair value changes in equity investments	(14,852)	(8,077)	(2,108)
Net foreign exchange gains	74,117	38,679	86,593
Net losses on disposal of property, plant and equipment and other non-current assets	(24)	(4,834)	(305)
Gains from disposal of other non-current financial assets	2,606	1,257	–
Remeasurement gains in relation to the loss of control over a subsidiary *(Note 38(b))*	–	57,960	–
Gains from disposal of a subsidiary *(Note 38(b))*	–	40,782	–
Gains from disposal of an associate *(Note 14)*	–	–	29,869
Settlement payment *(i)*	(221,197)	–	–
Litigation provision (recognized)/reversed *(ii)*	(24,790)	–	24,790
Others	(6,945)	(6,639)	(2,530)
	(225,378)	**86,671**	**122,125**

(i) The settlement payment resolves a lawsuit regarding the misappropriation of proprietary information and data. Following an arbitration process, and to mitigate risks associated with the evolving global political landscape and potential sanctions, the Group agreed to a settlement totaling of US$33.62 million (equivalent to RMB237,216,000) in 2023, of which RMB16,019,000 had been recorded as a provision in previous years.

(ii) Following a patent infringement dispute, a June 2023 jury verdict held the Group liable for US$6.6 million in damages. However, the district court's subsequent judgment in May 2024 ruled that the Group did not infringe the patent. Upon consultation with legal counsel, the Group has accrued an estimated liability of US$3.5 million (equivalent to RMB24,790,000) in 2023. In January 2026, the Group prevailed in the final verdict. As this favorable outcome constitutes a subsequent event that requires adjustment, the Group reversed the provision in 2025.

8. EXPENSES BY NATURE

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

	Year Ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Raw materials and consumables used	1,334,502	1,615,736	1,946,412
Employee benefit expenses *(Note 9)*	713,834	881,221	1,040,880
Depreciation and amortization	153,260	176,971	199,961
Professional service fees	120,792	143,570	140,649
Commissioned R&D service fees	5,048	1,032	1,864
Outsourcing processing fees	58,507	62,097	64,189
Traveling expenses	50,185	53,215	67,527
Advertising and promotion expenses	54,243	44,924	43,671
Impairment losses on inventories	75,250	93,163	11,268
Exhibition and sample fees	35,992	39,368	34,488
Testing and certification fees	16,483	24,074	17,362
Software service fees	18,415	23,577	46,193
Taxes and surcharges	14,907	21,785	25,263
Warehousing service fees	16,115	24,639	26,585
Auditor's remuneration			
— Audit services	1,206	1,961	2,095
— Non-audit services	189	198	264
[REDACTED] expenses	–	–	**[REDACTED]**
Other expenses	197,145	186,338	264,395
	2,866,073	**3,393,869**	**[REDACTED]**

9. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' REMUNERATION)

	Year Ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Salaries, wages and bonuses	573,604	715,166	736,003
Share-based compensation expenses	4,826	15,660	115,147
Housing fund, medical insurance and other social insurance	40,200	51,334	40,082
Pension costs — defined contribution plan *(i)*	39,700	47,535	68,929
Other employee benefits *(ii)*	55,504	51,526	80,719
	713,834	**881,221**	**1,040,880**

(i) The Group is required to make contributions for its employees in the PRC to the state-sponsored retirement plan at a certain rate based on the qualified salaries of the individual employees. The PRC government is responsible for the pension liability of the retired employees.

(ii) Other employee benefits primarily consist of staff welfare expenses, trade union funds and staff education funds.

During the years ended December 31, 2023, 2024 and 2025, no forfeited contributions were utilized by the Group to reduce its contributions for the current year.

(a) Directors' and Supervisors' Remuneration

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

Year ended December 31, 2023	Fees	Salaries, wages and bonuses	Retirement benefits	Housing fund and other benefits	Share-based compensation expenses	Total remuneration before tax
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Non-executive director:						
Mr. Gao Yihui *(i)*	–	14	–	–	–	14
Executive directors:						
Mr. Li Hongjing	–	389	19	12	1,354	1,774
Ms. Nong Yingbin	–	639	54	41	3,060	3,794
Mr. Deng Renxiang *(ii)*	–	1,001	25	19	–	1,045
Mr. Li Hong *(ii)*	–	761	28	20	–	809
Mr. Yin Hui *(i)*	–	1,341	15	24	–	1,380
Independent non-executive directors:						
Mr. Zhou Runshu *(iii)*	33	–	–	–	–	33
Mr. Chen Quanshi	72	–	–	–	–	72
Ms. Liang Danni	72	–	–	–	–	72
Ms. Liu Ying *(iii)*	39	–	–	–	–	39
Supervisors:						
Mr. Qu Songsong *(iv)*	–	834	53	43	46	976
Ms. Zhou Qiufang	–	303	13	15	–	331
Mr. Deng Renxiang *(iv)*	–	1,001	–	–	–	1,001
Independent supervisor:						
Mr. Ren Junzhao	–	30	–	–	–	30
	216	**6,313**	**207**	**174**	**4,460**	**11,370**

(a) Directors' and Supervisors' Remuneration

Year ended December 31, 2024	Fees	Salaries, wages and bonuses	Retirement benefits	Housing fund and other benefits	Share-based compensation expenses	Total remuneration before tax
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors:						
Mr. Li Hongjing	–	424	19	12	2,615	3,070
Ms. Nong Yingbin	–	1,400	53	41	1,351	2,845
Mr. Deng Renxiang	–	1,273	48	29	205	1,555
Mr. Yin Hui	–	1,353	25	32	164	1,574
Independent non-executive directors:						
Mr. Chen Quanshi	72	–	–	–	–	72
Ms. Liang Danni	72	–	–	–	–	72
Ms. Liu Ying	72	–	–	–	–	72
Supervisors:						
Mr. Qu Songsong	–	940	53	43	19	1,055
Ms. Zhou Qiufang	–	552	13	15	–	580
Independent supervisor:						
Mr. Ren Junzhao	–	30	–	–	–	30
	216	**5,972**	**211**	**172**	**4,354**	**10,925**

Year ended December 31, 2025	Fees	Salaries, wages and bonuses	Retirement benefits	Housing fund and other benefits	Share-based compensation expenses	Total remuneration before tax
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors:						
Mr. Li Hongjing	–	1,393	19	12	16,778	18,202
Ms. Nong Yingbin	–	1,096	53	41	5,593	6,783
Mr. Deng Renxiang	–	1,274	48	29	1,678	3,029
Mr. Yin Hui	–	1,422	26	32	1,342	2,822
Independent non-executive directors:						
Mr. Chen Quanshi (v)	22	–	–	–	–	22
Ms. Liang Danni (vi)	66	–	–	–	–	66
Ms. Liu Ying	72	–	–	–	–	72
Ms. Zhao Yajuan (v)	50	–	–	–	–	50
Mr. Qu Feng (vi)	6	–	–	–	–	6
Supervisors:						
Mr. Qu Songsong (vii)	–	583	48	43	–	674
Ms. Zhou Qiufang (vii)	–	334	11	14	–	359
Independent supervisor:						
Mr. Ren Junzhao (vii)	–	28	–	–	–	28
	244	**6,102**	**205**	**171**	**25,391**	**32,113**

(i) Mr. Gao Yihui resigned as a non-executive director of the Company on June 15, 2023. Mr. Yin Hui was appointed as an executive director of the Company on June 15, 2023.

(ii) Mr. Li Hong resigned as an executive director of the Company on June 15, 2023. Mr. Deng Renxiang was appointed as an executive director of the Company on June 15, 2023.

(iii) Mr. Zhou Runshu resigned as an independent non-executive director of the Company on June 15, 2023. Ms. Liu Ying was appointed as an independent non-executive director of the Company on June 15, 2023.

(iv) Mr. Deng Renxiang resigned as a supervisor of the Company on June 15, 2023. Mr. Qu Songsong was appointed as a supervisor of the Company on June 15, 2023.

(v) Mr. Chen Quanshi resigned as an independent non-executive director of the Company on April 18, 2025. Ms. Zhao Yajuan was appointed as an independent non-executive director of the Company on April 18, 2025.

(vi) Ms. Liang Danni resigned as an independent non-executive director of the Company on November 28, 2025. Mr. Qu Feng was appointed as an independent non-executive director of the Company on November 28, 2025.

(vii) Pursuant to the 3rd extraordinary shareholders' meeting on November 28, 2025, the Company abolished the board of supervisors. Therefore, the remuneration disclosed only covers the period from January 2025 to November 2025.

(viii) The directors' remuneration disclosed above includes all share-based compensation expenses recognized in profit or loss during the Track Record Period. This comprises: (i) the current-period allocation of the grant-date fair value for awards granted prior to the Track Record Period since 2018, and (ii) expenses for awards granted during the Track Record Period, with their fair values determined at the respective grant dates. Further details are provided in Note 34 to the Historical Financial Information.

(b) Directors' and Supervisors' Other Benefits

No termination benefits were paid to the directors and supervisors of the Company by the Group in respect of the director's services as a director and a supervisor of the Group or other services in connection with the management of the affairs of the Group during the Track Record Period.

No consideration provided to third parties for making available directors' and supervisors' services subsisted at the end of each reporting period or at any time during the Track Record Period.

There were no loans, quasi-loans or other dealings entered into in favor of directors, controlled bodies corporate by and connected entities with such directors during the Track Record Period.

Save as disclosed in Note 40, there were no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director and a supervisor of the Company had a material interest, whether directly or indirectly, subsisted during the Track Record Period.

(c) Five Highest Paid Individuals

The five individuals whose emoluments were the highest in the Group for the years ended December 31, 2023, 2024 and 2025 include 1, 2 and 2 directors respectively whose emoluments are reflected in the analysis shown in Note 9(a) above. The emoluments paid to the remaining 4, 3 and 3 individuals during the years ended December 31, 2023, 2024 and 2025, respectively, are as follows:

	Year Ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Wages, salaries and bonuses and benefits in kind (including contributions to pension plans)	12,507	9,123	5,717
Share-based payments	–	891	9,430
	12,507	**10,014**	**15,147**

Details of the remuneration of the five highest paid employees who are neither a director nor a supervisor of the Company during the Track Record Period are as follows:

	Year Ended December 31,		
	2023	2024	2025
HKD2,000,001 to HKD2,500,000	1	–	–
HKD2,500,001 to HKD3,000,000	2	–	–
HKD3,000,001 to HKD3,500,000	–	–	–
HKD3,500,001 to HKD4,000,000	–	3	–
HKD4,000,001 to HKD4,500,000	–	–	–
HKD5,000,001 to HKD5,500,000	–	–	2
HKD5,500,001 to HKD6,000,000	1	–	–
HKD6,000,001 to HKD6,500,000	–	–	1
	4	**3**	**3**

10. FINANCE (COSTS)/INCOME, NET

	Year Ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Finance income:			
Interest income from financial assets held for cash management purposes	10,512	26,120	28,307
Finance costs:			
Interest expenses on lease liabilities	3,404	2,373	5,036
Interest expenses on bank borrowings	1,505	1,427	–
Interest expenses on convertible bonds	47,287	47,257	50,411
	52,196	51,057	55,447
Finance (costs)/income, net	**(41,684)**	**(24,937)**	**(27,140)**

11. INCOME TAX EXPENSE

The income tax expense of the Group during the Track Record Period is analyzed as follows:

	Year Ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Current income tax	70,152	107,056	122,912
Deferred income tax	(42,927)	(30,230)	65,728
	27,225	**76,826**	**188,640**

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

(a) PRC Corporate Income Tax

In accordance with the relevant regulations of the Enterprise Income Tax laws (the "**EIT Law**") of the PRC, the applicable statutory tax rate of the PRC subsidiaries is 25% unless those subject to tax exemption set out below.

During the Track Record Period, the Company and certain subsidiaries of the Group have obtained High and New Technology Enterprises certification ("**HNTE**") and hence they are entitled to a preferential corporate income tax rate of 15% for a valid period of 3 years.

Pursuant to Guofa [2020] No. 8 "Notice of the State Council on Issuing Several Policies for Promoting the High-Quality Development of the Integrated Circuit Industry and Software Industry in the New Era" (國務院關於印發新時期促進集成電路產業和軟件產業高質量發展若干政策的通知), one subsidiary of the Group is entitled to a preferential CIT rate of 10% during the Track Record Period.

Pursuant to Caishui [2023] No. 12 "Announcement on the Income Tax Preferential Policies for Small Meagre-profit Enterprises and Self-employed Businesses" (關於小微企業和個體工商戶所得稅優惠政策的公告), certain subsidiaries were qualified for Small Meagre-profit Enterprises and entitled to a preferential income tax rate of 20% on the 25% of taxable income not exceeding RMB3,000,000 from January 1, 2023 to December 31, 2027.

According to the relevant laws and regulations promulgated by the State Taxation Administration of the PRC, enterprises engaging in research and development activities are entitled to claim 175% from 2018 onwards (subsequently raised to 200% from 2022 onwards) of their research and development expenses incurred as tax deductible expenses when determining their assessable profits for that year (the "**Super Deduction for research and development**").

(b) Hong Kong Profits Tax

Hong Kong profits tax rate is 16.5%. No Hong Kong profit tax was provided for as the business of Autel Hong Kong Holding Limited qualifies as offshore operations that was not subject to Hong Kong profits tax during the Track Record Period.

(c) Corporate Income Tax in Other Jurisdictions

Autel Vietnam Company Limited are eligible for a two-year tax exemption followed by four years of 50% tax reduction under the preferential tax policies of their respective locations (calculated from the year profits are generated, not exceeding three years). It began generating profits in 2019. It received a 50% tax reduction and paid corporate income tax at a 10% rate during the Track Record Period.

