ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF HAI ROBOTICS INNOVATION GROUP CO., LTD. CITIC SECURITIES (HONG KONG) LIMITED AND GOLDMAN SACHS (ASIA) L.L.C.

INTRODUCTION

We report on the historical financial information of HAI ROBOTICS INNOVATION GROUP CO., LTD. (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to [●], which comprises the consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2023, 2024 and 2025 and six months ended 30 June 2026 (the "Relevant Periods"), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2023, 2024 and 2025 and 30 June 2026 and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to [●] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [**REDACTED**] (the "Document") in connection with the [**REDACTED**] of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

DIRECTORS' RESPONSIBILITY FOR THE HISTORICAL FINANCIAL INFORMATION

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

REPORTING ACCOUNTANTS' RESPONSIBILITY

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

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance

with the basis of preparation set out in note 2.1 to the Historical Financial Information, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

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

OPINION

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group and the Company as at 31 December 2023, 2024, and 2025 and 30 June 2026 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

Review of interim comparative financial information

We have reviewed the interim financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six months ended 30 June 2025, and other explanatory information (the "Interim Comparative Financial Information").

The directors of the Company are responsible for the preparation and presentation of the Interim Comparative Financial Information in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Interim Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements *2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Interim Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information.

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

Adjustments

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

Dividends

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

[●]
Certified Public Accountants
Hong Kong
[**REDACTED**]

I HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

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

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

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

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Notes	Year ended 31 December			Six months ended 30 June	
		2023	2024	2025	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
REVENUE	*5*	807,007	1,360,364	2,016,936	656,946	1,118,080
Cost of sales		(677,853)	(1,002,905)	(1,387,341)	(469,481)	(733,484)
Gross profit		129,154	357,459	629,595	187,465	384,596
Other income and gains	*5*	50,015	55,086	107,064	62,715	88,556
Selling and distribution expenses		(424,451)	(489,178)	(586,539)	(256,150)	(334,769)
Administrative expenses		(190,687)	(199,555)	(257,014)	(104,076)	(113,124)
Research and development expenses		(308,873)	(333,954)	(385,293)	(173,413)	(249,041)
Impairment losses on financial and contract assets, net		(4,605)	(1,556)	(7,255)	(3,933)	(1,243)
Other expenses		(42,137)	(61,608)	(9,905)	(2,876)	(3,913)
Finance costs	*6*	(5,210)	(6,625)	(9,114)	(4,334)	(3,351)
Interest on redemption liabilities	*31*	(211,160)	(239,717)	(293,931)	(137,699)	(197,587)
Losses on fair value changes of derivative liabilities	*31*	–	(333,080)	–	–	–
LOSS BEFORE TAX	*7*	(1,007,954)	(1,252,728)	(812,392)	(432,301)	(429,876)
Income tax expense	*10*	(1,012)	(2,958)	(15,150)	(9,024)	(1,007)
LOSS FOR THE YEAR/PERIOD		(1,008,966)	(1,255,686)	(827,542)	(441,325)	(430,883)
Attributable to:						
Owners of the parent		(1,008,806)	(1,255,686)	(827,542)	(441,325)	(430,883)
Non-controlling interests		(160)	–	–	–	–
		(1,008,966)	(1,255,686)	(827,542)	(441,325)	(430,883)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT						
Basic and diluted (RMB per share)	*12*	(26.52)	(30.32)	(18.34)	(9.94)	(8.34)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
LOSS FOR THE YEAR/PERIOD	(1,008,966)	(1,255,686)	(827,542)	(441,325)	(430,883)
Other comprehensive income that may be reclassified to profit and loss in subsequent periods:					
Exchange differences on translation of foreign operations	(5,106)	6,293	(30,288)	(7,864)	29,528
TOTAL COMPREHENSIVE LOSS FOR THE YEAR/PERIOD	(1,014,072)	(1,249,393)	(857,830)	(449,189)	(401,355)
Attributable to:					
Owners of the parent	(1,013,912)	(1,249,393)	(857,830)	(449,189)	(401,355)
Non-controlling interests	(160)	–	–	–	–
	(1,014,072)	(1,249,393)	(857,830)	(449,189)	(401,355)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 December			As at 30 June
		2023	2024	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS					
Property, plant and equipment	*13*	45,214	30,377	75,367	81,504
Right-of-use assets	*15*	107,051	86,897	72,232	74,833
Other intangible assets	*14*	12,421	13,187	12,830	13,789
Deferred tax assets	*18*	–	–	–	1,738
Prepayment, deposits and other receivables	*21*	8,925	9,318	10,660	16,712
Trade and bills receivables	*19*	10,228	6,931	4,170	3,612
Contract assets	*20*	19,598	29,682	43,513	39,673
Total non-current assets		203,437	176,392	218,772	231,861
CURRENT ASSETS					
Inventories	*17*	688,623	928,372	965,517	968,390
Trade and bills receivables	*19*	147,274	202,682	264,993	286,568
Debt investments at fair value through other comprehensive income	*24*	55,655	3,446	3,284	729
Contract assets	*20*	24,623	38,188	45,998	55,712
Prepayments, deposits and other receivables	*21*	100,253	124,520	117,211	150,868
Financial assets at fair value through profit or loss	*22*	30,822	40,231	–	140,338
Cash and cash equivalents	*23*	532,930	767,622	2,015,321	1,416,923
Restricted cash	*23*	150,758	183,987	192,028	241,064
Time deposits with original maturity of over three months and less than one year	*23*	163	5,535	–	–
Total current assets		1,731,101	2,294,583	3,604,352	3,260,592
CURRENT LIABILITIES					
Trade and bills payable	*25*	649,664	846,529	1,034,074	990,474
Contract liabilities	*28*	488,878	813,309	1,031,479	1,038,122
Other payables and accruals	*26*	162,513	224,505	365,899	246,531
Interest-bearing bank loans	*27*	10,466	91,779	70,495	–
Lease liabilities	*15*	30,050	28,464	22,967	21,595
Provisions	*30*	30,512	56,706	78,437	88,300
Tax payable		952	2,538	13,224	218
Redemption liabilities	*31*	2,885,689	3,511,775	5,071,347	5,253,710
Total current liabilities		4,258,724	5,575,605	7,687,922	7,638,950
NET CURRENT LIABILITIES		(2,527,623)	(3,281,022)	(4,083,570)	(4,378,358)
TOTAL ASSETS LESS CURRENT LIABILITIES		(2,324,186)	(3,104,630)	(3,864,798)	(4,146,497)

	Notes	As at 31 December			As at 30 June
		2023	2024	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT LIABILITIES					
Interest-bearing bank loans	*27*	–	19,186	17,705	–
Other payables and accruals	*26*	4,384	3,432	48,446	47,713
Deferred income	*29*	1,500	750	–	1,600
Lease liabilities	*15*	82,823	68,069	57,449	60,124
Provisions	*30*	10,694	17,433	24,319	26,231
Contract liabilities	*28*	100,742	134,738	72,063	88,860
Total non-current liabilities		200,143	243,608	219,982	224,528
Net liabilities		(2,524,329)	(3,348,238)	(4,084,780)	(4,371,025)
Share capital	*32*	–	–	27,920	51,676
Paid-in capital	*32*	3,020	3,601	–	–
Deficits	*33*	(2,527,349)	(3,351,839)	(4,112,700)	(4,422,701)
Total deficits		(2,524,329)	(3,348,238)	(4,084,780)	(4,371,025)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2023

	Attributable to owners of the parent								
	Paid-in capital	Capital reserve	Exchange fluctuation reserve	Share-based payment reserve	Other reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	RMB'000 (note 32)	*RMB'000 (note 33)*	*RMB'000 (note 33)*	*RMB'000 (note 34)*	*RMB'000 (note 33)*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2023	2,982	2,260,288	(2,206)	101,087	(2,259,347)	(1,722,933)	(1,620,129)	(234)	(1,620,363)
Loss for the year	–	–	–	–	–	(1,008,806)	(1,008,806)	(160)	(1,008,966)
Exchange differences on translation of foreign operations	–	–	(5,106)	–	–	–	(5,106)	–	(5,106)
Total comprehensive loss for the year	–	–	(5,106)	–	–	(1,008,806)	(1,013,912)	(160)	(1,014,072)
Acquisition of additional interest in a subsidiary	–	(693)	–	–	–	–	(693)	394	(299)
Share-based payments *(note 34)*	–	–	–	72,358	–	–	72,358	–	72,358
Exercise of share-options *(note 34)*	–	3,437	–	(3,079)	–	–	358	–	358
Settlement of the derivative liabilities for anti-dilution right *(note 31)*	38	37,651	–	–	–	–	37,689	–	37,689
As at 31 December 2023	3,020	2,300,683*	(7,312)*	170,366*	(2,259,347)*	(2,731,739)*	(2,524,329)	–	(2,524,329)

Year ended 31 December 2024

	Paid-in capital	Capital reserve	Exchange fluctuation reserve	Share-based payment reserve	Other reserve	Accumulated losses	Total
	RMB'000 (note 32)	*RMB'000 (note 33)*	*RMB'000 (note 33)*	*RMB'000 (note 34)*	*RMB'000 (note 33)*	*RMB'000*	*RMB'000*
As at 1 January 2024	3,020	2,300,683	(7,312)	170,366	(2,259,347)	(2,731,739)	(2,524,329)
Loss for the year	–	–	–	–	–	(1,255,686)	(1,255,686)
Exchange differences on translation of foreign operations	–	–	6,293	–	–	–	6,293
Total comprehensive loss for the year	–	–	6,293	–	–	(1,255,686)	(1,249,393)
Capital contribution by shareholders	191	352,589	–	–	–	–	352,780
Share-based payments *(note 34)*	–	–	–	92,404	–	–	92,404
Settlement of the derivative liabilities for anti-dilution right *(note 31)*	390	332,690	–	–	–	–	333,080
Recognition of redemption liabilities *(note 31)*	–	–	–	–	(352,780)	–	(352,780)
As at 31 December 2024	3,601	2,985,962*	(1,019)*	262,770*	(2,612,127)*	(3,987,425)*	(3,348,238)

Year ended 31 December 2025

	Share capital	Paid-in capital	Capital reserve	Exchange fluctuation reserve	Share-based payment reserve	Other reserve	Accumulated losses	Total
	RMB'000 (note 32)	*RMB'000 (note 32)*	*RMB'000 (note 33)*	*RMB'000 (note 33)*	*RMB'000 (note 34)*	*RMB'000 (note 33)*	*RMB'000*	*RMB'000*
As at 1 January 2025	–	3,601	2,985,962	(1,019)	262,770	(2,612,127)	(3,987,425)	(3,348,238)
Loss for the year	–	–	–	–	–	–	(827,542)	(827,542)
Exchange differences on translation of foreign operations	–	–	–	(30,288)	–	–	–	(30,288)
Total comprehensive income for the year	–	–	–	(30,288)	–	–	(827,542)	(857,830)
Capital contribution by shareholders	2,856	1,412	1,323,483	–	–	–	–	1,327,751
Share-based payments *(note 34)*	–	–	–	–	120,936	–	–	120,936
Recognition of redemption liabilities *(note 31)*	–	–	–	–	–	(1,327,399)	–	(1,327,399)
Conversion into a joint stock company	25,064	(5,013)	(40,212)	–	–	–	20,161	–
As at 31 December 2025	27,920	–	4,269,233*	(31,307)*	383,706*	(3,939,526)*	(4,794,806)*	(4,084,780)

Six months ended 30 June 2026

	Share capital	Capital reserve	Exchange fluctuation reserve	Share-based payment reserve	Other reserve	Accumulated losses	Total
	RMB'000 (note 32)	*RMB'000 (note 33)*	*RMB'000 (note 33)*	*RMB'000 (note 34)*	*RMB'000 (note 33)*	*RMB'000*	*RMB'000*
As at 1 January 2026	27,920	4,269,233	(31,307)	383,706	(3,939,526)	(4,794,806)	(4,084,780)
Loss for the period	–	–	–	–	–	(430,883)	(430,883)
Exchange differences on translation of foreign operations	–	–	29,528	–	–	–	29,528
Total comprehensive income for the period	–	–	29,528	–	–	(430,883)	(401,355)
Capital contribution by shareholders	236	99,173	–	–	–	–	99,409
Share-based payments *(note 34)*	–	–	–	98,775	–	–	98,775
Exercise of share options	–	209,768	–	(193,433)	–	–	16,335
Recognition of redemption liabilities *(note 31)*	–	–	–	–	(99,409)	–	(99,409)
Transfer from capital reserve to share capital	23,520	(23,520)	–	–	–	–	–
As at 30 June 2026	51,676	4,554,654*	(1,779)*	289,048*	(4,038,935)*	(5,225,689)*	(4,371,025)

* The reserve accounts comprised the consolidated deficits of RMB2,527,349,000, RMB3,351,839,000 and RMB4,112,700,000 and RMB4,422,701,000 in the consolidated statements of financial position as at 31 December 2023, 31 December 2024, 31 December 2025 and 30 June 2026, respectively.