Autel Viet Nam New Energy Technology Company Limited are eligible for a four-year tax exemption followed by nine years of 50% tax reduction under the preferential tax policies of their respective locations (calculated from the year profits are generated, not exceeding three years). It began generating profits in 2022. It was exempt from corporate income tax during the Track Record Period.

The subsidiary in Dubai was exempt from corporate income tax under the preferential tax policies during the Track Record Period.

The subsidiaries in the U.S. are subject to a 21% federal corporate income tax rate. Additionally, they must also file income tax with the states where they conduct actual business operations at the applicable tax rates.

The subsidiary in Germany is subject to a 15% federal corporate income tax, a 5.5% solidarity surcharge (calculated on the federal corporate income tax amount), and a trade tax (with a base rate of 3.5% adjusted by the multiplier prevailing in its location) during the Track Record Period.

The subsidiary in United Kingdom with profits exceeding £250,000 are subject to a 25% corporate income tax rate (effective from 1 April 2023), while those with profits not exceeding £50,000 are subject to a small profits rate of 19% (effective from 1 April 2023).

The subsidiary in Netherlands is subject to a corporate income tax rate of 19% applies to the taxable amount not exceeding €200,000. The portion of the taxable amount exceeding €200,000 is subject to a tax rate of 25.8%.

The income tax rates of the subsidiaries in Japan, Italy, Mexico, Brazil, France, Australia, Sweden and Spain are 23.2%, 24%, 30%, 34%, 25%, 30%, 20.6% and 25%, respectively.

The subsidiary in Dubai is exempt from corporate income tax if it does not exceed AED 375,000; the portion exceeding the taxable amount shall be subject to corporate income tax at a rate of 9%.

(d) The income tax on the Group's profit before income tax differs from the theoretical amount that would arise using the enacted tax rate applicable to profits of the subsidiaries as follows:

	Year Ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Profit before income tax	**166,947**	**637,163**	**1,079,121**
Calculated at the PRC taxation rate of the Company (15%)	25,042	95,574	161,868
Effect of different tax rates applicable to subsidiaries *(i)*	(22,412)	(65,115)	(31,606)
Super deduction for research and development expenses	(73,006)	(91,591)	(127,329)
Non-deductible expenses for tax purposes	4,890	3,841	1,721
Utilization of previously unrecognized tax losses and temporary differences	(366)	(2,601)	(10,993)
Unused tax losses and temporary differences not recognized as deferred tax assets *(ii)*	97,971	138,614	187,315
Adjusting for current tax of prior periods	129	–	–
Others	(5,023)	(1,896)	7,664
	27,225	**76,826**	**188,640**

(i) Reconciling differences are attributable to variations between the statutory tax rates or preferential tax rate applicable to certain subsidiaries and the parent company's 15% rate.

(ii) The deferred income tax arose from dividend income of Autel Hong Kong Holding Limited ("Autel Hong Kong"), a wholly-owned investment holding platform of the Company. Prior to 2022, Autel Hong Kong wholly owned Autel Vietnam Company Limited ("Autel Vietnam"), which was primarily engaged in the production of diagnostic devices. Autel Vietnam commenced operations in September 2018 and started production and generated profits from 2019. Due to its early-stage capital expenditure needs, no dividends were declared to Autel Hong Kong during that period.

In 2022, as part of the Group's strategic restructuring, Autel Vietnam was transferred to Hainan Autel Technology Co., Ltd. ("Autel Hainan"). Prior to the transfer, Autel Vietnam declared dividends to Autel Hong Kong for the years ended December 31, 2019, 2020, and 2021, totaling RMB484 million, which were recorded as other receivables by Autel Hong Kong. Autel Hong Kong does not generate any operating revenue and has minimal capital requirements. Therefore, the Company expects that, upon receipt of dividends from Autel Vietnam, Autel Hong Kong will declare dividends to the Company, given its minimal capital requirements.. Accordingly, for the unremitted earnings of Autel Hong Kong, the Company recognized a deferred tax liability of RMB75.7 million, calculated at the Company's statutory tax rate of 15%, as it determined that those profits would be distributed in the foreseeable future.

As a result of this restructuring, Autel Hong Kong no longer holds any material operating subsidiaries and has since generated only minimal profits. Accordingly, no additional income tax liabilities have been recognized thereafter.

(iii) Deferred income tax assets relating to these unused tax losses are not recognized as the management considers it is uncertain to utilize these unrecognized tax credits prior to their expiry dates mainly because there are accumulated unused tax losses and the Group will continue to invest on research and development activities and expect to continue to enjoy the Super Deduction for research and development.

12. DIVIDENDS

	Year Ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Final dividends in respect of the previous year, declared and paid during the year *(i)*	–	176,358	222,760
Interim dividends in respect of current year, declared and paid during the year *(ii)*	–	176,358	382,932
	–	**352,716**	**605,692**

(i) The final dividends of RMB4.0 and RMB5.0 per 10 shares (tax inclusive) in respect of the years ended 31 December 2023 and 2024 were approved by the Annual General Meeting of the Company.

(ii) The interim dividend in respect of June 30, 2024 and 2025 of RMB4.0 and RMB5.8 per 10 shares (tax inclusive) was approved by the extraordinary Shareholders' meeting on August 19, 2024 and September 1, 2025.

13. EARNINGS PER SHARE

(a) Basic Earnings Per Share

The calculation of basic earnings per share is based on the following:

	Year Ended December 31,		
	2023	2024	2025
Profit attributable to ordinary shareholders of the Company used in calculating basic earnings per share *(RMB'000)*	179,233	640,925	935,875
Weighted average number of ordinary shares in issue *(thousands)*	448,554	442,002	658,155
Adjustment to the capitalized portions of share premium to issue additional shares in 2025 *(thousands)*	219,792	216,581	–
Weighted average number of ordinary shares used in calculating earnings per share *(thousands)*	668,346	658,583	658,155
Basic Earnings Per Share *(RMB per share)*	**0.27**	**0.97**	**1.42**

(b) Diluted Earnings Per Share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

	Year Ended December 31,		
	2023	**2024**	**2025**
Profit attributable to ordinary shareholders of the Company used in calculating basic earnings per share *(RMB'000)*	179,233	640,925	935,875
Adjustment attributable to interest on potential convertible bonds, net of tax *(RMB'000)*	–	40,169	42,847
Adjusted profit attributable to owners of the Company used in calculating diluted earnings per share *(RMB'000)*	179,233	681,094	978,722
Weighted average number of ordinary shares in issue *(thousands)*	448,557	442,002	658,155
Adjustments for potential shares arising from share schemes and convertible bonds *(thousands)*	–	38,271	59,021
Adjustment to the capitalized portions of share premium to issue additional shares in 2025 *(thousands)*	219,792	235,334	–
Weighted average number of ordinary shares used in calculating diluted earnings per share *(thousands)*	668,349	715,607	717,176
Diluted Earnings Per Share *(RMB per share)*	**0.27**	**0.95**	**1.36**

Pursuant to the resolution passed at the 2024 Annual General Meeting held on April 18, 2025, the Company increased its share capital by capitalizing portions of its share premium, issuing 4.9 additional shares for every 10 existing shares held. The basic and diluted earnings per share for the Track Record Period have been restated retrospectively based on this share capitalization ratio.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

For the years ended December 31, 2023, the restricted shares (Note 34) were not included in the calculation of diluted earnings per share because their inclusion would have been anti-dilutive.

For the years ended December 31, 2023, the Company's convertible bonds were not included in the calculation of diluted earnings per share because the conversion price exceeded the market price of the shares, rendering the potential ordinary shares anti-dilutive.

14. INVESTMENTS IN ASSOCIATES

The amounts of investments in associates recognized in the Historical Financial Information are as follows:

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Associates	**–**	**46,871**	**500**

The movements of investments in associates during the Track Record Period are as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	1,401	–	46,871
Addition	–	–	500
Disposal	–	–	(78,691)
Remeasurement gains in relation to the loss of control over a subsidiary *(Note 38(b))*	–	57,960	–
Share of results of associates	–	(11,089)	31,820
Less: provision for impairment	(1,401)	–	–
At the end of the year	**–**	**46,871**	**500**

The associates of the Group have been accounted based on the financial information prepared under the accounting policies consistent with the Group.

The Group has interests in Shenzhen Xiaote Autel New Energy Co., Ltd. for the years ended December 31, 2023. Due to its poor performance, the Group recognized a provision against the investment and subsequently disposed of it in 2024.

As disclosed in Note 38, a strategic divestment of the Group's stake in Skyfend Technology Co., Ltd. ("**Skyfend Technology**") in 2024 led to a loss of control and its subsequent reclassification as an associate.

In September 2025, pursuant to the resolution of the 26th Meeting of the Fourth Board of Directors, and the 2nd extraordinary shareholders' meeting, the Group disposed of 46% equity interest in Skyfend Technology to the employee stock ownership platforms of Skyfend Technology and Mr. Zhao Guanjie, at a consideration of approximately RMB108,560,000, based on the valuation report issued by an independent qualified valuer, resulting in a gain of RMB29,869,000. The consideration is payable in two installments: RMB44,013,000 was paid in December 2025, with the remaining balance RMB64,547,000 to be settled within 24 months.

In October 2025, the Group invested in Zhejiang Vision Integrated Air-Ground Intelligent Technology Co., Ltd.

All of the associates are individually immaterial associates. The carrying amount and the Group's share of the results of the associates are shown as below:

Reconciliation of the carrying amount of the interests recognized in the Historical Financial Information:

The associates	As at December 31, 2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Aggregate carrying amount of individually immaterial associates	–	46,871	500
Aggregate amounts of the Group's share of:			
Loss for the year *(i)*	–	(11,089)	–

(i) The loss for the year ended December 31, 2025 does not include the profits of Skyfend Technology amounted to RMB31,820,000, given that Skyfend Technology has been disposed in 2025.

15. FINANCIAL INSTRUMENTS MEASURED AT FVPL

(a) Financial instruments at FVPL

The Group and the Company

	As at December 31, 2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Non-current			
Assets			
Other financial assets at FVPL:			
— Equity instruments at FVPL	23,606	7,021	4,913

16. SUBSIDIARIES

During the Track Record Period, the Company's principal subsidiaries are as follows:

	Name of subsidiary	Place of incorporation and type of legal entity	Share capital registered/ paid-up capital	Equity interests held by the Company As at December 31, 2023 Direct	2023 Indirect	2024 Direct	2024 Indirect	2025 Direct	2025 Indirect	Principal activities
			'000							
1	Autel Hunan Co., Ltd. (湖南省道通科技有限公司)	PRC, limited liability company	RMB150,000/ RMB140,000	100%	–	100%	–	100%	–	R&D of diagnostic software.
2	Autel Digital Power Co., Ltd. (深圳市道通合創數字能源有限公司)	PRC, limited liability company	RMB122,699/ RMB41,847	81.5%	–	81.5%	–	81.5%	–	Production and sales of charging network.
3	AUTEL NEW ENERGY US Inc.	U.S.	USD50	–	81.5%	–	81.5%	–	81.5%	Production of charging network.

				Equity interests held by the Company						
				As at December 31,						
		Place of incorporation and type of legal entity	Share capital registered/ paid-up capital	2023		2024		2025		
	Name of subsidiary			Direct	Indirect	Direct	Indirect	Direct	Indirect	Principal activities
			'000							
4	Shenzhen Autel Hesheng Software Development Co., Ltd. (深圳市道通合盛軟件開發有限公司)	PRC, limited liability company	RMB10,000	100%	–	100%	–	100%	–	R&D and sales of diagnostic software.
5	Autel US Inc.	U.S.	USD50	–	100%	–	100%	–	100%	Sales of vehicle diagnostic and charging network.
6	Autel Europe GmbH.	Germany	EUR100	100%	–	100%	–	100%	–	Sales of vehicle diagnostic and charging network.
7	Autel Hong Kong Holding Limited	Hong Kong	HKD10	100%	–	100%	–	100%	–	Investment holding company.
8	Shenzhen Autel Rainbow Information Consulting Co., Ltd. (深圳市道通彩虹信息諮詢有限公司)	PRC, limited liability company	RMB20,000	–	100%	–	100%	–	100%	Property management of buildings.
9	Autel Vietnam Company Limited	Vietnam	USD4,000	–	100%	–	100%	–	100%	Production of diagnostic devices.
10	Autel Viet Nam New Energy Technology Company Limited	Vietnam	USD2,000	–	100%	–	100%	–	100%	Production of charging network.
11	Autel Heda Supply Chain Consulting Management Co., Ltd. (深圳市道通合達供應鏈諮詢管理有限公司)	PRC, limited liability company	RMB50,000/ RMB5,050	100%	–	100%	–	100%	–	Centralized procurement of raw materials.
12	Autel Netherlands B.V.	Netherlands	EUR200	–	100%	–	100%	–	100%	Sales of vehicle diagnostic and charging network.