Six months ended 30 June 2025 (unaudited)

	Paid-in capital	Capital reserve	Exchange fluctuation reserve	Share-based payment reserve	Other reserve	Accumulated losses	Total
	RMB'000 (note 32)	*RMB'000 (note 33)*	*RMB'000 (note 33)*	*RMB'000 (note 34)*	*RMB'000 (note 33)*	*RMB'000*	*RMB'000*
As at 1 January 2025	3,601	2,985,962	(1,019)	262,770	(2,612,127)	(3,987,425)	(3,348,238)
Loss for the period	–	–	–	–	–	(441,325)	(441,325)
Exchange differences on translation of foreign operations	–	–	(7,864)	–	–	–	(7,864)
Total comprehensive income for the period	–	–	(7,864)	–	–	(441,325)	(449,189)
Capital contribution by shareholders	71	130,024	–	–	–	–	130,095
Share-based payments *(note 34)*	–	–	–	64,948	–	–	64,948
Recognition of redemption liabilities *(note 31)*	–	–	–	–	(130,095)	–	(130,095)
As at 30 June 2025 (unaudited)	3,672	3,115,986	(8,883)	327,718	(2,742,222)	(4,428,750)	(3,732,479)

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended 31 December			Six months ended 30 June	
		2023	2024	2025	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
CASH FLOWS FROM OPERATING ACTIVITIES						
Loss before tax		(1,007,954)	(1,252,728)	(812,392)	(432,301)	(429,876)
Adjustments for:						
Finance costs	*6*	5,210	6,625	9,114	4,334	3,351
Interest income	*5*	(6,634)	(6,606)	(9,596)	(3,536)	(17,980)
Interest on redemption liabilities	*31*	211,160	239,717	293,931	137,699	197,587
Loss on disposal of items of property, plant and equipment	*7*	510	456	277	83	487
Losses/(gains) on early termination of a lease	*7*	1,204	(54)	66	–	(326)
Loss on disposal of intangible assets	*7*	–	–	415	279	–
Foreign exchange losses/(gains)		25,042	42,370	(92,190)	(36,348)	(42,844)
Share-based payments	*34*	72,358	92,404	120,936	64,948	98,775
Transaction cost for issuance of shares with redemption liabilities	*7*	–	–	21,470	–	–
Impairment losses on property, plant and equipment		–	5,166	–	–	–
Impairment losses on financial and contract assets, net		4,605	1,556	7,255	3,934	1,244
Write-down of inventories to net realisable value	*7*	73,707	33,593	35,572	12,557	8,168
Investment (income)/loss on financial assets at fair value through profit or loss	*5*	(9,106)	(744)	112	300	(1,602)

	Notes	Year ended 31 December			Six months ended 30 June	
		2023	2024	2025	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
Investment income from debt investments at fair value through other comprehensive income	*5*	(3,034)	(565)	–	–	–
Fair value gains on financial assets at fair value through profit or loss	*5*	(822)	(231)	–	–	(338)
Losses on fair value changes of derivative liabilities		–	333,080	–	–	–
Depreciation of property, plant and equipment	*13*	24,597	28,184	16,427	7,402	8,905
Amortisation of intangible assets	*14*	2,120	3,013	4,748	1,904	3,161
Depreciation of right-of-use assets	*15*	33,762	32,439	30,673	15,454	14,524
		(573,275)	(442,325)	(373,182)	(223,291)	(156,764)
Increase in inventories		(284,939)	(292,992)	(53,534)	(312,418)	(33,620)
(Increase)/decrease in trade and bills receivables		(120,859)	(57,592)	(64,653)	25,335	(26,167)
(Increase)/decrease in restricted bank deposits		(141,138)	(33,229)	(8,041)	(58,979)	(49,036)
Increase in contract assets		(23,835)	(23,731)	(22,297)	(7,013)	(6,030)
(Increase)/decrease in prepayments, deposits and other receivables		(28,602)	(25,488)	14,441	(27,175)	(30,306)

	Notes	Year ended 31 December			Six months ended 30 June	
		2023	2024	2025	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (unaudited)	*RMB'000*
(Increase)/decrease in bills receivable measured at fair value through other comprehensive income		(4,055)	5,137	162	(226)	2,555
Increase/(decrease) in trade and bills payables		360,929	199,246	186,471	151,775	(44,723)
Provision for warranty		23,356	32,933	28,617	(8,870)	11,775
Increase in contract liabilities		278,867	381,127	138,546	213,005	51,081
Increase/(decrease) in other payables and accruals		26,765	57,184	115,426	(41,327)	(82,381)
Increase/(Decrease) in deferred income		(500)	(750)	(750)	(375)	1,600
Cash used in operations		(487,286)	(200,480)	(38,794)	(289,559)	(362,016)
Interest received		5,097	6,103	8,963	3,497	17,980
Income tax paid		(60)	(1,372)	(4,464)	(2,931)	(15,751)
Net cash flows used in operating activities		(482,249)	(195,749)	(34,295)	(288,993)	(359,787)

	Notes	Year ended 31 December			Six months ended 30 June	
		2023	2024	2025	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest received		1,537	503	633	39	–
Purchase of financial assets at fair value through profit or loss		(566,822)	(245,106)	(130,318)	(30,000)	(539,500)
Disposal of financial assets at fair value through profit or loss		1,134,873	236,672	170,955	39,931	401,102
Disposal of derivative financial instruments		–	–	(518)	–	–
Purchases of items of property, plant and equipment		(26,529)	(14,588)	(15,213)	(7,462)	(13,888)
Purchases of intangible assets		(7,524)	(3,779)	(7,432)	(2,138)	(4,120)
Proceeds from disposal of items of property, plant and equipment		922	374	1,552	270	228
Purchase of time deposits with original maturity of over three months		(49,579)	(81,356)	–	–	–
Disposal of time deposits with original maturity of over three months		165,257	75,984	5,535	5,535	–
Purchase of certificate deposit		(16,000)	–	–	–	–
Disposal of certificate deposit		103,940	47,637	–	–	–
Receipt of repayment from related party		–	–	4,540	1,540	–
Net cash flows from investing activities		740,075	16,341	29,734	7,715	(156,178)

	Notes	Year ended 31 December			Six months ended 30 June	
		2023	2024	2025	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
CASH FLOWS FROM FINANCING ACTIVITIES						
Interest paid		(386)	(2,140)	(4,222)	(2,332)	(785)
Proceeds from issue of series shares		–	352,780	1,327,399	130,095	99,409
Capital contribution by shareholders		–	–	1,268	–	–
Transaction cost for issuance of shares with redemption liabilities		–	–	(2,200)	–	(19,270)
New bank and other borrowings	*27*	10,769	127,716	97,679	90,426	–
Funds received from a third party		–	4,281	–	–	–
Consideration paid for acquisition of a non-controlling interest		(299)	–	–	–	–
Lease payments	*15*	(37,705)	(32,879)	(35,639)	(14,010)	(17,809)
Lease compensation payments		–	–	(1,655)	(194)	–
[**REDACTED**] paid		[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Payment of lease deposit		–	(1,107)	(4,880)	(1,695)	(6,953)
Recovery of lease deposit		1,655	–	–	2,227	1,497
Loan provided to a related party		(540)	–	–	–	–
Repayment of funds to a third party		–	–	(2,530)	(870)	(1,660)
Repayment of bank loans	*27*	(5,310)	(27,217)	(120,444)	(55,087)	(88,200)
Net cash flows from/(used in) financing activities		(31,816)	421,434	1,253,724	148,560	(35,832)
NET INCREASE IN CASH AND CASH EQUIVALENTS		226,010	242,026	1,249,163	(132,718)	(551,797)

	Notes	Year ended 31 December			Six months ended 30 June	
		2023	2024	2025	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Cash and cash equivalents at beginning of year/period	*23*	304,708	532,930	767,622	767,622	2,015,321
Effect of foreign exchange rate changes, net		2,212	(7,334)	(1,464)	17,963	(46,601)
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD		532,930	767,622	2,015,321	652,867	1,416,923
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS						
Unrestricted cash and bank balances	*23*	466,378	758,996	1,630,633	509,719	1,212,596
Non-pledged time deposits with original maturity of less than three months when acquired		66,552	8,626	384,688	143,148	204,327
Cash and cash equivalents as stated in the consolidated statements of financial position	*23*	532,930	767,622	2,015,321	652,867	1,416,923

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Notes	As at 31 December			As at 30 June
		2023	2024	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS					
Property, plant and equipment		5	3	1	132
Investment in subsidiaries	*16*	2,365,081	2,782,007	3,108,430	3,209,976
Total non-current assets		2,365,086	2,782,010	3,108,431	3,210,108
CURRENT ASSETS					
Prepayments, deposits and other receivables	*21*	7,489	6,565	117,142	268,425
Financial assets at fair value through profit or loss	*22*	–	–	–	140,338
Cash and cash equivalents	*23*	23,748	77,575	1,062,073	826,415
Restricted cash		–	954	–	–
Total current assets		31,237	85,094	1,179,215	1,235,178
CURRENT LIABILITIES					
Trade payables	*25*	186	236	233	46
Other payables and accruals	*26*	875	32,028	65,001	14,249
Redemption liabilities	*31*	2,885,689	3,511,775	5,071,347	5,253,710
Total current liabilities		2,886,750	3,544,039	5,136,581	5,268,005
NET CURRENT LIABILITIES		(2,855,513)	(3,458,945)	(3,957,366)	(4,032,827)
TOTAL ASSETS LESS CURRENT LIABILITIES		(490,427)	(676,935)	(848,935)	(822,719)
Net liabilities		(490,427)	(676,935)	(848,935)	(822,719)
Share capital	*32*	–	–	27,920	51,676
Paid-in capital	*32*	3,020	3,601	–	–
Deficits	*33*	(493,447)	(680,536)	(876,855)	(874,395)
Total deficits		(490,427)	(676,935)	(848,935)	(822,719)

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

Hai Robotics Innovation Group Co., Ltd. (the "Company") was incorporated as a limited liability in Dongguan, People's Republic of China (the "PRC") on 1 December 2016. The Company was converted into a joint stock company with limited liability in November 2025. The registered office address of the Company is Room 101, Building B, Hairou Innovation Technology Industrial Park, Nanchang Community, Xixiang Street, Baoan District, Shenzhen City, PRC.

During the Relevant Periods, the Company and its subsidiaries (collectively the "Group") were principally engaged in providing efficient, intelligent and flexible warehouse automation solutions through robotics technology and intelligent algorithms.

As at the date of this report, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies (or, if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of which are set out below:

Name	Place and date of registration and place of operations	Registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
HAI Robotics Co., Ltd. 深圳市海柔創新科技有限公司* *(note (d))*	Chinese Mainland 21 December 2016	RMB1,000,000,000	100%	–	Develop, Manufacture and Sale of warehouse automation solutions through robotics technology and intelligent algorithms
Jiangsu Hairou Innovation Technology Co., Ltd. 江蘇海柔創新科技有限公司* *(note (a))*	Chinese Mainland 9 May 2024	RMB300,000,000	100%	–	Manufacture of warehouse automation solutions through robotics technology and intelligent algorithms
Shenzhen Kubo Software Co., Ltd. 深圳市庫寶軟件有限公司* *(note (d))*	Chinese Mainland 3 December 2020	RMB300,000,000	100%	–	Develop of warehouse automation solutions through robotics technology and intelligent algorithms
Shenzhen Hairou International Trade Co., Ltd. 深圳市海柔國際貿易有限公司* *(note (d))*	Chinese Mainland 11 April 2022	RMB50,000,000	100%	–	Sale of warehouse automation solutions through robotics technology and intelligent algorithms
HAI ROBOTICS (HK) LIMITED *(note (b))*	HONG KONG 25 January 2021	USD31,500,000	–	100%	Sale of warehouse automation solutions through robotics technology and intelligent algorithms
HAI ROBOTICS SINGAPORE PTE. LTD. *(note (c))*	SINGAPORE 10 August 2021	USD5,000,000 and SGD22,453,630	–	100%	Sale of warehouse automation solutions through robotics technology and intelligent algorithms
HAI ROBOTICS EUROPE B.V. *(note (a))*	Netherlands 13 September 2021	EUR19,800	–	100%	Sale of warehouse automation solutions through robotics technology and intelligent algorithms

Name	Place and date of registration and place of operations	Registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
株式會社HAI ROBOTICS JAPAN *(note (a))*	Japan 9 October 2020	JPY77,350,000	–	100%	Sale of warehouse automation solutions through robotics technology and intelligent algorithms
HAI ROBOTICS U.S.A. INC *(note (a))*.	United States 17 March 2021	USD1,000	–	100%	Sale of warehouse automation solutions through robotics technology and intelligent algorithms

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

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

Notes:

(a) As at the date of this report, no audited financial statements have been prepared for these entities for the Relevant Periods.

(b) The statutory financial statements of this entity for the period for the year ended 31 December 2023 and 2024 prepared in accordance with the Hong Kong Small and Medium-sized Entity Financial Reporting Standards ("SME-FRS") issued by the HKICPA, were audited by Lee Chi Fai Clement Certified Public Accountant (Practising), certified public accountants registered in Hong Kong. As at the date of this report, no audited financial statements of this entity for the year ended 31 December 2025 have been prepared.

(c) The statutory financial statements of this entity for the period for the year ended 31 December 2023 and 2024 prepared in accordance with Singapore Financial Reporting Standards ("SFRSs"), were audited by RSM Chio Lim LLP and Audtrust Assurance PAC, certified public accountants registered in Singapore. As at the date of this report, no audited financial statements of this entity for the year ended 31 December 2025 have been prepared.

(d) The statutory financial statements of this entity for the period the year ended 31 December 2023, 2024 and 2025 prepared in accordance with PRC GAAP, were audited by Hua Si Certified Public Accountants LLP (深圳華思會計師事務所(特殊普通合夥)), certified public accountants registered in the PRC.

2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards, which comprise all standards and interpretations approved by the International Accounting Standards Board ("IASB"). All IFRS Accounting Standards effective for the accounting period commencing from 1 January 2026, together with the relevant transitional provisions, have been consistently adopted by the Group in the preparation of the Historical Financial Information.

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

As at 30 June 2026, the Group recorded net current liabilities of RMB4,378,358,000 and net liabilities of RMB4,371,025,000 and incurred accumulated losses from operations. The net current liabilities primarily arose from the redemption right liability in respect of the capital contribution of Pre-[**REDACTED**] investors amounted to RMB5,253,710,000 as at 30 June 2026. The directors of the Company do not expect the capital investment with redemption right to be redeemed within the next 12 months, as the redemption right is conditional upon the completion of a qualified [**REDACTED**] or a complete sale prior to 15 March 2029. Upon completion of the [**REDACTED**], all special rights including the redemption right will be terminated, and the redemption liabilities will be reclassified into equity.

In assessing the Group's working capital adequacy to meet its current liabilities, the directors of the Company have considered all accessible financial resources, including existing cash and cash equivalents. The directors of the Company are of the opinion that the Group will have sufficient working capital to meet its financial liabilities and obligations as and when they fall due for the next twelve months from 30 June 2026, and accordingly, the Historical Financial Information has been prepared on a going concern basis.

Basis of consolidation

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

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

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

(b) rights arising from other contractual arrangements; and

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

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

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

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

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

2.2 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

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

Amendments to IAS 21 . .	*Translation to a Hyperinflationary Presentation Currency*[1]
IFRS 18	*Presentation and Disclosure in Financial Statements*[1]
IFRS 19 and its amendments	*Subsidiaries without Public Accountability: Disclosure*[1]
Amendments to lFRS 10 and IAS 28	*Sale or Contribution of Assets between an investor and its Associate or JointeVenture*[2]
IFRS 20	*Regulatory Assets and Regulatory Liabilities*[3]
Amendments to IAS 28 . .	*Amendments to the Fair Value Option for investments in Associates and Joint Ventures in IAS 28*[4]

1 Effective for annual/reporting periods beginning on or after 1 January 2027

2 No mandatory effective date yet determined but available for adoption

3 Effective for annual periods beginning on or after 1 January 2029

4 The amendments are applied when an entity first applies lFRS 18

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

2.3 MATERIAL ACCOUNTING POLICIES

Fair value measurement

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

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

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

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

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

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

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

Related parties

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

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

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

  (ii) has significant influence over the Group; or

  (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

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

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

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

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

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

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

(vi) the entity is controlled or jointly controlled by a person identified in (a);

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

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

Property, plant and equipment and depreciation

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

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

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

Leasehold improvements	Shorter of remaining lease terms and estimated useful lives
Electronic equipment	31.7% to 33.3%
Machinery and vehicles	9.5% to 23.8%
Building	3.3%
Other equipment	19.0%

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

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

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

Intangible assets

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

Patent

Purchased patent technology is initially recognised and measured at cost. The cost is amortised on the straight-line basis over its estimated useful life of 4 to 6 years.

Software

Purchased office software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of 5 years.

Research and development costs

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

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

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

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

(a) Right-of-use assets

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

Right-of-use assets	Shorter of remaining lease terms and estimated useful lives
Building	2 to 5 years
Land	50 years

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

(b) Lease liabilities

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

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

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

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

Group as a lessor

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

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

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases. At the commencement date, the cost of the leased asset is capitalised at the present value of the lease payments and related payments (including the initial direct costs), and presented as a receivable at an amount equal to the net investment in the lease. The finance income on the net investment in the lease is recognised in profit or loss so as to provide a constant periodic rate of return over the lease terms.

Investments and other financial assets

Initial recognition and measurement

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

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

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

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

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

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

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

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

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

Financial assets at fair value through profit or loss

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

Derecognition of financial assets

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

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

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

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

Impairment of financial assets

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

General approach

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

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

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

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

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables that do not contain a significant financing component and contract assets which apply the simplified approach as detailed below.

Stage 1	Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
Stage 2	Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
Stage 3	Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

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

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, Interest-bearing bank loans, or payables, as appropriate.

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

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

Subsequent measurement

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

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

After initial recognition, trade payables, other payables and accruals, interest-bearing bank borrowings, and redemption liabilities are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

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

Redemption liabilities

For the redeemable liabilities as detailed in note 31, financial liabilities are recognised based on the net present value of the redemption amount and debited to equity. Changes of net present value subsequent to the initial recognition are recognised in profit or loss.

Derivative liabilities measured at fair value through profit or loss

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment occurs if there is a change in the terms of the contract that significantly modifies the cash flows.

Derecognition of financial liabilities

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

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

Offsetting of financial instruments

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

Inventories

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

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term highly liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

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

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

The Group provides for warranties in relation to the sale of products for general repairs of defects occurring during the warranty period. Provisions for these assurance-type warranties granted by the Group are initially recognised based on sales amount and past experience of the level of repairs and returns. The estimation basis is reviewed on an ongoing basis and revised where appropriate.

Income tax

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

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

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

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

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

Government grants

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

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

Revenue recognition

Revenue from contracts with customers

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

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

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group with a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

The Group principally generates its revenue from the sales of Autonomous Case-Handling Robotic System Solutions ("ACR solutions") and after-sales service.

(a) Sale of ACR solutions

ACR solutions involve the design, manufacture, deployment and commissioning of customised ACR solutions to end customers or channel partners. The Group determines that the promised goods and services in ACR solutions represent a performance obligation, because these promises are highly interdependent, and the customers are unable to derive significant benefits from the access to an individual promise for the intended purposes without receipt of the other goods or services. Revenue is recognised when the customer takes possession of and accepts the ACR solutions. There are circumstances where only hardware is sold without the involvement of deployment and commissioning, in such circumstances, revenue is recognised when the customer takes delivery and accepts the hardware.

Certain contracts of ACR solutions provide an extended warranty service to its customers which represents a distinct service and a separate performance obligation. A portion of the transaction price is allocated to the extended warranty service using a relative-alone selling price of the warranty. The revenue from extended warranty service is recognised over the period in which the service is provided.

(b) After-sales services

The Group provides after-sales services to customers which include the provision of remote technology support services, product repair and maintenance services, and on-site diagnostic services in a specified service period. The Group also provides one-off after-sales services as required by customers. Should any of the following conditions be satisfied, the services provided by the Group are performance obligations fulfilled within a certain period of time. For after-sales services provided within a period, revenue is recognised overtime when the service is transferred to the customer in accordance with the progress of the contract performance, for one-off time after-sales services, revenue is recognised when the services are rendered and accepted by customers.

Revenue from Robot as a Service ("RaaS services")

Revenue from RaaS services, referring to the leasing of ACR solutions, is recognised over time when the service is transferred to the customer over time.

Other income

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

Contract assets

If the Group performs by transferring goods or services to a customer before being unconditionally entitled to the consideration under the contract terms, a contract asset is recognised for the earned consideration that is conditional. Contract assets are subject to impairment assessment, details of which are included in the accounting policies for impairment of financial assets, they are reclassified to trade receivables when the right to the consideration becomes unconditional.

Contract liabilities

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

Contract costs

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

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

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

(c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to the statement of profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

Share-based payments

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

The cost of equity-settled transactions with employees is measured by reference to the fair value the at the date on which they are granted. The fair value of share options is determined by an external valuer using discounted cash flow method or backsolve method based on the option pricing model. Further details are included in note 34 to the Historical Financial Information.

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

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

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

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

Other employee benefits

Pension scheme

Chinese Mainland

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

Other countries or regions

The Group makes contributions in accordance with local legal requirements, which are designated for paying pensions and other post-retirement benefits. The amounts based on the defined contribution plans are recognised as liabilities in the accounting period in which the service has been rendered by the employees, with a corresponding charge to profit or loss for the current period.

Housing fund and other social insurances — Chinese Mainland

The Group has participated in defined social security contribution schemes for its employees pursuant to the relevant laws and regulations of the PRC. These include a housing fund, basic medical insurance, unemployment insurance, injury insurance and maternity insurance. The Group makes monthly contributions to the housing fund and other social insurances. The contributions are charged to profit or loss on an accrual basis. The Group's liability in respect of these funds is limited to the contributions payable in each of the Relevant Periods.

Housing fund and other social insurances — Other countries or regions

The Group participates in local social security contribution schemes for its employees in accordance with the relevant laws and regulations of the other countries or regions jurisdictions. The contributions are charged to profit or loss on an accrual basis.

Borrowing costs

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

Events after the reporting period

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

Foreign currencies

The Historical Financial Information is presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of each of the Relevant Periods. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

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

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

The functional currencies of certain overseas subsidiaries are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

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

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

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

Classification of financial assets

The classification of financial assets at initial recognition depends on the Group's business model for managing the financial assets. In determining the business model, the Group considers how the performance of the business model and the financial assets held within that business model are evaluated and reported to the Group's key management personnel, the risks that affect the performance of the business model (and the financial assets held within) and, in particular, the way those risks are managed. In determining whether cash flows are going to be realised by collecting the financial assets' contractual cash flows, it is necessary for the Group to consider the reason, timing, frequency, and value of sales prior to the maturity date.