The statutory auditors of the above subsidiaries of the Group during the Track Record Period are set out below:

	Name of subsidiary	Name of statutory auditors 2023	2024	2025
1	Autel Hunan Co., Ltd. (湖南省道通科技有限公司)	Pan-China Certified Public Accountants LLP	Pan-China Certified Public Accountants LLP	Pan-China Certified Public Accountants LLP
2	Autel Digital Power Co., Ltd. (深圳市道通合創數字能源有限公司)	Pan-China Certified Public Accountants LLP	Pan-China Certified Public Accountants LLP	Pan-China Certified Public Accountants LLP
3	AUTEL NEW ENERGY US Inc. *(a)*	–	–	—
4	Shenzhen Autel Hesheng Software Development Co., Ltd. (深圳市道通合盛軟件開發有限公司)	Pan-China Certified Public Accountants LLP	Pan-China Certified Public Accountants LLP	Pan-China Certified Public Accountants LLP
5	Autel US Inc. *(a)*	–	–	–
6	Autel Europe GmbH *(a)*	–	–	–
7	Autel Hong Kong Holding Limited *(e)*	Confucius International CPA Limited	Confucius International CPA Limited	–
8	Shenzhen Autel Rainbow Information Consulting Co., Ltd. (深圳市道通彩虹信息諮詢有限公司)	Pan-China Certified Public Accountants LLP	Pan-China Certified Public Accountants LLP	Pan-China Certified Public Accountants LLP
9	Autel Vietnam Company Limited	Vietnam Auditing Accounting Co., Ltd	Vietnam Auditing Accounting Co., Ltd	Vietnam Auditing Accounting Co., Ltd
10	Autel Viet Nam New Energy Technology Company Limited	Vietnam Auditing Accounting Co., Ltd	Vietnam Auditing Accounting Co., Ltd	Vietnam Auditing Accounting Co., Ltd
11	Autel Heda Supply Chain Consulting Management Co., Ltd. (深圳市道通合達供應鏈諮詢管理有限公司)	Pan-China Certified Public Accountants LLP	Pan-China Certified Public Accountants LLP	Pan-China Certified Public Accountants LLP
12	Autel Netherlands B.V. *(e)*	Just Audit B.V.	Just Audit B.V.	–

(a) These entities had not appointed auditors to issue statutory financial statements for the years ended December 31, 2023, 2024 and 2025.

(b) The English names of the Chinese Mainland companies are direct translation or transliteration of their Chinese registered names.

(c) The above table lists the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results or assets and liabilities of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

(d) In the opinion of the directors, no non-controlling interests in subsidiaries are material to the Group.

(e) For the year ended December 31, 2025, the statutory financial statements of these entities have not been issued as at the date of this report.

The Company

Investments in subsidiaries

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Investments in subsidiaries	1,505,558	1,390,081	1,456,734

17. PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings	Electronic devices	Motor vehicles	Other equipment	Construction in progress	Leasehold improvement	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023							
Cost	1,054,284	89,250	39,221	156,866	19,385	18,115	1,377,121
Accumulated depreciation and impairment	(77,259)	(45,430)	(19,724)	(43,634)	–	(7,795)	(193,842)
Carrying amounts	**977,025**	**43,820**	**19,497**	**113,232**	**19,385**	**10,320**	**1,183,279**
Opening carrying amounts	977,025	43,820	19,497	113,232	19,385	10,320	1,183,279
Additions	97,159	14,578	3,299	62,707	22,620	8,854	209,217
Disposals	–	(1,219)	(1,071)	(4,047)	–	–	(6,337)
Transfers from construction in progress	40,114	–	–	–	(40,364)	250	–
Depreciation charges	(45,346)	(11,761)	(5,190)	(27,013)	–	(6,042)	(95,352)
Currency translation differences	824	(44)	(142)	478	–	(37)	1,079
Closing carrying amounts	**1,069,776**	**45,374**	**16,393**	**145,357**	**1,641**	**13,345**	**1,291,886**
At December 31, 2023							
Cost	1,192,405	102,091	40,728	214,937	1,641	27,396	1,579,198
Accumulated depreciation and impairment	(122,629)	(56,717)	(24,335)	(69,580)	–	(14,051)	(287,312)
Carrying amounts	**1,069,776**	**45,374**	**16,393**	**145,357**	**1,641**	**13,345**	**1,291,886**
At January 1, 2024							
Cost	1,192,405	102,091	40,728	214,937	1,641	27,396	1,579,198
Accumulated depreciation and impairment	(122,629)	(56,717)	(24,335)	(69,580)	–	(14,051)	(287,312)
Carrying amounts	**1,069,776**	**45,374**	**16,393**	**145,357**	**1,641**	**13,345**	**1,291,886**
Opening carrying amounts	1,069,776	45,374	16,393	145,357	1,641	13,345	1,291,886
Additions	14,519	48,347	8,137	74,554	1,728	6,888	154,173
Disposals	–	(1,019)	(2,421)	(4,701)	–	(187)	(8,328)
Effect of disposal of subsidiary	–	(6,448)	–	(8,018)	–	–	(14,466)
Transfers from construction in progress	384	–	–	236	(3,307)	2,687	–
Depreciation charges	(45,852)	(14,235)	(4,978)	(37,934)	–	(7,290)	(110,289)
Currency translation differences	1,293	(140)	4	(1,005)	–	(10)	142
Closing carrying amounts	**1,040,120**	**71,879**	**17,135**	**168,489**	**62**	**15,433**	**1,313,118**

	Buildings	Electronic devices	Motor vehicles	Other equipment	Construction in progress	Leasehold improvement	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At December 31, 2024							
Cost	1,208,604	139,941	43,936	272,815	62	36,376	1,701,734
Accumulated depreciation and impairment	(168,484)	(68,062)	(26,801)	(104,326)	–	(20,943)	(388,616)
Carrying amounts	**1,040,120**	**71,879**	**17,135**	**168,489**	**62**	**15,433**	**1,313,118**
At January 1, 2025							
Cost	1,208,604	139,941	43,936	272,815	62	36,376	1,701,734
Accumulated depreciation and impairment	(168,484)	(68,062)	(26,801)	(104,326)	–	(20,943)	(388,616)
Carrying amounts	**1,040,120**	**71,879**	**17,135**	**168,489**	**62**	**15,433**	**1,313,118**
Opening carrying amounts	1,040,120	71,879	17,135	168,489	62	15,433	1,313,118
Additions	24,158	26,847	6,952	57,041	35	5,380	120,413
Disposals	–	(839)	(468)	–	–	–	(1,307)
Transfers from construction in progress	97	–	–	–	(97)	–	–
Depreciation charges	(46,095)	(20,850)	(5,475)	(46,027)	–	(7,202)	(125,649)
Currency translation differences	(5,208)	52	(51)	(830)	–	185	(5,852)
Closing carrying amounts	**1,013,072**	**77,089**	**18,093**	**178,673**	**–**	**13,796**	**1,300,723**
At December 31, 2025							
Cost	1,227,194	164,362	49,395	326,228	–	41,940	1,809,119
Accumulated depreciation and impairment	(214,122)	(87,273)	(31,302)	(147,555)	–	(28,144)	(508,396)
Carrying amounts	**1,013,072**	**77,089**	**18,093**	**178,673**	**–**	**13,796**	**1,300,723**

(a) Property, plant, and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements, the shorter of lease term as follows:

Buildings	20–40 years
Electronic devices	5–10 years
Motor vehicles	5 years
Other equipment	3–5 years
Leasehold improvement	Shorter of their useful life and lease term

See Note 42 for the other accounting policies relevant to property, plant and equipment.

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

	Year Ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Cost of revenue	17,271	23,195	25,330
Selling and marketing expenses	4,825	5,324	5,703
General and administrative expenses	31,969	31,569	31,271
Research and development expenses	41,287	50,201	63,345
	95,352	**110,289**	**125,649**

The Company

	Buildings	Electronic devices	Motor vehicles	Other equipment	Construction in progress	Leasehold improvement	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023							
Cost	145,257	56,416	22,491	58,421	5,908	4,757	293,250
Accumulated depreciation and impairment	(10,295)	(31,717)	(13,200)	(20,272)	–	(1,916)	(77,400)
Carrying amounts	**134,962**	**24,699**	**9,291**	**38,149**	**5,908**	**2,841**	**215,850**
Opening carrying amounts	134,962	24,699	9,291	38,149	5,908	2,841	215,850
Additions	11,593	4,141	1,425	10,673	384	1,011	29,227
Transfers from construction in progress	5,908	–	–	–	(5,908)	–	–
Disposals	–	(512)	(914)	(1,771)	–	–	(3,197)
Depreciation charges	(4,977)	(6,720)	(2,685)	(11,257)	–	(2,703)	(28,342)
Closing carrying amounts	**147,486**	**21,608**	**7,117**	**35,794**	**384**	**1,149**	**213,538**
At December 31, 2023							
Cost	162,759	59,874	22,503	67,248	384	5,768	318,536
Accumulated depreciation and impairment	(15,273)	(38,266)	(15,386)	(31,454)	–	(4,619)	(104,998)
Carrying amounts	**147,486**	**21,608**	**7,117**	**35,794**	**384**	**1,149**	**213,538**
At January 1, 2024							
Cost	162,759	59,874	22,503	67,248	384	5,768	318,536
Accumulated depreciation and impairment	(15,273)	(38,266)	(15,386)	(31,454)	–	(4,619)	(104,998)
Carrying amounts	**147,486**	**21,608**	**7,117**	**35,794**	**384**	**1,149**	**213,538**
Opening carrying amounts	147,486	21,608	7,117	35,794	384	1,149	213,538
Additions	3,443	29,408	2,074	8,967	–	1,065	44,957
Transfers from construction in progress	384	–	–	–	(384)	–	–
Disposals	(31,807)	(90)	(2,085)	(70)	–	–	(34,052)
Depreciation charges	(3,608)	(7,447)	(1,892)	(11,458)	–	(244)	(24,649)
Closing carrying amounts	**115,898**	**43,479**	**5,214**	**33,233**	**–**	**1,970**	**199,794**

	Buildings	Electronic devices	Motor vehicles	Other equipment	Construction in progress	Leasehold improvement	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At December 31, 2024							
Cost	132,689	87,686	20,588	75,890	–	6,833	323,686
Accumulated depreciation and impairment	(16,791)	(44,207)	(15,374)	(42,657)	–	(4,863)	(123,892)
Carrying amounts	**115,898**	**43,479**	**5,214**	**33,233**	**–**	**1,970**	**199,794**

	Buildings	Electronic devices	Motor vehicles	Other equipment	Leasehold improvement	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2025						
Cost	132,689	87,686	20,588	75,890	6,833	323,686
Accumulated depreciation and impairment	(16,791)	(44,207)	(15,374)	(42,657)	(4,863)	(123,892)
Carrying amounts	**115,898**	**43,479**	**5,214**	**33,233**	**1,970**	**199,794**
Opening carrying amounts	115,898	43,479	5,214	33,233	1,970	199,794
Additions	–	15,728	933	12,678	1,734	31,073
Transfers from construction in progress	–	–	–	–	–	–
Disposals	–	(803)	–	(1,501)	–	(2,304)
Depreciation charges	(3,630)	(12,970)	(1,667)	(11,944)	(300)	(30,511)
Closing carrying amounts	**112,268**	**45,434**	**4,480**	**32,466**	**3,404**	**198,052**
At December 31, 2025						
Cost	132,690	101,652	21,521	86,873	8,567	351,303
Accumulated depreciation and impairment	(20,422)	(56,218)	(17,041)	(54,407)	(5,163)	(153,251)
Carrying amounts	**112,268**	**45,434**	**4,480**	**32,466**	**3,404**	**198,052**

18. LEASES

This note provides information for leases where the Group is a lessee.

(a) Amounts Recognized in the Consolidated Statements of Financial Position

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Right-of-use assets			
Land use right	19,192	18,324	17,305
Buildings	63,987	48,029	247,084
Motor vehicles	–	–	810
	83,179	**66,353**	**265,199**
Lease liabilities			
Current	23,971	27,423	53,927
Non-current	43,287	25,115	201,824
	67,258	**52,538**	**255,751**

Additions to the right-of-use assets during the years ended December 31, 2023, 2024 and 2025 were approximately RMB36,184,000, RMB12,673,000 and RMB238,493,000, respectively.

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Right-of-use assets			
Buildings	**74,163**	**47,474**	**184,357**
Lease liabilities			
Current	28,015	26,750	50,562
Non-current	92,653	77,290	177,343
	120,668	**104,040**	**227,905**

Additions to the right-of-use assets during the years ended December 31, 2023, 2024 and 2025 were approximately RMB3,143,000, RMB911,000 and RMB155,207,000, respectively.

(b) The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used. The discount rate used during the years ended December 31, 2023, 2024 and 2025 were 4.35%, 1.07% to 4.52%, 1.07% to 5.00% respectively.

(c) Amounts Recognized in the Consolidated Statements of Profit or Loss

The consolidated statements of profit or loss shows the following amounts relating to leases:

	Year Ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Depreciation charge of right-of-use assets:			
— Land use right	537	527	519
— Buildings	23,117	28,586	31,423
— Motor vehicles	–	–	235
	23,654	**29,113**	**32,177**

The consolidated statements of cash flows contain the following amounts relating to leases:

	Year Ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Interest expenses (including in finance costs)	3,404	2,373	5,036
Expenses relating to short-term and low value leases not included in lease liabilities	16,057	12,448	15,409

The total cash outflows for lease payments during the years ended December 31, 2023, 2024 and 2025 were approximately RMB37,501,000, RMB34,796,000 and RMB38,991,000 respectively.

The Group leases properties, offices and land-use-right as lessee. Lease contracts are typically made for fixed periods from 2 to 5 years. They are stated at cost less accumulated depreciation and accumulated impairment losses.

See Note 42 for the other accounting policies relevant to leases.