Research and development expenses

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

Recognition of income taxes and deferred tax assets

Determining income tax provision involves judgement on the future tax treatment of certain transactions and when certain matters relating to the income taxes have not been confirmed by the local tax bureau. Management evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatments of such transactions are reconsidered periodically to take into account all changes in tax legislation. Deferred tax assets are

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

Determination of individual performance obligations

The Group's generally provide warranties in relation to the sale of ACR solutions. For the sales which are granted with longer warranty period than the average level, the exceed portions are accounted as service-type warranties. The transaction price are allocated based on relative stand-alone selling price method.

Estimation uncertainty

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

Net realisable value of inventories

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

Provision for expected credit losses on trade and bills receivables and contract assets

The Group makes allowances on trade and bills receivables and contract assets based on assumptions about risk of default and expected loss rates. The Group uses estimations in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade and bills receivables is disclosed in notes 19 and note 20 to the Historical Financial Information, respectively.

Provision for product warranty provision

The Group provides for warranties in relation to the sale of ACR solutions during the warranty period. Provisions for these assurance-type warranties granted by the Group are initially recognised based on sales volume and past experience of the level of repairs and returns, discounted to their present values as appropriate. The warranty-related cost is revised annually.

Leases – Estimating the incremental borrowing rate

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

Impairment of non-financial assets

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

Share-based payment

The Group makes the best estimate of the number of exercisable equity instruments during the vesting period based on the fair value on the grant date and the latest subsequent information obtained, and includes the services obtained in the current period in relevant costs or expenses. The fair value of the share option awards to employees is determined the using the discounted cash flow method or backsolve method based on the option pricing model at the date they are granted. Significant estimates on assumptions, including the expected volatility, risk-free interest rate and dividend yield of options, are made by the management of the Group. Further details are included in note 34 to the Historical Financial Information.

4. OPERATING SEGMENT INFORMATION

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

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

Geographical information

(a) Revenue from external customers

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Domestic market	612,093	842,407	1,069,083	408,585	556,331
Non-domestic markets	194,914	517,957	947,853	248,361	561,749
	807,007	1,360,364	2,016,936	656,946	1,118,080

The revenue information above is based on the geographic locations of the Group's sales team, which lead negotiations with customers to reach sales transactions.

(b) Non-current assets

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Domestic market	171,024	145,052	177,248	186,998
Non-domestic markets	22,185	24,409	33,606	28,824
	193,209	169,461	210,854	215,822

The non-current asset information above is based on the locations of the assets and excludes non-current portion of trade and bills receivables and non-current portion of financial assets included in prepayments, deposits and other receivables.

Information about major customers

Revenue from a major customer which accounted for 10% or more of the Group's revenue is as follows:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Customer 1	*	142,665	429,812	203,745	180,584
Customer 2	126,253	172,439	*	*	*
Customer 3	*	*	*	*	129,056
Customer 4	*	*	*	*	126,716

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

5. REVENUE, OTHER INCOME AND GAINS

Revenue

An analysis of revenue is as follows:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Revenue from contracts with customers	805,916	1,358,731	2,016,640	656,704	1,117,062
Revenue from RaaS	1,091	1,633	296	242	1,018
	807,007	1,360,364	2,016,936	656,946	1,118,080

(a) Disaggregated revenue information

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Types of goods or services					
Sales of ACR solutions	799,404	1,343,922	1,969,788	644,072	1,059,319
After-sales services	6,512	14,809	46,852	12,632	57,743
	805,916	1,358,731	2,016,640	656,704	1,117,062

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Timing of revenue recognition					
Goods transferred at a point in time	803,067	1,351,997	2,002,449	650,069	1,083,912
Services transferred over time	2,849	6,734	14,191	6,635	33,150
Total revenue from contracts with customers	805,916	1,358,731	2,016,640	656,704	1,117,062

The Group has elected the practical expedient for not to disclose the remaining performance obligations for certain of contracts with customers have an expected original expected duration of one year or less.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) of contracts with customers with expected duration over one year as at 31 December 2023, 2024, 2025 and 30 June 2025 and 2026 are as follows:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Amounts expected to be recognised as revenue:					
Within one year	2,024	9,458	16,867	11,329	15,580
After one year	216,573	410,796	320,285	392,546	339,702
	218,597	420,254	337,152	403,875	355,282

The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognised as revenue after one year relate to sales of ACR solutions and after-sales services, of which the performance obligations are to be satisfied within the remaining contract period. All the other amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year. The amounts disclosed above do not include variable consideration which is constrained.

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

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period	219,587	488,878	813,309	407,407	658,454

(b) Performance obligations

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

Sales of ACR solutions

The performance obligation is satisfied when customers take possession of and accept the ACR solutions. Payment terms and conditions are based on the billing schedule established in the contracts with customers. Generally, payment is due within 10 to 60 days after contract signing (specified portion of the contract amount), within 10 to 60 days before shipment or after receipt of goods (specified portion

of the contract amount), and within 10 to 60 days after project acceptance (the remaining balance), provided no warranty retention applies. If warranty retention is applicable, the retention amount is due within 10 to 60 days after the warranty period expires.

After-sales services

For after-sales services provided within a period, the performance obligation is satisfied over time when the service is transferred to the customer in accordance with the progress of the contract performance. For one-off after-sales services, the performance obligation is satisfied when the service is rendered and accepted by customers. Payment terms and conditions are based on the billing schedule established in the contracts with customers.

Other income and gains

An analysis of other income and gains is as follows:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Other income					
Interest income from bank deposit	6,106	5,896	9,164	3,345	17,751
Interest income from long-term receivables	528	710	432	191	229
Government grants*	13,136	12,544	10,623	3,232	17,784
Additional deduction of value-added tax	92	11,864	2,018	1,959	26
Software tax refund	11,650	13,995	9,076	6,012	–
Investment income from financial assets at fair value through profit or loss	9,106	744	406	–	1,602
Investment income from debt investments at fair value through other comprehensive income	3,034	565	–	–	–
Other operating income**	5,342	8,394	3,423	1,420	2,485
Others	199	143	245	110	189
Gains					
Fair value gains on financial assets at fair value through profit or loss	822	231	–	–	338
Gain on exchange differences, net	–	–	71,677	46,446	48,152
	50,015	55,086	107,064	62,715	88,556

* The Group has received certain government grants related to assets and income. The grants related to assets have future related costs expected to be incurred and require the Group to comply with conditions attached to the grants and the government to acknowledge the compliance of these conditions, were recognised in profit or loss over the useful lives of the relevant assets. The grants related to income represent the compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group, these grants related to income are recognised in profit or loss upon receipt and there are no unfulfilled conditions or contingencies relating to these grants.

** Other operating income mainly includes revenue from sales of scrap or surplus raw materials.

6. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Interest on bank loans	386	2,140	4,222	2,332	785
Interest on long term payables	117	208	1,304	239	957
Interest on lease liabilities	4,707	4,277	3,588	1,763	1,609
	5,210	6,625	9,114	4,334	3,351

7. LOSS BEFORE TAX

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

	Notes	Year ended 31 December			Six months ended 30 June	
		2023	2024	2025	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Cost of services provided*		677,853	1,002,905	1,387,341	469,481	733,484
Depreciation of property, plant and equipment**	*13*	24,597	28,184	16,427	7,402	8,905
Depreciation of right-of-use assets**	*15*	33,762	32,439	30,673	15,454	14,524
Amortisation of intangible assets **	*14*	2,120	3,013	4,748	1,904	3,161
Loss on disposal of property, plant and equipment***		510	456	277	83	487
Loss on disposal of intangible assets***		–	–	415	279	–
Loss/(gain) on early termination of a lease***		1,204	(54)	66	–	(326)
Foreign exchange losses/(gains), net***		33,150	47,326	(71,677)	(46,446)	(48,152)
Lease payments in respect of short-term leases		1,310	1,758	2,131	852	2,288
Impairment losses on property, plant and equipment***		–	5,166	–	–	–
Impairment of financial and contract assets, net:		4,605	1,556	7,255	3,933	1,243
Impairment of trade receivables, net		3,946	1,474	6,599	3,831	1,086

	Notes	Year ended 31 December			Six months ended 30 June	
		2023	2024	2025	2025	2026
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Impairment of contract assets, net		659	82	656	102	157
Write-down of inventories to net realisable value****		73,707	33,593	35,572	12,557	8,168
Fair value gain on financial assets at fair value through profit or loss***		(822)	(231)	–	–	(338)
Loss of derivative financial instruments***		–	–	518	–	–
Investment income from financial assets at fair value through profit or loss***		(9,106)	(744)	(406)	–	(1,602)
Investment income from debt investments at fair value through other comprehensive income***		(3,034)	(565)	–	–	–
Losses on fair value changes of derivative financial liabilities		–	333,080	–	–	–
Interest on redemption liabilities	*31*	211,160	239,717	293,931	137,699	197,587
Research and development expense		308,873	333,954	385,293	173,413	249,041
Product warranty provision*****	*30*	45,450	85,293	109,011	21,117	57,563
[**REDACTED**]		[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Employee benefit expenses (excluding directors', supervisors' and chief executive's remuneration *(note 8)*)						
– Wages and salaries		649,588	667,861	667,310	337,782	406,081
– Pension scheme contributions		18,661	23,384	26,170	13,603	17,185
– Share-based payment expenses		64,812	88,159	113,803	62,420	57,594
		733,061	779,404	807,283	413,805	480,860

* The amounts disclosed for cost of inventories sold including the write-down of inventories to net realisable value, employee benefit expenses and depreciation, amortization have also been included in the respective expense items disclosed below.

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

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

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

***** The amounts are included in "Selling and distribution expenses" in profit or loss.

8. DIRECTORS', SUPERVISORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors', supervisors' and chief executive's remuneration as recorded during the Relevant Periods and the six months ended 30 June 2025, disclosed pursuant to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Listing Rules"), section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is set out below:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Fees	–	–	–	–	–
Other emoluments:					
Salaries, allowances and benefits in kind	3,142	3,039	3,688	1,392	3,733
Performance related bonus	91	257	4,759	2,035	1,762
Pension scheme contributions	54	97	114	48	47
Share-based payment expenses	7,546	4,245	7,133	2,528	41,181
	10,833	7,638	15,694	6,003	46,723

30 June 2026

	Salaries, allowances and benefits in kind	Performance related bonus	Pension scheme contributions	Share-based payment expenses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors:					
Mr. Chen Yuqi	1,166	550	8	603	2,327
Mr. Xu Shengdong	691	394	8	36,812	37,905
Mr. Fang Bing	519	300	8	650	1,477
Ms. Zeng Hongni *(i)*	516	250	5	2,603	3,374
Subtotal	2,892	1,494	29	40,668	45,083
Non-executive directors:					
Mr. Yeung Wing Fung *(v)*	–	–	–	–	–
Ms. Shi Cong *(x)*	–	–	–	–	–
Subtotal	–	–	–	–	–
Supervisors:					
Ms. Li Wen *(xi)*	328	103	8	245	684
Mr. Liu Jianhua *(xii)*	266	104	5	214	589
Mr. Zhang Guangyu *(xiii)*	247	61	5	54	367
Subtotal	841	268	18	513	1,640
Total	3,733	1,762	47	41,181	46,723

30 June 2025 (unaudited)

	Salaries, allowances and benefits in kind	Performance related bonus	Pension scheme contributions	Share-based payment expenses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors:					
Mr. Chen Yuqi	142	561	8	628	1,339
Mr. Xu Shengdong	304	341	8	447	1,100
Mr. Fang Bing	276	270	8	282	836

	Salaries, allowances and benefits in kind	Performance related bonus	Pension scheme contributions	Share-based payment expenses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Ms. Zhou Hongxia *(xx)*	244	308	8	167	727
Ms. Yang Suimei *(xxi)*	217	450	8	990	1,665
Mr. Kong Zhe *(ii)*	209	105	8	14	336
Subtotal	1,392	2,035	48	2,528	6,003
Non-executive directors:					
Mr. Li Wenbiao *(xxii)*	–	–	–	–	–
Mr. Wu Jinhai *(iv)*	–	–	–	–	–
Mr. Yeung Wing Fung *(v)*	–	–	–	–	–
Mr. Huang Yungang *(vi)*	–	–	–	–	–
Mr. Liu Qin *(vii)*	–	–	–	–	–
Subtotal	–	–	–	–	–
Supervisors:					
Mr. Bai Xiaojun *(xiv)*	–	–	–	–	–
Subtotal	–	–	–	–	–
Total	1,392	2,035	48	2,528	6,003

31 December 2025

	Salaries, allowances and benefits in kind	Performance related bonus	Pension scheme contributions	Share-based payment expenses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors:					
Mr. Chen Yuqi	286	1,122	16	1,013	2,437
Mr. Xu Shengdong	608	683	16	746	2,053
Mr. Fang Bing	553	540	16	475	1,584
Ms. Zeng Hongni *(i)*	305	269	4	2,669	3,247
Ms. Zhou Hongxia *(xx)*	487	616	16	281	1,400
Ms. Yang Suimei *(xxi)*	431	901	16	1,442	2,790
Mr. Kong Zhe *(ii)*	420	209	15	28	672
Mr. Li Xiaolong *(iii)*	156	275	6	262	699
Subtotal	3,246	4,615	105	6,916	14,882
Non-executive directors:					
Mr. Li Wenbiao *(xxii)*	–	–	–	–	–
Mr. Wu Jinhai *(iv)*	–	–	–	–	–
Mr. Yeung Wing Fung *(v)*	–	–	–	–	–
Mr. Huang Yungang *(vi)*	–	–	–	–	–
Mr. Liu Qin *(vii)*	–	–	–	–	–
Ms. Gong Yuan *(viii)*	–	–	–	–	–
Mr. Niu Kuiguang *(ix)*	–	–	–	–	–
Ms. Shi Cong *(x)*	–	–	–	–	–
Subtotal	–	–	–	–	–
Supervisors:					
Ms. Li Wen *(xi)*	216	68	5	122	411
Mr. Liu Jianhua *(xii)*	118	47	2	48	215
Mr. Zhang Guangyu *(xiii)*	108	29	2	47	186
Mr. Bai Xiaojun *(xiv)*	–	–	–	–	–
Subtotal	442	144	9	217	812
Total	3,688	4,759	114	7,133	15,694

31 December 2024

	Salaries, allowances and benefits in kind	Performance related bonus	Pension scheme contributions	Share-based payment expenses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors:					
Mr. Chen Yuqi	377	36	15	1,477	1,905
Mr. Xu Shengdong	608	36	15	765	1,424
Mr. Fang Bing	553	36	15	457	1,061
Ms. Zhou Hongxia *(xx)*	486	36	15	420	957
Ms. Yang Suimei *(xxi)*	475	43	15	1,061	1,594
Mr. Kong Zhe *(ii)*	239	21	8	30	298
Subtotal	2,738	208	83	4,210	7,239
Non-executive directors:					
Mr. Li Wenbiao *(xxii)*	–	–	–	–	–
Mr. Hao Yiwen *(xv)*	–	–	–	–	–
Ms. Xu Xin *(xvi)*	–	–	–	–	–
Mr. Chen Zhe *(xvii)*	–	–	–	–	–
Mr. Wu Jinhai *(iv)*	–	–	–	–	–
Mr. Yeung Wing Fung *(v)*	–	–	–	–	–
Mr. Huang Yungang *(vi)*	–	–	–	–	–
Mr. Liu Qin *(vii)*	–	–	–	–	–
Subtotal	–	–	–	–	–
Supervisors:					
Ms. Liang Jinlan *(xviii)*	301	49	14	35	399
Mr. Bai Xiaojun *(xiv)*	–	–	–	–	–
Subtotal	301	49	14	35	399
Total	3,039	257	97	4,245	7,638

31 December 2023

	Salaries, allowances and benefits in kind	Performance related bonus	Pension scheme contributions	Share-based payment expenses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors:					
Mr. Chen Yuqi	614	4	9	2,001	2,628
Mr. Xu Shengdong	609	–	9	3,320	3,938
Mr. Fang Bing	553	1	9	700	1,263
Ms. Zhou Hongxia *(xx)*	573	5	9	448	1,035
Ms. Yang Suimei *(xxi)*	476	25	9	1,052	1,562
Subtotal	2,825	35	45	7,521	10,426
Non-executive directors:					
Mr. Li Wenbiao *(xxii)*	–	–	–	–	–
Mr. Hao Yiwen *(xv)*	–	–	–	–	–
Mr. Cheng Yu *(xix)*	–	–	–	–	–
Ms. Xu Xin *(xvi)*	–	–	–	–	–
Mr. Chen Zhe *(xvii)*	–	–	–	–	–
Subtotal	–	–	–	–	–
Supervisors:					
Ms. Liang Jinlan *(xviii)*	317	56	9	25	407
Mr. Bai Xiaojun *(xiv)*	–	–	–	–	–
Subtotal	317	56	9	25	407
Total	3,142	91	54	7,546	10,833

(a) Independent non-executive directors

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

At the general meeting of shareholders on January 22, 2026, Ms. Lu Lihua, Mr. Zhang Taisu and Ms. Liu Xuejiao were appointed as independent directors of the Company, and their appointment take effect from the date of [**REDACTED**] of the Company.

(b) Directors, supervisors and the chief executive

Directors and supervisors whose names are not marked with numbers indicate that they have served throughout the reporting period.

(i) Ms. Zeng Hongni was appointed as a Director of the Company in August 2025.

(ii) Mr. Kong Zhe was appointed as a Director of the Company in May 2024 and resigned from such position in December 2025.

(iii) Mr. Li Xiaolong was appointed as a Director of the Company in August 2025 and resigned from such position in December 2025.

(iv) Mr. Wu Jinhai was appointed as a Non-executive Director of the Company in May 2024 and resigned from such position in December 2025.

(v) Mr. Yeung Wing Fung was appointed as a Non-executive Director of the Company in July 2024.

(vi) Mr. Huang Yungang was appointed as a Non-executive Director of the Company in December 2024 and resigned from such position in December 2025.

(vii) Mr. Liu Qin was appointed as a Non-executive Director of the Company in December 2024 and resigned from such position in December 2025.

(viii) Ms. Gong Yuan was appointed as a Non-executive Director of the Company in August 2025 and resigned from such position in December 2025.

(ix) Mr. Niu Kuiguang was appointed as a Non-executive Director of the Company in August 2025 and resigned from such position in December 2025.

(x) Ms. Shi Cong was appointed as a Non-executive Director of the Company in November 2025.

(xi) Ms. Li Wen was appointed as a Supervisor of the Company in August 2025.

(xii) Mr. Liu Jianhua was appointed as a Supervisor of the Company in October 2025.

(xiii) Mr. Zhang Guangyu was appointed as a Supervisor of the Company in October 2025.

(xiv) Mr. Bai Xiaojun resigned from his position as Supervisor of the Company in August 2025.

(xv) Mr. Hao Yiwen resigned from his position as Non-executive Director of the Company in December 2024.

(xvi) Ms. Xu Xin resigned from her position as Non-executive Director of the Company in July 2024.

(xvii) Mr. Chen Zhe was appointed as a Non-executive Director of the Company in January 2023 and resigned from such position in December 2024.

(xviii) Ms. Liang Jinlan resigned from her position as Supervisor of the Company in December 2024.

(xix) Mr. Cheng Yu resigned from his position as Non-executive Director of the Company in January 2023.

(xx) Ms. Zhou Hongxia resigned from her position as Director of the Company in December 2025.

(xxi) Ms. Yang Suimei resigned from her position as Director of the Company in December 2025.

(xxii) Mr. Li Wenbiao resigned from her position as Non-executive Director of the Company in December 2025.

Notes:

During the Relevant Periods, share options were granted to certain directors through share incentive platforms, further details of which are included in the disclosures in note 34 to the Historical Financial Information. The fair value of such share options, which has been recognised in profit or loss, was determined as at the date of grant and the amount for the Relevant Periods is included in the above directors' remuneration disclosures.

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

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the Relevant Periods and the six months ended 30 June 2025 included one, nil, one, one and nil directors, respectively, details of whose remuneration are set out in note 8 above. Details of the remuneration for the remaining four, five, four, four and five highest paid employees who are neither a director nor chief executive of the Company during the Relevant Periods and the six months ended 30 June 2025 are as follows:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*	*RMB'000*
Salaries, allowances and benefits in kind	5,709	6,673	6,067	3,739	6,050
Performance related bonus	4,613	3,759	6,982	2,707	3,684
Pension scheme contributions	70	39	129	84	134
Share-based payment expenses	5,913	15,138	2,379	6,246	9,736
	16,305	25,609	15,557	12,776	19,604

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

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	Numbers of employees			*(unaudited)*	
HK$900,001 to HK$1,000,000	–	–	–	1	–
HK$1,000,001 to HK$1,500,000	–	–	–	1	–
HK$2,500,001 to HK$3,000,000	–	–	1	1	–
HK$3,000,001 to HK$3,500,000	3	–	1	–	1
HK$3,500,001 to HK$4,000,000	–	2	1	1	1
HK$4,000,001 to HK$4,500,000	1	–	–	–	1
HK$4,500,001 to HK$5,000,000	–	1	1	1	–
HK$5,500,001 to HK$6,000,000	–	1	–	–	–
HK$6,500,001 to HK$7,000,000	–	1	–	–	–
HK$10,000,001 to HK$10,500,000	–	–	–	–	1
	4	5	4	5	4

During the Relevant Periods, share options were granted to four, five, four, five and four non-director and non-chief executive highest paid employees in respect of their services to the Group, further details of which are included in the disclosures in note 34 to the Historical Financial Information. The fair values of such share options, which have been recognised in the statement of profit or loss over the vesting period, were determined as at the dates of grant and the amounts for the Relevant Periods are included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

10. INCOME TAX EXPENSE

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

Chinese Mainland

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

HAI Robotics Co., Ltd. and Shenzhen Kubo Software Co., Ltd., were qualified as high and new technology enterprise and were subject to income tax at a preferential tax rate of 15% during the Relevant Periods. This qualification is subject to review by the relevant governmental authority in the PRC for every three years. HAI Robotics Co., Ltd. and Shenzhen Kubo Software Co., Ltd have reapplied for the high and new technology enterprise recognition in 2026, the management assessed that the Company should be able to continuously enjoy the referential income tax rate after assessing the fulfilment of relevant requirements and the pass experience renewal records, accordingly, the preferential income tax rate of 15% was used by HAI Robotics Co., Ltd. and Shenzhen Kubo Software Co., Ltd for the six months ended 30 June 2026.

Hubei Hairou Innovation Technology Co., Ltd. has met the requirement under the relevant tax rules and regulations for small and low-profit enterprise and accordingly, is subject to a reduced rate of 25% and the corporate income tax rate is paid at the rate of 20% starting from the financial year of 2024.

Japan

For the subsidiary in Japan, a qualifying entity with stated capital no more than JPY100,000,000 was under the two-tiered profits tax rates regime, where the first JPY8,000,000 of assessable profits were taxed at 15% and the remaining assessable profits were taxed at 23.2%, additionally, there were local corporate taxes whose tax rate varies by region during the Relevant Periods.

USA

The subsidiaries incorporated in the USA are subject to statutory United States federal corporate income tax at a rate of 21% during the Relevant Periods, and the US subsidiaries are also subject to state income tax in corresponding jurisdictions.