19. INTANGIBLE ASSETS

The Group

	Patent right	License fee	Trademark	Non-patent technologies	Software	Capitalized development costs	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2024							
Cost	9,018	42,779	937	84,795	19,866	40,364	197,759
Accumulated amortization and impairment	(1,858)	(38,427)	(238)	(23,984)	(12,151)	(2,280)	(78,938)
Carrying amounts	**7,160**	**4,352**	**699**	**60,811**	**7,715**	**38,084**	**118,821**
Year ended December 31, 2023							
Opening carrying amounts	7,160	4,352	699	60,811	7,715	38,084	118,821
Additions	3,179	1,569	4,641	3,443	3,014	61,032	76,878
Transfer from internal development	–	–	–	51,322	–	(51,322)	–
Currency translation differences	–	–	–	–	4	–	4
Amortization charges	(1,385)	(5,846)	(200)	(23,225)	(3,598)	–	(34,254)
Closing carrying amounts	**8,954**	**75**	**5,140**	**92,351**	**7,135**	**47,794**	**161,449**
At December 31, 2023							
Cost	12,197	44,348	5,581	139,560	22,891	50,074	274,651
Accumulated amortization and impairment	(3,243)	(44,273)	(441)	(47,209)	(15,756)	(2,280)	(113,202)
Carrying amounts	**8,954**	**75**	**5,140**	**92,351**	**7,135**	**47,794**	**161,449**
At January 1, 2024							
Cost	12,197	44,348	5,581	139,560	22,891	50,074	274,651
Accumulated amortization and impairment	(3,243)	(44,273)	(441)	(47,209)	(15,756)	(2,280)	(113,202)
Carrying amounts	**8,954**	**75**	**5,140**	**92,351**	**7,135**	**47,794**	**161,449**
Year ended December 31, 2024							
Opening carrying amounts	8,954	75	5,140	92,351	7,135	47,794	161,449
Additions	–	–	458	–	2,264	44,244	46,966
Disposal	(1,547)	–	(51)	(2,632)	(218)	–	(4,448)
Transfer from internal development	844	–	–	35,462	–	(36,306)	–
Currency translation differences	–	–	–	(13)	(35)	–	(48)
Amortization charges	(1,616)	(75)	(574)	(32,736)	(2,568)	–	(37,569)
Closing carrying amounts	**6,635**	**–**	**4,973**	**92,432**	**6,578**	**55,732**	**166,350**
At December 31, 2024							
Cost	10,776	44,348	5,975	171,584	24,696	58,012	315,391
Accumulated amortization and impairment	(4,141)	(44,348)	(1,002)	(79,152)	(18,118)	(2,280)	(149,041)
Carrying amounts	**6,635**	**–**	**4,973**	**92,432**	**6,578**	**55,732**	**166,350**

	Patent right	License fee	Trademark	Non-patent technologies	Software	Capitalized development costs	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2025							
Cost	10,776	44,348	5,975	171,584	24,696	58,012	315,391
Accumulated amortization and impairment	(4,141)	(44,348)	(1,002)	(79,152)	(18,118)	(2,280)	(149,041)
Carrying amounts	**6,635**	**–**	**4,973**	**92,432**	**6,578**	**55,732**	**166,350**
Year ended December 31, 2025							
Opening carrying amounts	6,635	–	4,973	92,432	6,578	55,732	166,350
Additions	–	–	–	–	14,757	98,989	113,746
Disposal	–	–	–	(220)	–	–	(220)
Transfer from internal development	–	–	–	77,012	–	(77,012)	–
Currency translation differences	–	–	–	21	61	–	82
Amortization charges	(1,189)	–	(578)	(36,701)	(3,667)	–	(42,135)
Closing carrying amounts	**5,446**	**–**	**4,395**	**132,544**	**17,729**	**77,709**	**237,823**
At December 31, 2025							
Cost	10,776	–	5,970	248,257	39,365	79,989	384,357
Accumulated amortization and impairment	(5,330)	–	(1,575)	(115,713)	(21,636)	(2,280)	(146,534)
Carrying amounts	**5,446**	**–**	**4,395**	**132,544**	**17,729**	**77,709**	**237,823**

The Company

	Patent right	Trademark	Non-patent technologies	Software	Capitalized development costs	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023						
Cost	8,962	728	63,075	13,660	5,546	91,971
Accumulated amortization and impairment	(1,826)	(29)	(22,289)	(10,525)	(1,655)	(36,324)
Carrying amounts	**7,136**	**699**	**40,786**	**3,135**	**3,891**	**55,647**
Year ended December 31, 2023						
Opening carrying amounts	7,136	699	40,786	3,135	3,891	55,647
Additions	914	4,574	–	2,867	3,811	12,166
Transfer from internal development	–	–	4,558	–	(4,558)	–
Amortization charges	(1,114)	(187)	(12,812)	(1,251)	–	(15,364)
Closing carrying amounts	6,936	5,086	32,532	4,751	3,144	52,449

	Patent right	Trademark	Non-patent technologies	Software	Capitalized development costs	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At December 31, 2023						
Cost	9,876	5,302	67,633	16,527	4,800	104,138
Accumulated amortization and impairment	(2,940)	(216)	(35,101)	(11,776)	(1,656)	(51,689)
Carrying amounts	**6,936**	**5,086**	**32,532**	**4,751**	**3,144**	**52,449**
At January 1, 2024						
Cost	9,876	5,302	67,633	16,527	4,800	104,138
Accumulated amortization and impairment	(2,940)	(216)	(35,101)	(11,776)	(1,656)	(51,689)
Carrying amounts	**6,936**	**5,086**	**32,532**	**4,751**	**3,144**	**52,449**
Year ended December 31, 2024						
Opening carrying amounts	6,936	5,086	32,532	4,751	3,144	52,449
Additions — purchase	75,671	457	–	603	23,052	99,783
Transfer from internal development	–	–	2,204	–	(2,204)	–
Amortization charges	(8,582)	(570)	(12,504)	(1,271)	–	(22,927)
Closing carrying amounts	**74,025**	**4,973**	**22,232**	**4,083**	**23,992**	**129,305**
At December 31, 2024						
Cost	85,546	5,759	69,836	17,131	25,647	203,919
Accumulated amortization and impairment	(11,521)	(786)	(47,604)	(13,047)	(1,656)	(74,614)
Carrying amounts	**74,025**	**4,973**	**22,232**	**4,084**	**23,991**	**129,305**
At January 1, 2025						
Cost	85,546	5,759	69,836	17,131	25,647	203,919
Accumulated amortization and impairment	(11,521)	(786)	(47,604)	(13,047)	(1,656)	(74,614)
Carrying amounts	**74,025**	**4,973**	**22,232**	**4,084**	**23,991**	**129,305**
Year ended December 31, 2025						
Opening carrying amounts	74,025	4,973	22,232	4,084	23,991	129,305
Additions — purchase	–	–	–	11,197	19,786	30,983
Transfer from internal development	–	–	31,402	–	(31,402)	–
Amortization charges	(8,581)	(578)	(12,845)	(1,614)	–	(23,618)
Closing carrying amounts	**65,444**	**4,395**	**40,789**	**13,667**	**12,375**	**136,670**
At December 31, 2025						
Cost	85,546	5,759	101,238	28,328	14,031	234,902
Accumulated amortization and impairment	(20,102)	(1,364)	(60,449)	(14,661)	(1,656)	(98,232)
Carrying amounts	**65,444**	**4,395**	**40,789**	**13,667**	**12,375**	**136,670**

(a) Amortization expenses have been charged to the consolidated statements of profit or loss as follows:

	Year Ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Cost of revenue	6,688	1,518	2,009
General and administrative expenses	931	897	1,246
Selling and marketing expenses	346	405	391
Research and development expenses	26,289	34,749	38,489
	34,254	**37,569**	**42,135**

(b) Amortization Methods and Periods

(i) Patent right

Patent right are shown at historical cost. They have limited useful lives and are subsequently carried at cost less accumulated amortization and impairment losses.

(ii) License fee

License fee are capitalized on the basis of the costs incurred to acquire the specific license.

(iii) Trademark

Trademark are capitalized on the basis of the costs incurred to acquire the specific trademark.

(iv) Non-patent technologies

Non-patent technologies are initially recognized at historical cost and subsequently carried at cost less accumulated amortization and impairment losses.

(v) Software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire the specific software.

The Group amortizes intangible assets with a limited useful life using the straight-line method over the following periods:

Software	5–10 years
Trademark	10 years
License fee	3 years
Patent right	10 years
Non-patent technologies	5 years

(c) Research and Development

Research expenditure is recognized as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new and improved products) are recognized as intangible assets when the following criteria are met:

- It is technically feasible to complete the product so that it will be available for use;
- Management intends to complete the product and use or sell it;

- There is an ability to use or sell the product;
- It can be demonstrated how the product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the product are available; and
- The expenditure attributable to the product during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

Directly attributable costs that are capitalized as part of the patent right and non-patent technologies mainly include employee costs, raw materials and consumables used.

Capitalized development costs are recorded as intangible assets and amortized from the point at which the asset is ready for use.

(d) Impairment test of capitalized development costs

Included in intangible assets, capitalized development costs not yet available for use and not subject to amortization were RMB47,794,000, RMB55,732,000 and RMB77,709,000 as at December 31, 2023, 2024 and 2025, respectively.

Intangible assets not available for use are tested annually for impairment, with the key assumptions including the discount rate and the estimated revenue to be generated by the in-development devices, or more frequently if events or changes in circumstances indicate that they might be impaired. Based on the result of annual impairment test, except for a specific item that was fully impaired due to clear termination, the amounts by which recoverable amount of the remaining capitalized development costs exceeds their carrying amount (headroom) are RMB126,189,000, RMB164,800,000 and RMB71,643,000 as at December 31, 2023, 2024 and 2025, respectively.

The table below sets forth the key assumptions used in the intangible assets' impairment test, including the discount rate and expected annualized compound revenue growth rate of development devices, as of December 31, 2023, 2024 and 2025:

	December 31,		
	2023	2024	2025
Pre-tax discount rate	14.33%	13.35%	13.56%
Average revenue growth rate	22.96%	24.26%	23.62%

The Group have performed a sensitivity test with key assumptions of discount rate and expected revenue. Should the discount rate increase by 5% or expected revenue decrease by 10%, the headroom would decrease no more than 20% as at December 31, 2023, 2024 and 2025.

The management has considered and assessed reasonably possible changes for key assumptions and has not identified any instances that could cause the carrying amount of capitalized development costs to exceed the recoverable amount as at December 31, 2023, 2024 and 2025.

20. FINANCIAL INSTRUMENTS BY CATEGORY

(a) The detailed information of financial instruments by category during the Track Record Period is as below:

The Group

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Financial assets			
Financial assets measured at fair value:			
Other financial assets at FVPL *(Note 15)*	**23,606**	**7,021**	**4,913**
Financial assets measured at amortized cost:			
Trade and notes receivables *(Note 22)*	710,772	871,681	1,141,082
Restricted cash *(Note 26)*	16,721	118,718	111,144
Cash and cash equivalents *(Note 26)*	1,474,409	1,709,959	1,570,698
Other receivables *(Note 23)*	57,163	54,548	94,752
	2,259,065	**2,754,906**	**2,917,676**

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Financial liabilities			
Financial liabilities measured at amortized cost:			
Trade and notes payables *(Note 28)*	204,255	466,320	558,504
Accruals and other payables (excluding non-financial liabilities) *(Note 29)*	241,363	126,103	133,917
Lease liabilities *(Note 18)*	67,258	52,538	255,751
Borrowings *(Note 27)*	1,134,987	1,175,814	1,213,400
	1,647,863	**1,820,775**	**2,161,572**

(b) Transfers of financial assets

(i) General information on transfers of financial assets

Transfer method	Nature of transferred financial assets	Amount of transferred financial assets			Derecognition status	Basis for derecognition judgment
		2023	2024	2025		
		RMB'000	*RMB'000*	*RMB'000*		
Factoring	Trade receivables*	279,332	320,929	397,574	Derecognized	The Group has transferred substantially all the risks and rewards of the receivables.

* As at December 31, 2023, 2024 and 2025, certain trade receivables of the Group have been factored with banks or financial institutions on a non-recourse basis. In the event that such amounts are not settled upon maturity, the relevant banks and financial institutions have no recourse against the Group in respect of the unpaid balances. As the Group has transferred the significant risks and rewards incidental to the ownership of the aforementioned trade receivables, the related assets are derecognised upon factoring.

(ii) During the Track Record Period, the Group had no continuing involvement in any financial assets that were transferred and derecognized.