The income tax expense of the Group for the Relevant Periods and the six months ended 30 June 2025 is analysed as follows:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Current income tax	1,012	2,958	15,150	9,024	2,745
Deferred income tax	–	–	–	–	(1,738)
Total tax charge/(credit) for the year	1,012	2,958	15,150	9,024	1,007

A reconciliation of the expected income tax calculated at the preferential tax rate and (loss)/profit before income tax, with the actual income tax at the effective tax rate is as follows:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Loss before tax	(1,007,954)	(1,252,728)	(812,392)	(432,301)	(429,876)
Tax charge at the statutory rate	(244,375)	(308,093)	(194,320)	(107,847)	(104,657)
Effect of different applicable tax rates for specific jurisdictions or enacted by local authority	37,629	34,801	40,245	14,195	10,223
Adjustment for the impact of income tax in prior periods	–	–	–	–	1,561
Additional deductible allowance for qualified research and development expenses	(19,908)	(19,194)	(24,594)	(10,806)	(14,757)
Utilization of prior year tax loss	(581)	–	(3,916)	(2,516)	(3,340)
Temporary differences and tax losses not recognised	147,499	116,637	105,544	65,325	64,788
Expenses not deductible for tax	80,748	178,807	92,191	50,673	47,189
Tax charge/(credit) at the Group's effective tax rate	1,012	2,958	15,150	9,024	1,007

(i) According to the PRC Corporate Income Tax regulations, HAI Robotics Co., Ltd. and Shenzhen Kubo Software Co., Ltd. were entitled to an additional deduction of 100% of qualified R&D expenses from taxable income during the Relevant Periods and the six months ended 30 June 2025.

(ii) The nature of expenses not deductible for tax mainly refers to losses on fair value changes of derivative liabilities, share-based payments and interest and exchange alignment on redemption liabilities.

11. DIVIDENDS

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

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

The calculation of the basic loss per share was based on the loss attributable to ordinary equity holders of the parent and the weighted average number of ordinary shares in issue during the Relevant Periods and the six months ended 30 June 2025. The weighted average number of ordinary shares in issue for the Relevant Periods and the six months ended 30 June 2025 before the conversion into a joint stock company was determined by assuming that the paid-in capital had been fully converted into share capital at the same conversion ratio of 1:5 as upon transformation into a joint stock company in November 2025. The weighted average number of ordinary shares in issue used in the basic loss per share calculation has been adjusted retrospectively to reflect the equity adjustment approved on January 2026, pursuant to which, the Company's capital reserve of RMB23,519,661 was converted into 23,519,661 ordinary shares, which were allocated to certain shareholders other than Hairou Weizheng.

No adjustment has been made to the basic loss per share amounts presented for the Relevant Periods and for six months ended 30 June 2025, in respect of a dilution as the impact of share options outstanding had an anti-dilutive effect on the basic earnings per share amounts presented. Further details of the share option and the modification to the Employee Incentive Plan are included in the disclosures in note 34 to the Historical Financial Information.

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

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
				(unaudited)	
Loss					
Loss attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation (RMB'000)	(1,008,806)	(1,255,686)	(827,542)	(441,325)	(430,883)
Shares					
Weighted average number of ordinary shares in issue during the year/period, used in the basic loss per share calculation ('000)	38,038	41,408	45,119	44,421	51,643

13. PROPERTY, PLANT AND EQUIPMENT

The Group

	Electronic equipment	Machinery and vehicles	Other equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2023						
At 1 January 2023						
Cost	12,674	4,938	7,499	31,557	8,090	64,758
Accumulated depreciation	(4,257)	(650)	(1,230)	(11,861)	–	(17,998)
Net carrying amount	8,417	4,288	6,269	19,696	8,090	46,760
At 1 January 2023, net of accumulated depreciation	8,417	4,288	6,269	19,696	8,090	46,760
Additions	1,336	3,253	4,483	13,810	984	23,866
Transfer	2,464	–	3,190	–	(5,654)	–
Disposals	(315)	–	(329)	(788)	–	(1,432)
Depreciation provided during the year	(4,481)	(680)	(2,288)	(17,148)	–	(24,597)
Exchange realignment	–	–	612	(8)	13	617
At 31 December 2023, net of accumulated depreciation	7,421	6,861	11,937	15,562	3,433	45,214
At 31 December 2023						
Cost	16,073	8,191	15,433	44,571	3,433	87,701
Accumulated depreciation	(8,652)	(1,330)	(3,496)	(29,009)	–	(42,487)
Net carrying amount	7,421	6,861	11,937	15,562	3,433	45,214

	Electronic equipment	Machinery and vehicles	Other equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2024						
At 1 January 2024						
Cost	16,073	8,191	15,433	44,571	3,433	87,701
Accumulated depreciation	(8,652)	(1,330)	(3,496)	(29,009)	–	(42,487)
Net carrying amount	7,421	6,861	11,937	15,562	3,433	45,214
At 1 January 2024, net of accumulated depreciation	7,421	6,861	11,937	15,562	3,433	45,214
Additions	1,571	672	59	16,270	202	18,774
Transfer	797	82	1,123	–	(2,002)	–
Disposals	(17)	(70)	(358)	(387)	–	(832)
Impairment	–	(1,212)	(3,954)	–	–	(5,166)
Depreciation provided during the year	(4,536)	(925)	(3,424)	(19,299)	–	(28,184)
Exchange realignment	–	–	391	180	–	571
At 31 December 2024, net of accumulated depreciation	5,236	5,408	5,774	12,326	1,633	30,377
At 31 December 2024						
Cost	18,355	7,255	9,794	60,633	1,633	97,670
Accumulated depreciation	(13,119)	(1,847)	(4,020)	(48,307)	–	(67,293)
Net carrying amount	5,236	5,408	5,774	12,326	1,633	30,377

	Building	Electronic equipment	Machinery and vehicles	Other equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2025							
At 1 January 2025							
Cost	–	18,355	7,255	9,794	60,633	1,633	97,670
Accumulated depreciation	–	(13,119)	(1,847)	(4,020)	(48,307)	–	(67,293)
Net carrying amount	–	5,236	5,408	5,774	12,326	1,633	30,377
At 1 January 2025, net of accumulated depreciation and impairment	–	5,236	5,408	5,774	12,326	1,633	30,377
Additions	50,560	6,321	559	773	4,053	47	62,313
Transfer	–	526	37	1,112	–	(1,675)	–
Disposals	–	(213)	–	(1,420)	(196)	–	(1,829)
Depreciation provided during the year	(695)	(4,033)	(617)	(2,559)	(8,523)	–	(16,427)
Exchange realignment	–	216	–	101	616	–	933
At 31 December 2025, net of accumulated depreciation	49,865	8,053	5,387	3,781	8,276	5	75,367
At 31 December 2025							
Cost	50,560	16,727	7,851	9,258	35,847	5	120,248
Accumulated depreciation	(695)	(8,674)	(2,464)	(5,477)	(27,571)	–	(44,881)
Net carrying amount	49,865	8,053	5,387	3,781	8,276	5	75,367

	Building	Electronic equipment	Machinery and vehicles	Other equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
30 June 2026							
At 1 January 2026							
Cost	50,560	16,727	7,851	9,258	35,847	5	120,248
Accumulated depreciation	(695)	(8,674)	(2,464)	(5,477)	(27,571)	–	(44,881)
Net carrying amount	49,865	8,053	5,387	3,781	8,276	5	75,367
At 1 January 2026, net of accumulated depreciation and impairment	49,865	8,053	5,387	3,781	8,276	5	75,367
Additions	–	4,588	183	131	2,740	8,309	15,951
Transfer	–	1,323	593	6,398	–	(8,314)	–
Disposals	–	(56)	–	(659)	–	–	(715)
Depreciation provided during the period	(990)	(2,045)	(389)	(2,119)	(3,362)	–	(8,905)
Exchange realignment	(146)	(30)	(15)	(29)	26	–	(194)
At 30 June 2026, net of accumulated depreciation	48,729	11,833	5,759	7,503	7,680	–	81,504
At 30 June 2026							
Cost	50,414	22,541	8,612	14,518	38,613	–	134,698
Accumulated depreciation	(1,685)	(10,708)	(2,853)	(7,015)	(30,933)	–	(53,194)
Net carrying amount	48,729	11,833	5,759	7,503	7,680	–	81,504

* In 2024, the Group entered into an agreement with a third-party entity to entrust the entity constructing its new factory building on behalf of the Company. The construction of the factory building is completed in 2025. The Group has not obtained the property ownership certification of the building with net carrying amount of RMB48,729,000 as of 30 June 2026. The Company is obligated to make the related payment for purchase of factory building no later than December 2029.

** As of 30 June 2026, Other equipment includes rented equipment amounting to RMB 5,683,000. These assets are stored at the customers' locations and RAAS fee are charged to the customers.

Considering the losses position in 2023, 2024 and 2025 and Six months ended 30 June 2026, impairment review on the non-current assets, which including the property, plant and equipment, intangible assets, right-of-use assets and prepayment for property, plant and equipment, has been conducted by the management as at 31 December 2023, 2024 and 2025 and 30 June 2026 according to IAS 36. The management considered that the Group was highly centralised managed and its activities including research and development, procurement, manufacture and production, sales are all governed and managed in headquarters. The entities that hold non-current assets are highly inter-related and cannot be considered to generate cash inflows that are largely independent of each other. Therefore, the Group as a whole constitutes one cash-generating unit ("CGU") for the purposes of impairment testing of non-current assets located in different entities. The recoverable amount of the CGU was determined based on value in use calculation using cash flow projections based on financial budgets approved by the management. The budgeted sales and margins were estimated based on historical information achieved and the expected market development. The discount rate adopted reflected the time valued and specific risks relating to the Group. According to the impairment test results, the recoverable amount of the CGU was higher than the carrying amount of the non-current assets, no impairment loss was recognised as at 31 December 2023, 2024 and 2025 and 30 June 2026.

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

	Year ended 31 December			Six months ended 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Pre-Tax Weighted Average Cost of Capital	12.9%	12.8%	12.8%	13.0%
Average revenue growth rate	37.6%	28.1%	18.9%	16.6%

14. OTHER INTANGIBLE ASSETS

The Group

	Software	Total
	RMB'000	*RMB'000*
31 December 2023		
At 1 January 2023		
Cost	7,642	7,642
Accumulated amortisation	(625)	(625)
Net carrying amount	7,017	7,017
At 1 January 2023, net of accumulated amortisation	7,017	7,017
Additions	7,524	7,524
Amortisation provided during the year	(2,120)	(2,120)
At 31 December 2023, net of accumulated amortisation	12,421	12,421
At 31 December 2023		
Cost	15,166	15,166
Accumulated amortisation	(2,745)	(2,745)
Net carrying amount	12,421	12,421

	Patent	Software	Total
	RMB'000	*RMB'000*	*RMB'000*
31 December 2024			
At 1 January 2024			
Cost	–	15,166	15,166
Accumulated amortisation	–	(2,745)	(2,745)
Net carrying amount	–	12,421	12,421
At 1 January 2024, net of accumulated amortisation	–	12,421	12,421
Additions	2,212	1,567	3,779
Amortisation provided during the year	(40)	(2,973)	(3,013)
At 31 December 2024, net of accumulated amortisation	2,172	11,015	13,187
At 31 December 2024			
Cost	2,212	16,733	18,945
Accumulated amortisation	(40)	(5,718)	(5,758)
Net carrying amount	2,172	11,015	13,187

	Patents	Software	Total
	RMB'000	*RMB'000*	*RMB'000*
31 December 2025			
At 1 January 2025			
Cost	2,212	16,733	18,945
Accumulated amortisation	(40)	(5,718)	(5,758)
Net carrying amount	2,172	11,015	13,187
At 1 January 2025, net of accumulated amortisation	2,172	11,015	13,187
Additions	456	4,350	4,806
Amortisation provided during the year	(969)	(3,779)	(4,748)
Disposals	–	(415)	(415)
At 31 December 2025, net of accumulated amortisation	1,659	11,171	12,830
At 31 December 2025			
Cost	2,668	20,460	23,128
Accumulated amortisation	(1,009)	(9,289)	(10,298)
Net carrying amount	1,659	11,171	12,830

	Patents	Software	Total
	RMB'000	*RMB'000*	*RMB'000*
30 June 2026			
At 1 January 2026			
Cost	2,668	20,460	23,128
Accumulated amortisation	(1,009)	(9,289)	(10,298)
Net carrying amount	1,659	11,171	12,830
At 1 January 2026, net of accumulated amortisation	1,659	11,171	12,830
Additions	454	3,666	4,120
Amortisation provided during the period	(731)	(2,430)	(3,161)
Disposals	–	–	–
At 30 June 2026, net of accumulated amortisation	1,382	12,407	13,789
At 30 June 2026			
Cost	3,122	24,126	27,248
Accumulated amortisation	(1,740)	(11,719)	(13,459)
Net carrying amount	1,382	12,407	13,789

The Group has performed impairment review on other intangible assets, details of the impairment set out in note 13 to the Historical Financial Information.

15. LEASES

The Group as a lessee

The Group has lease contracts for various items of buildings. Leases of buildings generally have lease terms between 1 and 5 years.

(a) Right-of-use assets

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

The Group

	Land use rights*	Buildings	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2023	–	88,270	88,270
Additions	–	92,406	92,406
Early termination	–	(39,917)	(39,917)
Depreciation charge	–	(33,762)	(33,762)
Exchange realignment	–	54	54
At 31 December 2023	–	107,051	107,051
At 1 January 2024	–	107,051	107,051
Additions	–	13,160	13,160
Early termination	–	(673)	(673)
Depreciation charge	–	(32,439)	(32,439)
Exchange realignment	–	(202)	(202)
At 31 December 2024	–	86,897	86,897
At 1 January 2025	–	86,897	86,897
Additions	5,797	17,005	22,802
Early termination	–	(7,105)	(7,105)
Depreciation charge	(59)	(30,614)	(30,673)
Exchange realignment	–	311	311
At 31 December 2025	5,738	66,494	72,232
At 1 January 2026	5,738	66,494	72,232
Additions	–	22,140	22,140
Early termination	–	(4,311)	(4,311)
Depreciation charge	(59)	(14,465)	(14,524)
Exchange realignment	–	(704)	(704)
At 30 June 2026	5,679	69,154	74,833

* The land use right is the land where the factory buildings located, the third-party entity constructed the factory building on the land. Details of the factory building is set out in note 13 to the Historical Financial Information. The Group has not obtained the land use right ownership certification of the building as of 30 June 2026.

The Group has performed impairment review on right of use assets, details of the impairment set out in note 13 to the Historical Financial Information.

(b) Lease liabilities

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

The Group

	Year ended 31 December			Six months ended 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Carrying amount at 1 January	99,723	112,873	96,533	80,416
Additions	92,406	13,160	22,802	22,140
Accretion of interest recognised during the year/period	4,707	4,277	3,588	1,609

	Year ended 31 December			Six months ended 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Termination	(46,258)	(727)	(7,039)	(4,637)
Lease payment	(37,705)	(32,879)	(35,639)	(17,809)
Exchange realignment	–	(171)	171	–
Carrying amount at 31 December/ 30 June	112,873	96,533	80,416	81,719
Analysed into:				
Current portion	30,050	28,464	22,967	21,595
Non-current portion	82,823	68,069	57,449	60,124

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

The Group

	Year ended 31 December			Six months ended 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Lease payments in respect of short-term leases	1,310	1,758	2,131	2,288
Interest on lease liabilities	4,707	4,277	3,588	1,609
Early termination loss/(profit)	1,204	(54)	66	(326)
Depreciation charge of right-of-use assets	33,762	32,439	30,673	14,524
Total amount recognised in profit or loss	40,983	38,420	36,458	18,095

(d) The total cash outflows for leases are disclosed in note 35 to the Historical Financial Information.

The Group as a lessor

The Group leases its ACR solutions to its customers under operating lease arrangements. The terms of the leases generally require customers to pay rent on a regular basis. Rental income recognised by the Group during the Relevant Periods and the six months ended 30 June 2025 was RMB1,091,000, RMB1,633,000, and RMB296,000, RMB1,018,000, and RMB242,000, respectively, details of which are included in note 5 to the financial statements.

16. INVESTMENTS IN SUBSIDIARIES

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Investment cost	2,217,500	2,543,500	2,751,000	2,760,866
Share-based payment	147,581	238,507	358,430	450,110
Less: Impairment of investment in subsidiaries	–	–	(1,000)	(1,000)
	2,365,081	2,782,007	3,108,430	3,209,976

17. INVENTORIES

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Raw materials	62,290	71,056	71,207	95,528
Finished goods	3,664	2,758	6,259	5,611
Dispatched goods	459,888	552,397	630,512	584,918
Contract costs	162,781	302,161	257,539	282,333
	688,623	928,372	965,517	968,390

The inventories are net of write-down of approximately RMB106,262,000, RMB60,707,000, and RMB43,331,000 and RMB29,332,000 as at 31 December 2023, 2024, and 2025 and 30 June 2026, respectively.

18. DEFERRED TAX

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

Deferred tax assets

The Group

	Leases liabilities	Unrealized intra-group profit	Total
	RMB'000	*RMB'000*	*RMB'000*
As at 1 January 2023	12,808	–	12,808
Deferred tax (debited)/credited to profit or loss during the year	3,381	–	3,381
As at 31 December 2023 and 1 January 2024	16,189	–	16,189
Deferred tax (debited)/credited to profit or loss during the year	(2,643)	–	(2,643)
As at 31 December 2024 and 1 January 2025	13,546	–	13,546
Deferred tax (debited)/credited to profit or loss during the year	(1,211)	–	(1,211)
As at 31 December 2025 and 1 January 2026	12,335	–	12,335
Deferred tax (debited)/credited to profit or loss during the period	(750)	1,738	988
As at 30 June 2026	11,585	1,738	13,323

Deferred tax liabilities

The Group

	Right-of-use assets	Total
	RMB'000	*RMB'000*
As at 1 January 2023	12,808	12,808
Deferred tax (credited)/charged to profit or loss during the year	3,381	3,381
As at 31 December 2023 and 1 January 2024	16,189	16,189
Deferred tax (credited)/charged to profit or loss during the year	(2,643)	(2,643)
As at 31 December 2024 and 1 January 2025	13,546	13,546
Deferred tax (credited)/charged to profit or loss during the year	(1,211)	(1,211)
As at 31 December 2025 and 1 January 2026	12,335	12,335
Deferred tax (credited)/charged to profit or loss during the period	(750)	(750)
As at 30 June 2026	11,585	11,585

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

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Net deferred tax assets recognised in the consolidated statement of financial position	–	–	–	1,738
Net deferred tax liabilities recognised in the consolidated statement of financial position	–	–	–	–

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

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Tax losses	1,991,562	2,588,314	3,197,083	3,441,179
Deductible temporary differences	336,699	408,280	423,534	504,454
	2,328,261	2,996,594	3,620,617	3,945,633

The Group has accumulated tax losses in Chinese Mainland of RMB1,657,017,000, RMB2,122,511,000, and RMB2,724,489,000 and RMB2,908,750,000 in aggregate as at 31 December 2023, 2024, and 2025 and 30 June 2026, respectively, which are available to offset against future taxable profits of the companies in which the losses were incurred within the next one to ten years.

The Group also has accumulated tax losses in Hong Kong, the United States, the Netherlands, the United Kingdom, Australia and Singapore of RMB299,955,000, RMB400,356,000, and RMB418,869,000 and RMB466,689,000 in aggregate as at 31 December 2023, 2024, and 2025 and 30 June 2026, respectively, that can be carried forward indefinitely to offset against future taxable profits of the companies in which losses were incurred.

The Group's accumulated tax losses in Japan of RMB24,261,000, RMB53,977,000, and RMB32,612,000 and RMB43,568,000 as at 31 December 2023, 2024, and 2025 and 30 June 2026, respectively. These losses are available to offset against future taxable profits of the companies in which the losses were incurred within the next one to ten years.

The Group's accumulated tax losses in Korea of RMB10,329,000, RMB11,470,000, and RMB21,113,000 and RMB22,172,000 as at 31 December 2023, 2024, and 2025 and 30 June 2026, respectively. These losses are available to offset against future taxable profits of the companies in which the losses were incurred within the next one to fifteen years.

Deferred tax assets have not been recognised in respect of the above items as it is not considered probable that taxable profits will be available against which the above items can be utilised.

19. TRADE AND BILLS RECEIVABLES

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	156,081	211,885	280,846	302,220
Less: Impairment of trade receivables	(4,143)	(5,616)	(12,216)	(13,303)
Trade receivables, net*	151,938	206,269	268,630	288,917
Bills receivable	5,564	3,344	533	1,263
	157,502	209,613	269,163	290,180
Analysed into:				
Current portion	147,274	202,682	264,993	286,568
Non-current portion	10,228	6,931	4,170	3,612
	157,502	209,613	269,163	290,180

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

The Group's trading terms with its customers are mainly on credit. The settlement is generally made in accordance with the terms specified in the sales contracts. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. The balances of trade receivables are non-interest-bearing.

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

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	146,404	186,539	246,276	263,535
1 to 2 years	5,448	18,631	13,186	15,903
2 to 3 years	86	1,099	9,168	9,479
	151,938	206,269	268,630	288,917

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At beginning of year/period	197	4,143	5,616	12,216
Impairment losses, net	3,946	1,474	6,600	1,087
At end of year/period	4,143	5,616	12,216	13,303

An impairment analysis is performed at each reporting date.

For trade receivables that do not contain a significant financing component, the Group applies the simplified approach and assess the expected credit losses on an individual or portfolio basis by using a provision matrix to measure expected credit losses. Considering the credit risk characteristics of different customers, the Group assesses the expected credit losses of trade receivables with shared risk characteristics based on their ageing portfolio, adjusted as appropriate to reflect current and forward-looking information. The ageing profile is determined based on the revenue recognition date.

For trade receivables that contain significant financing components, the Group applies the general approach. As of the end of Relevant Periods, the balances of trade receivables that contain significant financing components were RMB18,540,000, RMB12,482,000 and RMB7,260,000 and RMB6,302,000, respectively, which are at stage 1 and the impairment is considered to be minimal.

Set out below is the information about the credit risk exposure on the Group's trade receivables that do not contain a significant financing component:

The Group

As at 31 December 2023

	Gross carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000		*RMB'000*
Provision on an individual basis	1,072	100.00%	1,072
Provision on a collective basis:			
Within 1 year	132,798	1.68%	2,231
1 to 2 years	3,526	22.18%	782
2 to 3 years	144	40.28%	58
	137,540	3.01%	4,143

As at 31 December 2024

	Gross carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000		*RMB'000*
Provision on an individual basis	1,124	100.00%	1,124
Provision on a collective basis:			
Within 1 year	184,228	1.22%	2,248
1 to 2 years	13,016	14.47%	1,883
2 to 3 years	992	32.06%	318
Over 3 years	43	100.00%	43
	199,403	2.82%	5,616

As at 31 December 2025

	Gross carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000		*RMB'000*
Provision on an individual basis	3,657	100.00%	3,657
Provision on a collective basis:			
Within 1 year	250,485	1.68%	4,208
1 to 2 years	13,688	16.17%	2,213
2 to 3 years	5,616	35.57%	1,998
Over 3 years	140	100.00%	140
	273,586	4.47%	12,216

As at 30 June 2026

	Gross carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000		*RMB'000*
Provision on an individual basis	2,837	100.00%	2,837
Provision on a collective basis:			
Within 1 year	268,092	1.70%	4,558
1 to 2 years	17,554	16.27%	2,856
2 to 3 years	6,823	35.77%	2,440
Over 3 years	612	100.00%	612
	295,918	4.50%	13,303

20. CONTRACT ASSETS

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contract assets arising from:				
Warranty retention receivables	44,977	68,708	91,004	97,035
Less: Impairment of contract assets	(756)	(838)	(1,493)	(1,650)
Net carrying amount	44,221	67,870	89,511	95,385
Analysed into:				
Current portion	24,623	38,188	45,998	55,712
Non-current portion	19,598	29,682	43,513	39,673

Contract assets are mainly generated from the contracts for ACR solutions. According to the contract term, a certain percentage of the contract amount represents the retention receivables which will be collected upon the completion of the warranty period. The retention receivables are recognised as contract assets when the solutions are accepted by the customer and are reclassified to trade receivables upon the completion of warranty period.