21. DEFERRED TAX

Deferred tax assets and liabilities are offset when there is a legally enforceable right of offsetting and when the deferred income taxes relate to the same authority. The net amounts of deferred tax assets and liabilities after offsetting are as follows:

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Gross deferred tax assets	294,815	331,456	296,147
Offsetting against deferred tax liabilities	(3,073)	(9,484)	(38,611)
Net deferred tax assets	**291,742**	**321,972**	**257,536**
Gross deferred tax liabilities	78,762	85,173	114,300
Offsetting against deferred tax assets	(3,073)	(9,484)	(38,611)
Net deferred tax liabilities	**75,689**	**75,689**	**75,689**

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Gross deferred tax assets	161,652	140,708	77,252
Offsetting against deferred tax liabilities	(11,473)	(7,271)	(27,757)
Net deferred tax assets	**150,179**	**133,437**	**49,495**
Gross deferred tax liabilities	11,473	7,271	27,757
Offsetting against deferred tax assets	(11,473)	(7,271)	(27,757)
Net deferred tax liabilities	**–**	**–**	**–**

The movements in deferred tax assets and liabilities before offsetting are as follows:

(a) Deferred Tax Assets

The Group

	Tax losses	Loss allowance and impairment provision	Unrealized profits	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023	97,316	15,035	131,250	7,464	251,065
Credited/(charged) to profit or loss *(Note 11)*	41,551	26,699	(29,839)	5,339	43,750
At December 31, 2023	**138,867**	**41,734**	**101,411**	**12,803**	**294,815**
At January 1, 2024	138,867	41,734	101,411	12,803	294,815
(Charged)/credited to profit or loss *(Note 11)*	(27,194)	22,190	32,868	8,777	36,641
At December 31, 2024	**111,673**	**63,924**	**134,279**	**21,580**	**331,456**
At January 1, 2025	111,673	63,924	134,279	21,580	331,456
(Charged)/credited to profit or loss *(Note 11)*	(81,338)	2,941	10,396	31,400	(36,601)
Currency translation differences	1,292	–	–	–	1,292
At December 31, 2025	**31,627**	**66,865**	**144,675**	**52,980**	**296,147**

The Company

	Tax losses	Loss allowance and impairment provision	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023	80,326	8,489	6,927	95,742
Credited to profit or loss	43,152	4,822	17,936	65,910
At December 31, 2023	**123,478**	**13,311**	**24,863**	**161,652**
At January 1, 2024	123,478	13,311	24,863	161,652
Charged to profit or loss	(14,522)	(5,536)	(886)	(20,944)
At December 31, 2024	**108,956**	**7,775**	**23,977**	**140,708**
At January 1, 2025	108,956	7,775	23,977	140,708
(Charged)/credited to profit or loss	(80,223)	(726)	17,493	(63,456)
At December 31, 2025	**28,733**	**7,049**	**41,470**	**77,252**

(b) Deferred Tax Liabilities

The Group

	Withholding tax	Others	Total
	RMB'000	*RMB'000*	*RMB'000*
At January 1, 2023	75,689	2,250	77,939
Charged to profit or loss *(Note 11)*	–	823	823
At December 31, 2023	**75,689**	**3,073**	**78,762**
At January 1, 2024	75,689	3,073	78,762
Charged to profit or loss *(Note 11)*	–	6,411	6,411
At December 31, 2024	**75,689**	**9,484**	**85,173**
At January 1, 2025	75,689	9,484	85,173
Charged to profit or loss *(Note 11)*	–	29,127	29,127
At December 31, 2025	**75,689**	**38,611**	**114,300**

The Company

	Right-of-use assets	Others	Total
	RMB'000	*RMB'000*	*RMB'000*
At January 1, 2023	–	2,250	2,250
Charged/(Credited) to profit or loss *(Note 11)*	11,124	(1,901)	9,223
At December 31, 2023	**11,124**	**349**	**11,473**
At January 1, 2024	11,124	349	11,473
Credited to profit or loss	(4,003)	(199)	(4,202)
At December 31, 2024	**7,121**	**150**	**7,271**
At January 1, 2025	7,121	150	7,271
Charged/(Credited) to profit or loss *(Note 11)*	20,532	(46)	20,486
At December 31, 2025	**27,653**	**104**	**27,757**

(c) Deferred Tax Assets Not Recognized

The Group has not recognized deferred tax assets in respect of the items below, which were not likely to generate taxable profit:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Tax losses	1,184,003	1,504,208	2,058,201
Temporary differences	121,455	160,121	263,539
	1,305,458	**1,664,329**	**2,321,740**

The tax losses not recognized deferred tax assets can be carried forward in future years. As at December 31, 2023, 2024 and 2025, the following table shows unused tax losses based on its expected expiry date:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
2024	9,245	–	–
2025	25,656	24,720	–
2026	67,638	68,643	68,643
2027	74,517	74,517	75,919
2028	66,476	75,778	73,801
2029	1,040	13,807	3
2030	13,902	374	147,917
2031	154,444	3,003	–
2032	321,413	233,022	225,004
2033	443,580	308,789	284,757
2034	–	682,179	610,200
2035	–	–	557,191
Unlimited	6,092	19,376	14,766
	1,184,003	**1,504,208**	**2,058,201**

(i) As disclosed in Note 38, the Group's strategic divestment of its stake in Skyfend Technology in 2024 triggered a loss of control, leading to its reclassification as an associate. Consequently, this resulted in a decrease in the amount of the tax losses not recognized deferred tax assets in certain years.

22. TRADE AND NOTES RECEIVABLES

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	782,787	965,763	1,268,948
Notes receivables	5,584	4,926	3,319
Less: credit loss allowance	(77,599)	(99,008)	(131,185)
	710,772	**871,681**	**1,141,082**

(a) As at January 1, 2023, the gross carrying amounts of trade and notes receivables from contracts with customers are amounting to RMB691,180,000 (net of expected credit loss amounting to RMB53,674,000).

(b) The Group grants credit terms to some customers ranging from 30 to 364 days from the date of billing. The aging analysis of trade receivables based on revenue recognition date is as follows:

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	728,874	894,533	1,176,827
1 to 2 years	38,623	38,217	44,289
Over 2 years	15,290	33,013	47,832
	782,787	**965,763**	**1,268,948**

The Company

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	923,695	1,031,952	1,027,655
Notes receivables	5,584	4,926	3,319
Less: credit loss allowance	(28,278)	(23,700)	(23,335)
	901,001	**1,013,178**	**1,007,639**

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

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	677,675	878,652	824,560
1 to 2 years	220,875	71,871	116,352
Over 2 years	25,145	81,429	86,743
	923,695	**1,031,952**	**1,027,655**

23. PREPAYMENTS AND OTHER RECEIVABLES

The Group

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Non-current			
Other receivables:			
Receivables from disposal of an associate *(Note 14)*	–	–	64,547
Employee loan	–	–	1,000
	–	–	65,547
Less: credit loss allowance	–	–	(626)
	–	–	64,921

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Current			
Prepayments:			
Prepayments for raw materials	57,862	66,004	61,476
Prepayments for operating expenses	28,103	26,304	30,522
Others	15,236	8,973	14,021
	101,201	**101,281**	**106,019**
Other receivables:			
Deposits	21,626	18,006	18,663
Export tax refund	25,302	4,001	5,000
Receivables due from partial disposal of a subsidiary *(Note 38(b))*	–	24,420	–
Advance to staff	15,705	13,191	11,864
	62,633	**59,618**	**35,527**
Less: credit loss allowance	(5,470)	(5,070)	(5,696)
	57,163	**54,548**	**29,831**
	158,364	**155,829**	**135,850**

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Non-current			
Other receivables:			
Receivables from disposal of an associate *(Note 14)*	–	–	64,547
Employee loan	–	–	1,000
	–	–	65,547
Less: credit loss allowance	–	–	(626)
	–	–	64,921
Current			
Prepayments:			
Intercompany balances	270,783	293,480	1,096,036
Prepayments for raw materials	26,155	9,992	6,042
Prepayments for operating expenses	9,375	8,381	10,704
Others	7,928	4,895	7,557
	314,241	**316,748**	**1,120,339**

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Other receivables:			
Deposits	4,866	5,420	5,634
Export tax refund	16,302	–	–
Receivables due from partial disposal of a subsidiary *(Note 38(b))*	–	24,420	–
Advance to staff	5,943	5,628	6,336
Due from related parties	1,094,706	1,119,614	1,244,580
	1,121,817	**1,155,082**	**1,256,550**
Less: credit loss allowance	(4,332)	(4,048)	(5,016)
	1,117,485	**1,151,034**	**1,251,534**
	1,431,726	**1,467,782**	**2,371,873**

24. OTHER CURRENT AND NON-CURRENT ASSETS

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Other current assets			
Deductible input VAT	183,327	171,399	272,075
Prepaid tax	39,344	64,684	34,819
Asset for the right to returned products	669	1,361	4,120
[REDACTED] expenses to be capitalized	–	–	**[REDACTED]**
	223,340	**237,444**	**[REDACTED]**

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Other current assets			
Deductible input VAT	54,137	27,734	50,157
Prepaid tax	–	6,023	4,268
Asset for the right to returned products	–	499	537
[REDACTED] expenses to be capitalized	–	–	**[REDACTED]**
	54,137	**34,256**	**[REDACTED]**

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Other non-current assets			
Prepayments for non-current assets	**22,841**	**18,284**	**49,270**

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Other non-current assets			
Prepayments for non-current assets	**12,014**	**5,449**	**14,691**

25. INVENTORIES

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	554,928	337,796	416,710
Work in progress	188,378	198,237	240,932
Finished goods	464,109	783,137	1,171,412
	1,207,415	1,319,170	1,829,054
Less: provision for impairment	(88,877)	(168,035)	(160,815)
	1,118,538	**1,151,135**	**1,668,239**

(i) The cost of inventories carried forward to the profit or loss during the year is mainly recognized as the cost of revenue. For the years ended December 31, 2023, 2024 and 2025, the cost of inventories carried forward to the cost of revenue amounted to approximately RMB1,346,739,000, RMB1,630,135,000 and RMB1,927,087,000 respectively.

(ii) Provision for inventories recorded as cost of revenue during the years ended December 31, 2023, 2024 and 2025 were approximately RMB75,250,000, RMB93,163,000 and RMB11,268,000, respectively.

(iii) The written off of provision for inventories during the years ended December 31, 2023, 2024 and 2025 were approximately RMB27,920,000, RMB15,602,000 and RMB18,064,000, respectively.

(iv) The impact of foreign exchange loss on the provision for impairment as at December 31, 2023 and 2024 were approximately RMB5,642,000 and RMB1,597,000, respectively. The impact of foreign exchange gain on the provision for impairment as at December 31, 2025 was approximately RMB424,000.

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	178,527	32,405	47,301
Work in progress	85,643	71,317	97,799
Finished goods	36,605	42,074	40,681
Less: provision for impairment	(54,017)	(23,626)	(18,180)
	246,758	**122,170**	**167,601**

26. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

(a) Cash and Cash Equivalents

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Cash and bank balances	1,491,130	1,828,677	1,681,842
Less: restricted cash	(16,721)	(118,718)	(111,144)
	1,474,409	**1,709,959**	**1,570,698**

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Cash and bank balances	807,833	1,112,632	820,027
Less: restricted cash	(3,554)	(85,387)	(63,788)
	804,279	**1,027,245**	**756,239**

(b) Restricted Cash

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Customs deposits	13,165	27,417	42,164
Guarantee for notes	–	84,886	63,511
Others	3,556	6,415	5,469
	16,721	**118,718**	**111,144**

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Guarantee for notes	–	84,886	63,511
Others	3,554	501	277
	3,554	**85,387**	**63,788**

(c) Cash and Bank Balances are Denominated in:

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
RMB	708,349	798,620	394,677
USD	625,055	750,885	939,594
EUR	113,436	187,036	254,440
Others	44,290	92,136	93,131
	1,491,130	**1,828,677**	**1,681,842**

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
RMB	610,948	699,432	288,251
USD	146,133	342,898	493,398
EUR	50,743	70,294	38,369
Others	9	8	9
	807,833	**1,112,632**	**820,027**

27. BORROWINGS

The Group and the Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Non-current			
Unsecured			
— Convertible bonds	**1,131,953**	**1,169,948**	**1,204,602**
Current			
Unsecured			
— Convertible bonds	**3,034**	**5,866**	**8,798**

(a) As at July 8, 2022, the Company issued unsecured RMB denominated RMB settled convertible bonds (referred to as "**Autel Convertible Bonds**") in an aggregate principal amount of RMB1,280,000,000 with a face value of RMB100 per bond. As at July 28, 2022, pursuant to the approval from the China Securities Regulatory Commission, Autel Convertible Bonds were listed on the Shanghai Stock Exchange.

The conversion period for Autel Convertible Bonds is from January 16, 2023 to July 7, 2028, with an initial conversion price of RMB34.73 per share subject to anti-dilution clauses.

The fair value of the liability component of Autel Convertible Bonds is estimated using cash flows discounted at an effective interest rate of 4.0547% for an equivalent non-convertible bond of the Company and subsequently measured at amortized cost basis until it is extinguished on conversion or redemption, while the fair value of the equity component is the residual amount of the proceeds attributable to the bonds and is recognized in the "Other equity instruments".

7,411 and 942 and 911 shares (Note 32) were converted during the years ended December 31, 2023, 2024 and 2025, respectively.

Due to the share incentive plans which caused the increase of the total share capital and dividends declaration, subsequent adjustments to the conversion price were made as follows: On August 16, 2023, the conversion price was adjusted from RMB34.73 per share to RMB34.71 per share; On May 20, 2024, the conversion price was adjusted from RMB34.71 per share to RMB34.32 per share; On September 9, 2024, the conversion price was adjusted from RMB34.32 per share to RMB33.93 per share; On May 14, 2025, the conversion price was adjusted from RMB33.93 per share to RMB22.55 per share; On September 23, 2025, the conversion price was adjusted from RMB22.55 per share to RMB21.98 per share.

Autel Convertible Bonds will be redeemed on maturity at a value of the aggregate of 115% of the outstanding RMB principal amount and all amounts accrued thereon.

(b) As at December 31, 2023, 2024 and 2025, the Group's convertible bonds were repayable as follows:

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	3,034	5,866	8,798
Between 2 and 5 years	1,131,953	1,169,948	1,204,602
	1,134,987	**1,175,814**	**1,213,400**

(c) Convertible bonds

As at December 31, 2023, the details of the Group's convertible bonds are as follows:

Bond name	Par value	Interest rate	Issue date	Bond term	Issuance amount	Balance at the beginning	Accrued interest	Interest paid	Premium discount amortization	Conversion	Within one year	After one year
Autel Convertible Bonds . .	1,280,000	(i)	2022-07-08	6 years	1,280,000	1,091,788	5,012	3,840	42,275	248	3,034	1,131,953

As at December 31, 2024, the details of the Group's convertible bonds are as follows:

Bond name	Par value	Interest rate	Issue date	Bond term	Issuance amount	Balance at the beginning	Accrued interest	Interest paid	Premium discount amortization	Conversion	Within one year	After one year
Autel Convertible Bonds . .	1,280,000	(i)	2022-07-08	6 years	1,280,000	1,134,987	9,231	6,399	38,026	31	5,866	1,169,948

As at December 31, 2025, the details of the Group's convertible bonds are as follows:

Bond name	Par value	Interest rate	Issue date	Bond term	Issuance amount	Balance at the beginning	Accrued interest	Interest paid	Premium discount amortization	Conversion	Within one year	After one year
Autel Convertible Bonds . .	1,280,000	(i)	2022-07-08	6 years	1,280,000	1,175,814	15,730	12,798	34,681	27	8,798	1,204,602

(i) The nominal interest rates for Autel Convertible Bonds are 0.30% for the first year, 0.50% for the second year, 1.00% for the third year, 1.50% for the fourth year, 1.80% for the fifth year, and 2.00% for the sixth year. The annual interest payment date falls on the anniversary of the issuance date of the convertible bond. The effective interest rate for Autel Convertible Bonds is 4.05%.

(d) Fair value

For the borrowings, the fair value is not materially different from the carrying amount, since the interest payable on the borrowings is close to current market rate.

28. TRADE AND NOTES PAYABLES

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade and notes payables			
— Trade payables	204,255	316,951	372,148
— Notes payables	–	149,369	186,356
	204,255	**466,320**	**558,504**

As at December 31, 2023, 2024 and 2025, trade payables include payables for construction and equipment amounting to RMB4,358,000, RMB1,701,000 and RMB2,512,000.

An aging analysis of the trade payables based on the invoice date as at the end of the reporting period was as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	196,447	311,746	364,642
Over 1 years	7,808	5,205	7,506
	204,255	**316,951**	**372,148**

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade and notes payables			
— Trade payables	890,688	1,336,953	1,784,228
— Notes payables	–	149,369	186,356
	890,688	**1,486,322**	**1,970,584**

As at December 31, 2023, 2024 and 2025, trade payables include payables for construction and equipment amounting to RMB2,644,000, RMB397,000 and RMB349,000.

An aging analysis of the trade payables based on the invoice date as at the end of the reporting period was as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	515,057	699,804	496,426
Over 1 years	375,631	637,149	1,287,802
	890,688	**1,336,953**	**1,784,228**

29. ACCRUALS AND OTHER PAYABLES

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Current			
Salaries, wages and benefits	154,154	232,239	293,264
Deposits payables	2,455	2,563	2,988
Other tax payables	20,850	26,110	21,310
Settlement compensation	160,921	–	–
Professional service fees	36,784	62,158	80,793
Freight and customs clearance fees	14,925	24,613	24,536
Others	26,278	36,769	25,600
	416,367	**384,452**	**448,491**

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Current			
Amounts due to subsidiaries	96,877	6,382	186,849
Salaries, wages and benefits	36,468	82,167	103,472
Professional service fees	16,503	28,179	40,603
Deposits payables	297	297	297
Other tax payables	253	373	326
Freight and customs clearance fees	2,143	4,729	4,499
Liquidated damages	83,478	–	–
Others	18,955	6,164	11,223
	254,974	**128,291**	**347,269**

30. PROVISIONS

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Non-current:			
Pending Litigation	24,790	24,790	–
Refunded liabilities	1,018	2,038	7,167
	25,808	26,828	7,167
Current:			
Warranty	22,869	23,598	36,045
	48,677	**50,426**	**43,212**

Movements in warranty during the Track Record Periods are set out below:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount at beginning of the year	13,342	22,869	23,598
Charged to profit or loss			
— additional provisions recognized	29,661	19,787	34,319
Amounts used during the year	(20,134)	(19,058)	(21,872)
Carrying amount at end of the year	**22,869**	**23,598**	**36,045**

(i) Provision is made for estimated warranty claims in respect of certain diagnostic devices and charging network products sold during the warranty periods. Management estimates the related provision for future warranty claims based on historical warranty claim information, as well as recent trends that might suggest that past cost information could differ from future claims. Factors that could impact the estimated claim information include the success of the

Group's productivity and quality initiatives, as well as cost per claim to satisfy the warranty obligation. The estimation basis is reviewed on an on-going basis and revised where appropriate.

The Company

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Non-current:			
Pending Litigation	24,790	24,790	–
Current:			
Warranty	18,698	15,205	21,872
	43,488	**39,995**	**21,872**

Movements in warranty during the Track Record Periods are set out below:

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount at beginning of the year	13,342	18,698	15,205
Charged to profit or loss			
— additional provisions recognized	21,252	9,764	22,710
Amounts used during the year	(15,896)	(13,257)	(16,043)
Carrying amount at end of the year	**18,698**	**15,205**	**21,872**

31. OTHER CURRENT LIABILITIES

The Group

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
VAT to be recognized	**594**	**3,777**	**3,949**

The Company

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
VAT to be recognized	**393**	**3,361**	**3,838**

32. SHARE CAPITAL

The Group and The Company

	Year Ended December 31,					
	2023		2024		2025	
	Share capital RMB'000	*Number of shares '000*	*Share capital RMB'000*	*Number of shares '000*	*Share capital RMB'000*	*Number of shares '000*
At the beginning of the year	451,870	451,870	451,877	451,877	451,878	451,878
Conversion of convertible bonds *(Note 27(a))*	7	7	1	1	1	1
Conversion of share premium into share capital	–	–	–	–	218,304	218,304
At the end of the year	**451,877**	**451,877**	**451,878**	**451,878**	**670,183**	**670,183**

33. TREASURY SHARES

The Group and the Company

	Year Ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	100,281	100,281	246,821
Repurchase of ordinary shares	–	146,540	100,166
Exercise of restricted shares	–	–	(153,919)
At the end of the year	**100,281**	**246,821**	**193,068**

34. SHARE INCENTIVE SCHEME

(1) Equity-Settled shared-based payment arrangement of the Company

(i) Restricted Share Incentive Schemes

Pursuant to the restricted share unit incentive scheme approved at the 1st extraordinary shareholders' meeting in December 2018, and the 7th meeting of the second session of the Board of the Company on November 7, 2018 (the "**[REDACTED] Restricted Share Incentive Scheme**"), the ultimate controlling shareholder transferred 7,350,000 shares of the Company to Ningbo Huishun Investment Partnership Enterprise (Limited Partnership) which serves as the employee stock ownership platform. The granted price was RMB2.5 per share. According to the partnership agreement, incentivized employees are required to serve the Company or subsidiaries for at least seven years. The exercise period for their partnership capital contributions begins five years after becoming a partner and spans two years. The vested capital contributions are exercised in two equal annual.

Pursuant to the restricted share unit incentive scheme approved at the 3rd extraordinary shareholders' meeting on September 2, 2020, and the 3rd meeting of the third session of the Board of the Company on September 14, 2020 (the "**2020 Restricted Share Incentive Scheme**"), the Company granted 9,970,000 restricted shares to 137 incentive participants which in initial grant portion and 2,480,000 restricted shares which in reserved grant portion. The grant date was September 14, 2020, and the granted price was RMB27 per share. Under the scheme, the shares are vested based on the service conditions and performance conditions. The restricted shares shall be subject to different vesting service periods from the vesting commencement date and different performance appraisal as follow:

Vesting service periods from the vesting commencement date	Percentage of granted shares are vested	Performance appraisal
12 to 24 months.	25%/12.5%	revenue or gross profit for 2020 increased by 50%/30% compared to 2019
24 to 36 months.	25%/12.5%	revenue or gross profit for 2021 increased by 125%/69% compared to 2019
36 to 48 months.	25%/12.5%	revenue or gross profit for 2022 increased by 238%/120% compared to 2019
48 to 60 months.	25%/12.5%	revenue or gross profit for 2023 increased by 406%/186% compared to 2019

Pursuant to the 7th meeting of the third session of the Board of the Company on March 19, 2021, the Company granted 1,970,000 restricted shares to 76 incentive participants which in reserved grant portion under the 2020 Restricted Share Incentive Scheme. The grant date was March 19, 2021, and the granted price was RMB27 per share. The restricted shares shall be subject to different vesting service periods from the vesting commencement date and different performance appraisal as follow:

Vesting service periods from the vesting commencement date	Percentage of granted shares are vested	Performance appraisal
12 to 24 months.	30%/15%	revenue or gross profit for 2021 increased by 125%/69% compared to 2019
24 to 36 months.	30%/15%	revenue or gross profit for 2022 increased by 238%/120% compared to 2019
36 to 48 months.	40%/20%	revenue or gross profit for 2023 increased by 406%/186% compared to 2019

Pursuant to the "Proposal on the 2020 Annual Profit Distribution" approved at the 2021 Annual General Meeting of the Company, the "Proposal on the 2022 Profit Distribution Plan " approved at the 2022 Annual General Meeting, the grant price of the restricted shares under the 2020 Share Incentive Plan was adjusted from RMB27 per share to RMB26.4 per share as a result of dividend distribution of the Company.

Pursuant to the restricted share unit incentive scheme approved at the 1st extraordinary shareholders' meeting on January 4, 2022, and the 14th meeting of the third session of the Board of the Company on December 15, 2021 (the "**2022 Restricted Share Incentive Scheme**"), the Company granted 5,945,000 restricted shares to 211 incentive participant which in initial grant portion and 237,000 restricted shares which in reserved grant portion. The grant date was January 4, 2022, and the granted price was RMB52 per share. Under the scheme, the shares are vested based on the service conditions and performance conditions. The restricted shares shall be subject to different vesting service periods from the vesting commencement date and different performance appraisal as follow:

Vesting service periods from the vesting commencement date	Percentage of granted shares are vested	Performance appraisal
12 to 24 months.	30%/15%	revenue or gross profit for 2022 increased by 50%/30% compared to 2021
24 to 36 months.	30%/15%	revenue or gross profit for 2023 increased by 125%/69% compared to 2021
36 to 48 months.	40%/20%	revenue or gross profit for 2024 increased by 238%/120% compared to 2021

Pursuant to the restricted share unit incentive scheme approved at the 3rd extraordinary shareholders' meeting on October 15, 2024, and the 14th meeting of the fourth session of the Board of the Company on September 28, 2024 (the "**2024 Restricted Share Incentive Scheme**"), the Company granted 9,769,600 restricted shares to 229 incentive participant. The grant date was October 21, 2024, and the granted price was RMB13.29 per share. Under the scheme, the shares are vested based on the service conditions and performance conditions. The restricted shares shall be subject to different vesting service periods from the vesting commencement date and different performance appraisal as follow:

Vesting service periods from the vesting commencement date	Percentage of granted shares are vested	Performance appraisal
12 to 24 months.	50%	net profit for 2024 increased by 200% compared to 2023
24 to 36 months.	50%	net profit for 2025 increased by 300% compared to 2023

Pursuant to the Employee Stock Ownership Plan approved at the 3rd extraordinary shareholders' meeting on October 15, 2024, and the 14th meeting of the third session of the Board of the Company on September 28, 2024 (the "**2024 Employee Stock Ownership Plan**"). Under this plan, the company transferred 4,622,100 treasury shares to the 2024 Employee Stock Ownership Plan at a price of RMB26.58 per share, with the plan's duration not exceeding 24 months and a 12-month lock-up period for the shares.

The Group determines the fair value of restricted shares on the basis of the single-day closing price of the circulating shares on the date when the equity instruments are granted, less the exercise price.

The number of restricted shares granted to the Group's incentive participants is summarized as follows:

	Year Ended December 31,		
	2023	**2024**	**2025**
	('000)	*('000)*	*('000)*
At the beginning of the year	15,408	8,994	20,174
Granted	–	14,392	–
Exercised	–	–	(10,728)
Lapsed	(6,414)	(3,212)	(2,530)
At the end of the year	**8,994**	**20,174**	**6,916**

The fair value of **[REDACTED]** Restricted Share Incentive Scheme were determined with reference to the capital injection transactions during the same period when the equity instruments are granted, less the exercise price. The fair value of 2024 Employee Stock Ownership Plan was determined on the basis of the single-day closing price of the circulating shares on the date when the equity instruments are granted, less the exercise price. The fair value of 2020 Restricted Share Incentive Scheme, 2022 Restricted Share Incentive Scheme and 2024 Restricted Share Incentive Scheme at grant date is independently determined using the Black-Scholes model by independent qualified valuers. The significant inputs used in valuations were listed as below:

	2020 Restricted Share Incentive Scheme	**2022 Restricted Share Incentive Scheme**	**2024 Restricted Share Incentive Scheme**
Expected price volatility	32.13%	24.69%	49.22%–49.84%
Expected option life *(year)*	1 to 4 years	1 to 3 years	1 to 2 years
Risk-free interest rate	1.5% to 2.75%	1.5% to 2.75%	1.49% to 2.08%
Dividend yield	0%	0%	0.63%
Spot price of ordinary shares *(RMB)*	61.8 to 69.11	74.7	33.2

The volatility factor estimated on 2024 Restricted Share Incentive Scheme was based on the historical daily share price volatility of the Company for the period close to the expected time to exercise. The volatility factor estimated on 2020 Restricted Share Incentive Scheme and 2022 Restricted Share Incentive Scheme was based on the historical daily share price volatility of SSE Science and Technology Innovation Board 50 Index for the period close to the expected time to exercise. The risk-free interest rate was referred to the market yield of government bond with similar issuing dates and maturity dates as of the respective grant dates.

35. RETAINED EARNINGS

The Group

	Year Ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	1,025,096	1,201,894	1,476,651
Adjustment to the opening balance in relation to the loss of control over a subsidiary *(Note 36(i))*	–	5,653	–
Profit for the year	179,233	640,925	935,875
Appropriation to statutory reserve	(2,435)	(19,105)	(52,651)
Declaration of dividends	–	(352,716)	(605,692)
At the end of the year	**1,201,894**	**1,476,651**	**1,754,183**

The Company

	Year Ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	880,079	901,995	670,340
Adjustment to the opening balance in relation to the loss of control over a subsidiary *(i)*	–	(50,884)	–
Profit for the year	24,351	191,050	526,505
Appropriation to statutory reserve	(2,435)	(19,105)	(52,651)
Declaration of dividends	–	(352,716)	(605,692)
At the end of the year	**901,995**	**670,340**	**538,502**

(i) The opening balance has been adjusted as a result of the disposal of a subsidiary that was transferred to an associate, with the effect of reducing the Company's retained earnings.

36. OTHER RESERVES

The Group

	Share premium	Other comprehensive income	Surplus reserve	Other reserves	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2023	1,274,218	13,879	171,030	17,794	1,476,921
Exchange differences on translation of foreign operations	–	(14,830)	–	–	(14,830)
Share-based payment:					
Share-based compensation expenses	–	–	–	4,826	4,826
Appropriation to statutory reserve	–	–	2,435	–	2,435
Conversion of convertible bonds	280	–	–	–	280
Balance at December 31, 2023	**1,274,498**	**(951)**	**173,465**	**22,620**	**1,469,632**

	Share premium	Other comprehensive income	Surplus reserve	Other reserves	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at December 31, 2023	**1,274,498**	**(951)**	**173,465**	**22,620**	**1,469,632**
Adjustment to the opening balance in relation to the loss of control over a subsidiary *(i)*	–	–	(5,653)	–	(5,653)
Balance at January 1, 2024	**1,274,498**	**(951)**	**167,812**	**22,620**	**1,463,979**
Exchange differences on translation of foreign operations	–	(27,272)	–	–	(27,272)
Share-based payment:					
Share-based compensation expenses	–	–	–	15,660	15,660
Transactions with non-controlling interests	–	–	–	89,343	89,343
Appropriation to statutory reserve	–	–	19,105	–	19,105
Conversion of convertible bonds	35	–	–	–	35
Balance at December 31, 2024	**1,274,533**	**(28,223)**	**186,917**	**127,623**	**1,560,850**
Balance at January 1, 2025	**1,274,533**	**(28,223)**	**186,917**	**127,623**	**1,560,850**
Exchange differences on translation of foreign operations	–	(83,240)	–	–	(83,240)
Share-based payment:					
Share-based compensation expenses	–	–	–	115,147	115,147
Exercise of restricted shares	7,364	–	–	(110,859)	(103,495)
Conversion of share premium into share capital	(218,304)	–	–	–	(218,304)
Appropriation to statutory reserve	–	–	52,651	–	52,651
Conversion of convertible bonds	30	–	–	–	30
Balance at December 31, 2025	**1,063,623**	**(111,463)**	**239,568**	**131,911**	**1,323,639**

The ending balances of other comprehensive income for the years ended December 31, 2023, 2024 and 2025 are as follows:

	Year Ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Exchange differences on translation of foreign operations	**(951)**	**(28,223)**	**(111,463)**

The Company

	Share premium	**Surplus reserve**	**Other reserves**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2023	1,270,744	171,030	19,740	1,461,514
Share-based compensation expenses	–	–	4,826	4,826
Conversion of convertible bonds	280	–	–	280
Appropriation to statutory reserve	–	2,435	–	2,435
Balance at December 31, 2023	**1,271,024**	**173,465**	**24,566**	**1,469,055**
Balance at December 31, 2023	1,271,024	173,465	24,566	1,469,055
Adjustment to the opening balance in relation to the loss of control over a subsidiary *(i)*	–	(5,653)	–	(5,653)
Balance at January 1, 2024	1,271,024	167,812	24,566	1,463,402
Share-based compensation expenses	–	–	15,660	15,660
Appropriation to statutory reserve	–	19,105	–	19,105
Conversion of convertible bonds	35	–	–	35
Balance at December 31, 2024	**1,271,059**	**186,917**	**40,226**	**1,498,202**
Balance at January 1, 2025	1,271,059	186,917	40,226	1,498,202
Share-based payment:				
Share-based compensation expenses	–	–	115,147	115,147
Exercise of restricted shares	7,364	–	(110,859)	(103,495)
Appropriation to statutory reserve	–	52,651	–	52,651
Conversion of share premium into share capital	(218,304)	–	–	(218,304)
Conversion of convertible bonds	30	–	–	30
Balance at December 31, 2025	**1,060,148**	**239,568**	**44,515**	**1,344,231**

(i) The opening balance has been adjusted as a result of the disposal of a subsidiary that was transferred to an associate, with the effect of reducing the Company's surplus reserve.

37. NOTES TO CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Reconciliation of Profit Before Income Tax to Net Cash Generated from Operations:

	Year Ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Profit before income tax for the year	166,947	637,163	1,079,121
Adjustments for:			
Interest income	(13,951)	(26,147)	(34,005)
Finance costs	52,196	51,057	55,447
Depreciation and amortization of non-current assets	153,260	176,971	199,961
Net losses on disposal of property, plant and equipment and other non-current assets	24	4,834	305
Net impairment losses on financial assets	17,762	23,485	33,295
Impairment losses on inventories	75,250	93,163	11,268
Share of profit or loss of investments in associates	–	11,089	(31,820)
Net losses/(gains) on settlement of derivative instruments	8,636	–	(6,280)
Net foreign exchange gains	(74,117)	(38,679)	(86,593)
Share-based compensation expenses	4,826	15,660	115,147
Gains from disposal of other non-current financial assets	(2,606)	(1,257)	–
Remeasurement gains in relation to the loss of control over a subsidiary	–	(57,960)	–
Gains from disposal of a subsidiary	–	(40,782)	–
Gains from disposal of an associate	–	–	(29,869)
Impairment provision for investments in an associate	1,401	–	–
Fair value changes in equity investments	14,852	8,077	2,108
Others	–	–	6,475
Change in working capital:			
Increase in receivables	(151,071)	(179,384)	(287,718)
Increase in payables	280,074	271,141	142,019
Increase in inventories	(29,978)	(111,755)	(509,884)
Cash generated from operations	**503,505**	**836,676**	**658,977**

(b) Non-Cash Activities

	Year Ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Additions of right-of-use assets by way of lease liabilities *(Note 18)*	**36,184**	**12,673**	**238,493**

(c) Net Debt Reconciliation

	Borrowings	Convertible bonds	Lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023	150,140	1,091,788	58,122	1,300,050
Financing cash flows	(150,000)	–	(18,040)	(168,040)
Interest paid	(1,645)	(3,840)	(3,404)	(8,889)
Interest accrued	1,505	47,287	3,404	52,196
Other non-cash movements — impact of exchange rate fluctuations	–	–	1,186	1,186
Other non-cash movements — early termination of lease	–	–	(10,194)	(10,194)
Other non-cash movements — additions	–	–	36,184	36,184
Other non-cash movements — convertible bonds conversion	–	(248)	–	(248)
At December 31, 2023	**–**	**1,134,987**	**67,258**	**1,202,245**
At January 1, 2024	–	1,134,987	67,258	1,202,245
Financing cash flows	200,000	–	(19,975)	180,025
Interest paid	(490)	(6,399)	(2,373)	(9,262)
Interest accrued	1,427	47,257	2,373	51,057
Other non-cash movements — impact of exchange rate fluctuations	–	–	(1,258)	(1,258)
Other non-cash movements — early termination of lease	–	–	(6,160)	(6,160)
Other non-cash movements — additions	–	–	12,673	12,673
Other non-cash movements — disposal of subsidiaries	(200,937)	–	–	(200,937)
Other non-cash movements — convertible bonds conversion	–	(31)	–	(31)
At December 31, 2024	**–**	**1,175,814**	**52,538**	**1,228,352**
At January 1, 2025	–	1,175,814	52,538	1,228,352
Financing cash flows	–	–	(18,546)	(18,546)
Interest paid	–	(12,798)	(5,036)	(17,834)
Interest accrued	–	50,411	5,036	55,447
Other non-cash movements — impact of exchange rate fluctuations	–	–	380	380
Other non-cash movements — early termination of lease	–	–	(17,114)	(17,114)
Other non-cash movements — additions	–	–	238,493	238,493
Other non-cash movements convertible bonds conversion	–	(27)	–	(27)
At December 31, 2025	**–**	**1,213,400**	**255,751**	**1,469,151**

38. TRANSACTION WITH THE NON-CONTROLLING INTERESTS AND DISPOSAL OF SUBSIDIARIES

(a) Transaction with the non-controlling interests

Pursuant to a resolution passed at the second extraordinary general meeting in 2022, the Group resolved to sell its 49% equity interest in Skyfend Technology to its ultimate controlling shareholder, the three employee share incentive platforms of Skyfend Technology, and a member of the Group's key management. Skyfend Technology, prior to the disposal, was a wholly-owned subsidiary specializing in drone prevention and control solutions in China. The transaction was completed in March 2024 and the total transaction consideration was approximately RMB60,025,000, based on the valuation report issued by an independent qualified valuer. The payment is structured in three installments: RMB35,605,000 was paid in May 2024, RMB16,909,000 was paid in March 2025, and the remaining balance of RMB7,511,000 was paid in August 2025.

Following this partial divestment, the Company retains a 51% controlling interest in Skyfend Technology and continues to exercise control over the entity.

(b) Disposal of subsidiaries

In April 2024, pursuant to the resolution of the Ninth Meeting of the Fourth Board of Directors, the Group sold an additional 5% equity interest in Skyfend Technology to the executive director of Skyfend Technology for strategic reasons, at a consideration of approximately RMB 6,300,000, based on the valuation report issued by an independent qualified valuer. Following the transaction, the Group ceased to have control over Skyfend Technology.

The disposals of 49% and 5% equity interests Skyfend Technology, which were approved by the Board of Directors in 2022 and 2024 respectively for different business purposes, represent independent decisions and thus do not constitute a single transaction package.

The revenue and net profit relating to the subsidiary disposed for the period ended the disposal date are not material for the Group. The details of the disposal is as below:

For the year ended December 31, 2024

	Skyfend Technology
	RMB'000
Cash consideration for the 5% equity interest	6,300
Fair value of 46% equity interest	57,960
Less: net liabilities of 51% equity interest	(34,482)
	98,742
Of which:	
Gains on disposal of subsidiary *(Note 7)*	40,782
Remeasurement gains in relation to the loss of control over a subsidiary	57,960
	98,742

The cash impact of the disposal is as below:

	SkyFend Technology
	RMB'000
Cash consideration	6,300
Cash and cash equivalents in the subsidiary disposed	(109,333)
Net cash outflow on disposal	**(103,033)**

39. CONTINGENCIES AND COMMITMENTS

39.1 Contingencies

The Group and the Company have contingent liabilities in respect of claims or other legal procedures arising in its ordinary course of business from time to time. As at December 31, 2023, 2024 and 2025, the directors of the Company did not anticipate that any material liabilities will arise from the contingent liabilities other than those provided for in the Historical Financial Information.

39.2 Capital Commitments

The following shows the major capital commitments of the Group:

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Property, plant and equipment commitments:			
— Contracted, but not provided for	**2,216**	**2,104**	**25,226**

40. RELATED PARTY TRANSACTIONS

(a) Ultimate controlling person

	Ownership interest		
	As at December 31,		
Name	**2023**	**2024**	**2025**
Mr. Li Hongjing	38.98%	37.61%	37.69%

The immediate holding and ultimate controlling person is Mr. Li Hongjing.

(b) Names and Relationship with Related Parties

Related parties are those parties that have the ability, directly and indirectly, to control, jointly control or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related because they are subject to common control and common joint control in the controlling shareholder's families. Members of key management and their close family member of the Group are also considered as related parties.

The directors of the Company are of the view that the following parties were significant related parties of the Group that had transactions or balances with the Group for the years ended December 31, 2023, 2024 and 2025:

Name of the related parties	Relationship with the Group
Shenzhen Xiaote Autel New Energy Co., Ltd.	An associate of the Group
Shenzhen Autel Robotics Technology Co., Ltd.	An entity controlled by the ultimate controlling person
Ms. Nong Yingbin	Key management of the Company
Skyfend Technology *(i)*	An associate of the Group
Mr. Zhao Guanjie	Former Key management of the Company
Shenzhen Daohe Tongliao Information Consulting Enterprise (Limited Partnership)	An entity significantly influenced by the ultimate controlling person

(i) Skyfend Technology was disposed of at September 2025 and ceased to be a related party of the Group thereafter.

The following transactions and balances were carried out between the Group and its related parties during the Track Record Period. In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties. In addition to those disclosed elsewhere in the Historical Financial Information, the Group has the following transactions with related parties:

(c) Material Transactions with Related Parties

	Year Ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Purchase of goods and services:			
An entity controlled by the ultimate controlling person	317	21	453
An associate of the Group	–	–	17
	317	**21**	**470**

	Year Ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Sales of goods and rendering of services:			
An entity controlled by the ultimate controlling person	**803**	**414**	**6,875**

	Year Ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Lease income:			
An entity controlled by the ultimate controlling person	**928**	**1,738**	**2,423**

As disclosed in Note 38, the Group entered into transactions with the ultimate controlling person, the three employee share incentive platforms of Skyfend Technology, a member of the Group's key management and the executive director of Skyfend Technology concerning the interest in Skyfend Technology during the Track Record Period. The considerations for these transactions were determined based on valuation reports issued by an independent qualified valuer.

As disclosed in Note 14, the Group entered into transactions with the employee stock ownership platforms of Skyfend Technology and former key management of the Company concerning the interest in Skyfend Technology during the Track Record Period. The considerations for the transactions was determined based on valuation reports issued by an independent qualified valuer.

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Guarantee provided by the ultimate controlling shareholder			
— Leases	**3,501**	**3,501**	**4,714**
Guarantee provided by the Company and its subsidiaries			
— An associate of the Group	**–**	**92,000**	**–***

* The Company provided a guarantee for Skyfend Technology since December 2024. As the relevant borrowings were due in 2025, the guarantee was released.

(d) Balance with Related Parties

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade and notes receivables			
An entity controlled by the ultimate controlling person	5,310	2,957	7,026
Associates of the Group	460	–	–
Less: credit loss allowance	(3,434)	(2,802)	(376)
	2,336	**155**	**6,650**

For the years ended December 31, 2023, the Group recognized bad debt expenses of RMB2,697,000. For the year ended December 31, 2024 and 2025, the Group reversed an allowance for bad debts of RMB632,000 and RMB2,426,000, respectively.

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade and notes payables			
An entity controlled by the ultimate controlling person	**199**	**23**	**3**

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Other receivables			
Receivables from key management arising from the partial disposal of a subsidiary	–	475	–
An entity controlled by the ultimate controlling person	–	–	2,250
Less: credit loss allowance	–	–	(223)
	–	**475**	**2,027**

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Long-term Receivables			
An entity significantly influenced by the ultimate controlling person	–	–	6,728
Former Key management of the Company	–	–	826
Less: credit loss allowance	–	–	(73)
	–	**–**	**7,481**

All the balances with the related parties are trade in natures.

(e) Key Management Compensation

Compensation of the key management personnel of the Group, including amounts paid to the Company's directors and supervisors as disclosed in Note 9(a), was as follows:

	Year Ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Fees	216	216	244
Salaries, wages and bonuses	7,748	8,240	7,450
Share-based compensation expenses	4,461	4,783	27,295
Pension costs, housing fund, medical insurance and other social benefits	549	540	486
	12,974	**13,779**	**35,475**

As at December 31, 2023, 2024 and 2025, approximately RMB1,994,000, RMB1,562,000 and RMB3,184,000 of payroll payables which were unpaid as at year end were included in other payables and accruals. The share-based payments provided to key management personnel consist of restricted share incentive schemes which are equity-settled, see Note 34.

41. EVENTS AFTER THE REPORTING PERIOD

On March 20, 2026, a final dividend in respect of the year ended December 31, 2025 of RMB5 per 10 shares (tax inclusive) has been proposed by the Board of Directors. The profit distribution plan has been reviewed and approved at the 31th meeting of the Fourth Board of Directors and 2025 Annual General Meeting. These financial statements do not reflect this dividend payable as it was not approved as at the balance sheet date.

42. SUMMARY OF OTHER ACCOUNTING POLICIES

(1) Principles of Consolidation

The Historical Financial Information incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

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

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

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and consolidated statement of comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

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

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognized. A gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under *IFRS 9* or, when applicable, the cost on initial recognition of an investment in an associate.

(2) Investments in Associates

An associate is an entity over which the Group has significant influence but no control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. 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. Investments in associates are accounted for using the equity method of accounting, after initially being recognized at cost.

Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the group's share of the post-acquisition profits or losses of the investee in profit or loss, and the group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognized as a reduction in the carrying amount of the investment.

Where the group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealized gains on transactions between the group and its associates are eliminated to the extent of the group's interest in these entities. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

Changes in the Group's interests in associates

When the Group reduces its ownership interests in an associate but the Group continues to use the equity method (including situations that change of ownership interest in an associate due to capital increase of other shareholders to the associate), the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interests if that gain or loss would have been reclassified to profit or loss on the disposal of the related assets or liabilities.

(3) Business Combinations

(i) Business Combination not Under Common Controls

The acquisition method of accounting is used to account for all business combinations (except for the business combinations under common controls), regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, amount of any non-controlling interest in the acquired entity, and acquisition date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value, with changes in fair value recognized in profit or loss.

(4) Separate Financial Statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment test of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount of the investee's net assets including goodwill.

(5) Foreign Currencies

(i) Functional and Presentation Currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("**the functional currency**"). Since the majority of the assets and operations of the Group are located in the PRC, the Historical Financial Information are presented in RMB, which is also the Company's functional and the Group's presentation currency.

(ii) Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statements of profit or loss, within finance costs. All other foreign exchange gains and losses are presented in the consolidated statements of profit or loss on a net basis within other gains/(losses), net.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at FVPL are recognized in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income are recognized in other comprehensive income.

(iii) Group Companies

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position of the Group's entities are translated at the closing rate at the end of the reporting period;
- income and expenses for each statement of profit or loss of the Group's entities are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognized in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(6) Property, Plant and Equipment

The Group's accounting policy for buildings and equipment is explained in Note 17(a). Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property 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.

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

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

Construction in progress mainly represents buildings under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalized borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property and equipment when completed and ready for use.

(7) Impairment of Non-Financial Assets

Intangible and intangible assets that have an indefinite useful life or are not yet available for use are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be fully recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(8) Intangible assets

Capitalized development costs

Research expenditure is recognized as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new and improved products) are recognized as intangible assets when the following criteria are met:

- It is technically feasible to complete the product so that it will be available for use;
- Management intends to complete the product and use or sell it;
- There is an ability to use or sell the product;
- It can be demonstrated how the product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the product are available; and

The expenditure attributable to the product during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

Directly attributable costs that are capitalized as part of the patent right and non-patent technologies mainly include employee costs, raw materials and consumables used.

Capitalized development costs are recorded as intangible assets and amortized from the point at which the asset is ready for use.

Software

Purchased software is stated at cost less any impairment losses and amortized on the straight-line basis over its estimated useful life.

Patent rights

Patent rights are initially recognized at fair value on the acquisition date and subsequently carried at cost less accumulated amortization and impairment losses.

License fee

License fee is stated at cost less any impairment losses and amortized on the straight-line basis over its estimated useful life.

Trademark

Trademark is stated at cost less any impairment losses and amortized on the straight-line basis over its estimated useful life.

Non-patent technologies

Non-patent technologies are initially recognized at historical cost and subsequently carried at cost less accumulated amortization and impairment losses.

(9) Financial Assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and

- those to be measured at amortized cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will be recorded either in profit or loss or in OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to present subsequent changes in fair value in other comprehensive income.

(ii) Recognition and Derecognition

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Group classifies its debt instruments:

- Amortized cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortized cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other gains/(losses), net together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

- FVPL: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in profit or loss and presented net within other gains/(losses), net in the period in which it arises.

Equity instruments

The Group measures all equity investments at fair value. The management has elected to recognize gains and losses arising from changes in fair value in profit or loss. Dividends from these investments are recognized as other income in profit or loss when the Group's right to receive payment is established.

Changes in the fair value of financial assets at FVPL are recognized in other gains/(losses) in the statement of profit or loss as applicable.

(iv) Impairment of Financial Assets

The Group recognizes 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. Details, please refer to credit risks in Note 3.2.

(10) Derivative Financial Instruments

The derivative instruments are foreign currency forwards and do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognized immediately in profit or loss and are included in other gains/(losses), net.

(11) Financial Liabilities

Financial liabilities are classified as financial liabilities at amortized cost and financial liabilities at FVPL at initial recognition.

Financial liabilities of the Group mainly comprise financial liabilities at amortized cost, including trade and note payables, other payables and accruals and borrowings. Such financial liabilities are initially recognized at fair value, net of transaction costs incurred, and subsequently measured using the effective interest method. Financial liabilities that are due within one year (inclusive) are classified as current liabilities; those with maturities over one year but are due within one year (inclusive) as from the balance sheet date are classified as current portion of non-current liabilities. Others are classified as non-current liabilities.

A financial liability is derecognized or partly derecognized when the underlying present obligation is discharged or partly discharged. The difference between the carrying amount of the derecognized part of the financial liability and the consideration paid is recognized in profit or loss for the current period.

(12) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost of inventories are determined on the weighted average method. Cost comprises direct materials, direct labor and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Costs of purchased inventory are determined after deducting rebates and discounts. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(13) Trade Receivables

Trade receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, in which case they are recognized at fair value. The Group holds the trade receivables with the objective of collecting the contractual cash flows and therefore measures them subsequently at amortized cost using the effective interest method. See Note 3.2 for a description of the Group's impairment policies.

(14) Share Capital and Capital Reserve

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(15) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial period which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

(16) Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are derecognized when the obligation specified in the contract is discharged, canceled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as other income or finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognized in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

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

Covenants that the Group is required to comply with, on or before the end of reporting period, are considered in classifying loan arrangements with covenants as current or non-current. Covenants that the Group is required to comply with after the reporting period do not affect the classification at the reporting date.

(17) Borrowing Costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other borrowing costs are expensed in the period in which they are incurred.

(18) Provisions

Provisions for legal claims, service warranties and make good obligations are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

(19) Employee Benefits

(i) Short-Term Obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the statement of financial position.

(ii) Housing Funds, Medical Insurances and Other Social Insurances

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

(iii) Post-Employment Benefits

The Group classifies post-employment benefit plans as either defined contribution plans or defined benefit plans. Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into a separate fund and will have no obligation to pay further contributions; and defined benefit plans are post-employment benefit plans other than defined contribution plans. During the reporting period, the Group's defined contribution plans mainly include basic pensions and unemployment insurance, while the defined benefit plans are certain oversea subsidiaries provide supplemental retirement benefits beyond the national regulatory insurance system.

(iv) Basic Pensions

The Group's employees participate in the basic pension plan set up and administered by local authorities of Ministry of Human Resource and Social Security. Monthly payments of premiums on the basic pensions are calculated according to prescribed bases and percentage by the relevant local authorities. When employees retire, the relevant local authorities are obliged to pay the basic pensions to them. The amounts based on the above calculations are recognized as liabilities in the accounting period in which the service has been rendered by the employees, with a corresponding charge to the profit or loss for the current period or the cost of relevant assets.

(20) Share-Based Payments

(i) Equity-settled share-based payment transactions

The Group operates an equity-settled share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (including shares or share options) of the Group. The fair value of the employee services received in exchange for the grant of the equity instruments is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the equity instruments granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions (for example, remaining an employee of the entity over a specified time period);
- including the impact of any non-vesting conditions.

At the end of each reporting period, the Group revises its estimates of the number of share options that are expected to vest based on the non-marketing performance and service conditions, irrespective of whether those non-vesting conditions are satisfied. It recognizes the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

(ii) Share-based payment transactions among group entities

The Company settling a share-based payment transaction when another entity in the Group receives the goods or services shall recognize the transaction as an equity-settled share-based payment transaction only if it is settled in the Company's own equity instruments. Otherwise, the transaction shall be recognized as a cash settled share-based payment transaction. In its separate financial statements, the Company records a debit, recognizing an increase in the investment in subsidiaries as a capital contribution from the parent and a credit to equity as no goods or services are received by the Company. The Company records a debit, recognizing the cash the employee paid when exercising the equity-settled share-based payment along with a decrease in reserves and a credit, recognizing share capital and share premium of the Company.

(iii) Modifications and Cancelations

The Group may modify the terms and conditions on which the share-based compensation plan was granted. If a modification increases the fair value of the equity instruments granted, the incremental fair value granted is included in the measurement of the amount recognized for the services received over the remainder of the vesting year. A grant of the share-based compensation plan, that is canceled or settled during the vesting year, is treated as an acceleration of vesting. The Group will immediately recognize the amount that otherwise would have been recognized for services received over the remainder of the vesting year.

(21) Dividend Distribution

Dividend distribution to the shareholders is recognized as a liability in the Historical Financial Information in the period in which the dividends are approved by the entities' shareholders or directors, where appropriate.

(22) Interest Income

Interest income from financial assets at FVPL is included in the net fair value gains/(losses) on these assets.

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes.

(23) Dividend Income

Dividend income is recognized when the right to receive dividend payment is established.

(24) Earnings Per Share

Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares;
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(25) Government Grants

Government grants relating to costs are deferred and recognized in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and they are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

(26) Current and Deferred Income Tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(i) Current Income Tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

(ii) Deferred Income Tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Historical Financial Information. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Deferred tax liabilities and assets are not recognized for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

In assessing any uncertainty over income tax treatments, the Group considers whether it is probable that the relevant tax authority will accept the uncertain tax treatment used, or proposed to be used by individual group entities in their income tax filings. If it is probable, the current and deferred taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant taxation authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using either the most likely amount or the expected value.

(27) Leases

(i) Definition of 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.

For contracts entered into or modified on or after the date of initial application or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

(ii) The Group as a Lessee

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the financial statements would not differ materially from individual leases within the portfolio.

Short-Term Leases and Leases of Low-Value Assets

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

Right-of-Use Assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

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

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

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

Land leases are also in the scope of IFRS 16. The Group recognizes any prepaid premium for leasehold lands as right-of-use assets which are depreciated over the relevant lease terms.

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

Lease Liabilities

At the commencement date of a lease, the Group recognizes and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases of the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option;
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option; and
- lease payments to be made under reasonably certain extension options are also included in the measurement of lease liabilities.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

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

(28) Convertible bonds

Convertible bonds that can be converted into equity share capital at the option of the holder, where the number of shares that would be issued on conversion and the value of the consideration that would be received do not vary, are accounted for as compound financial instruments, which contain both a liability component (together with the early redemption option which is closely related to the host liability component) and an equity component.

At initial recognition the liability component of the convertible bonds is determined using a market interest rate for an equivalent non-convertible instrument. The remainder of the proceeds is allocated to the conversion option as equity component. Transaction costs that relate to the issue of a compound financial instrument are allocated to the liability and equity components in proportion to the allocation of proceeds.

The liability component is subsequently carried at amortized cost, calculated using the effective interest method, until extinguished on conversion or maturity. The equity component is recognized in equity, net of any tax effects, until either the bonds are converted or redeemed.

If the bonds are converted, the relevant equity component and the carrying amount of the liability component at the time of conversion are transferred to share capital and share premium for the shares issued. If the bonds are redeemed, the equity component is transferred to retained profits.

III SUBSEQUENT FINANCIAL STATEMENTS

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