The movements in the loss allowance for impairment of contract assets are as follows:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At beginning of year/period	97	756	838	1,493
Impairment losses, net	659	82	655	157
At end of year/period	756	838	1,493	1,650

21. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current				
Prepayments for property, plant and equipment	2,632	400	1,339	397
Rent deposit	4,013	6,708	3,748	10,689
Prepaid operating expenses	2,280	2,210	5,573	5,626
Current				
Other receivables and deposit	18,183	21,159	19,830	26,258
Due from related parties *(note 38)**	5,505	7,002	16,181	16,680
Export tax refund	4,113	6,186	6,528	6,385
Prepayments	35,286	25,524	20,516	61,604
Deferred [**REDACTED**]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Value-added tax recoverable	32,625	48,656	45,542	32,578
Prepaid operating expenses	4,541	15,993	5,792	3,593
Less: Impairment of other receivables and deposit	–	–	–	–
Impairment of Prepayments	–	–	(1,113)	(1,356)
	109,178	133,838	127,871	167,580

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current				
Value-added tax recoverable	728	940	1,483	1,130
Prepayments	122	–	642	644
Deferred [**REDACTED**]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Other receivables and deposits	12	2	182	306
Due from related parties *(note 38)**	3,965	5,462	16,181	16,680
Due from subsidiaries*	2,662	161	94,719	244,539
Less: Impairment of other receivables and deposit	–	–	–	–
	7,489	6,565	117,142	268,425

* The amounts due from subsidiaries and related parties are non-interest bearing and repayable on demand. The Company estimated that the expected loss rate for its other receivables due from subsidiaries and related parties is minimal.

Other receivables are unsecured, non-interest-bearing and are collectable within one year.

As at 31 December 2023, 2024, and 2025 and 30 June 2026, the impairment of other receivables and deposits was measured based on 12-month expected credit losses if they were not past due and there was no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, they were measured based on lifetime expected credit losses. The Company estimated that the expected loss rate for its other receivables and deposits is minimal.

As at 31 December 2023, 2024, and 2025 and 30 June 2026, the impairment of prepayments was provided for prepayment made to certain suppliers which is past due and no delivery of required purchase items as expected, which the management do not expect the recovery of the prepayment and a full impairment for doubtful accounts was provided.

The Group has performed impairment review on prepayments for property, plant and equipment, the details of the impairment review please refer to Note 13.

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group

Financial assets at fair value through profit or loss

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Structured bank deposits	30,822	40,231	–	140,338
	30,822	40,231	–	140,338

The Company

Financial assets at fair value through profit or loss

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Structured bank deposits	–	–	–	140,338
	–	–	–	140,338

The structured deposits and wealth management products issued by banks in Chinese Mainland are classified and measured at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

23. CASH AND CASH EQUIVALENTS, RESTRICTED CASH AND TIME DEPOSITS

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash and bank balances	466,378	758,996	1,630,633	1,212,596
Time deposits	66,715	14,161	384,688	204,327
Restricted cash	150,758	183,987	192,028	241,064
	683,851	957,144	2,207,349	1,657,987
Less:				
Restricted cash*	(150,758)	(183,987)	(192,028)	(241,064)
Time deposits with original maturity over three months	(163)	(5,535)	–	–
Cash and cash equivalents	532,930	767,622	2,015,321	1,416,923
Denominated in:				
RMB	316,257	347,269	370,604	541,861
USD	121,022	175,698	1,326,736	684,949
EUR	42,726	143,577	223,952	112,158
JPY	37,091	46,584	44,046	39,588
KRW	7,234	23,004	14,823	26,186
SGD	5,725	7,684	18,909	4,881
GBP	1,106	10,577	5,047	1,885
AUD	1,451	6,029	9,929	5,272
HKD	318	7,200	1,275	143
	532,930	767,622	2,015,321	1,416,923

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

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

* As at 31 December 2023, 2024, and 2025 and 30 June 2026, the restricted cash was mainly restricted as deposit for issuance of bank acceptance bills and guarantee letters.

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash and bank balances	23,748	77,575	850,907	622,088
Time deposits	–	–	211,166	204,327
Restricted cash	–	954	–	–
	23,748	78,529	1,062,073	826,415
Less:				
Restricted cash	–	(954)	–	–
Cash and cash equivalents	23,748	77,575	1,062,073	826,415

24. DEBT INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bank acceptance bills	8,583	3,446	3,284	729
Certificate deposits	47,072	–	–	–
	55,655	3,446	3,284	729

The above bank acceptance bills and certificate deposits are issued by reputable banks in Chinese Mainland. They are classified and measured at fair value through other comprehensive income as they are held within a business model with the objective of both collecting contractual cash flows and selling. The fair value as at the end of each of the Relevant Periods approximates to the carrying value due to the short maturity. Bank acceptance bills and certificate deposits are subject to impairment under the general approach and the impairment is considered to be minimal.

25. TRADE AND BILLS PAYABLES

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bills payable	422,882	315,741	515,127	419,308
Trade payables	226,782	530,788	518,947	571,166
Trade and bills payables	649,664	846,529	1,034,074	990,474

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

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	645,646	841,020	1,028,974	987,049
Over 1 year	4,018	5,509	5,100	3,425
	649,664	846,529	1,034,074	990,474

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	186	236	233	46
	186	236	233	46

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

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	186	236	233	46

The trade payables are non-interest-bearing and are normally settled within a period of 3 months, which is extendable to a longer period.

26. OTHER PAYABLES AND ACCRUALS

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current				
Payable to a third party*	–	1,225	–	–
Lease compensation payable	4,384	2,207	–	–
Payable for non-current assets**	–	–	48,446	47,713
Current				
Other payables***	4,064	9,184	61,907	22,125

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
[**REDACTED**] payable	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Transaction cost for issuance of shares with redemption liabilities	–	–	19,270	–
Payroll payables	111,086	113,410	158,744	100,203
Other tax payables	11,595	34,122	15,302	40,238
Payable to a third party*	–	3,056	1,986	371
Lease compensation payable	–	2,385	3,114	3,156
Payable for non-current assets**	–	–	3,005	3,030
Liabilities arising from endorsed bills to suppliers that are not derecognised	1,447	931	247	1,192
Output value added tax to be transferred	34,321	61,417	83,638	68,829
	166,897	227,937	414,345	294,244

* The Group has received funds from a third party in the form of loans from 20 December 2024 to 20 December 2026. The amount relates to a sale and repurchase arrangement for certain inventories, with an annual interest rate of 4.77%, and no mortgage or guarantee arrangements.

** This amount represents the consideration payable for the construction of the new factory building, detail is included in Note 13 to the Historical Financial Information.

*** Other payable as at 31 December 2025 includes deposits received from suppliers as bidding security for a project, the deposit was released to suppliers subsequently upon the completion of the bidding process.

The Company

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Other payables	445	1,930	17,986	729
[**REDACTED**] payable	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Transaction cost payable for issuance of shares with redemption liabilities	–	–	19,270	–
Payroll payables	428	59	8,799	6,130
Other tax payables	2	39	260	3
Due to subsidiaries	–	30,000	–	–
	875	32,028	65,001	14,249

27. INTEREST-BEARING BANK LOANS

The Group

	At 31 December									At 30 June****		
	2023			2024			2025			2026		
	Effective interest rate (%)	*Maturity*	*RMB'000*	*Effective interest rate (%)*	*Maturity*	*RMB'000*	*Effective interest rate (%)*	*Maturity*	*RMB'000*	*Effective interest rate (%)*	*Maturity*	*RMB'000*
Current												
Bank loans – secured*	3.00-3.50	2024	9,009	3.00-3.80	2025	47,118	3.00-3.80	2026	26,000	–		–

	At 31 December									At 30 June****		
	2023			2024			2025			2026		
	Effective interest rate (%)	*Maturity*	*RMB'000*	*Effective interest rate (%)*	*Maturity*	*RMB'000*	*Effective interest rate (%)*	*Maturity*	*RMB'000*	*Effective interest rate (%)*	*Maturity*	*RMB'000*
Bank loans – unsecured**	1.11-1.68	2024	1,457	1.11-1.68	2025	2,004	1.11-1.68	2026	2,720	–		–
Current portion of long-term bank loans – secured***	–		–	–		42,657	–		41,775	–		–
Subtotal	–		10,466	–		91,779	–		70,495	–		–
Non-current												
Bank loans – secured***	–		–	3.80	2026	19,186	3.10-3.50	2028	17,705	–		–
Subtotal	–		–	–		19,186	–		17,705	–		–
Total	–		10,466	–		110,965	–		88,200	–		–

* The loan was guaranteed by the Company and Mr. Chen Yuqi, Mr. Fang Bing, Mr. Xu Shengdong, Hai Robotics Innovation Group Co., Ltd.. As at 31 December 2023, 2024, and 2025 (note 38).

** Bank loans – unsecured represent bill receivables discounted at the bank and these bill receivables are unmatured as at 31 December 2023, 2024, and 2025.

*** The loan was guaranteed by the Company, Mr. Chen Yuqi, Mr. Fang Bing and Mr. Xu Shengdong as at 31 December 2023, 2024, and 2025 (note 38).

**** As of 30 June 2026, the company has repaid all its loans in full.

28. CONTRACT LIABILITIES

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Analysed for reporting purposes as:				
Current liabilities	488,878	813,309	1,031,479	1,038,122
Non-current liabilities	100,742	134,738	72,063	88,860
	589,620	948,047	1,103,542	1,126,982

Contract liabilities primarily consist of advance payments received under sales contracts, representing the obligations to transfer ACR solutions to customers in the future. The increase in contract liabilities was mainly due to the expansion of business scale.

29. DEFERRED INCOME

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Government grants	1,500	750	–	1,600
At beginning of year/period	2,000	1,500	750	–
Additions	–	–	–	1,600
Released to profit or loss during the year/period	(500)	(750)	(750)	–
At end of year/period	1,500	750	–	1,600

The Group has received certain government grants related to assets and income. Certain of the grants related to assets and income have future related costs expected to be incurred and require the Group to comply with conditions attached to the grants and the government to acknowledge the compliance of these conditions. The grants related to assets were recognised in profit or loss over the useful lives of the relevant assets.

30. PROVISIONS

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current				
Product warranty provision	30,512	56,706	78,437	88,300
Non-current				
Product warranty provision	10,694	17,433	24,319	26,231
	41,206	74,139	102,756	114,531

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

	Product warranty provision
	RMB'000
At 1 January 2023	17,850
Additional provision	45,450
Amounts utilised during the year	(22,094)
At 31 December 2023	41,206
At 1 January 2024	41,206
Additional provision	85,293
Amounts utilised during the year	(52,360)
At 31 December 2024	74,139
At 1 January 2025	74,139
Additional provision	109,011
Amounts utilised during the year	(80,394)
At 31 December 2025	102,756

	Product warranty provision
	RMB'000
At 1 January 2026	102,756
Additional provision	57,563
Amounts utilised during the period	(45,788)
At 30 June 2026	114,531

31. REDEMPTION LIABILITIES AND DERIVATIVE LIABILITIES

The Company has completed several rounds of financing and received capital contributions with special rights ("Special Rights"), among which Series Angel, Series Pre-A, Series A, Series Pre-B, Series B, Series C, Series D, and Series D+ with an aggregate principal amount of RMB2,259,346,000 were issued prior to the beginning of the Relevant Periods. Series E and Series E+ with an aggregate amount of RMB352,780,000 (note 32) were issued during the year ended 31 December 2024. Series E+, Series E++, Series E+++ and Series Pre-[**REDACTED**] with an aggregate amount of RMB1,327,399,000 (note 32) were issued during the year ended 31 December 2025. Series Pre-[**REDACTED**]+ with an aggregate amount of RMB99,409,000 (note 32) were issued during the six months ended 30 June 2026. The equity holders of the above series of shares with Special Rights ("Series Shares") are collectively referred to as the Redemption Liability Investors.

The key terms of the Special Rights are summarized as follows:

Redemption rights

Upon occurrence of any triggering events, including but not limited to: (i) the Company's failure to achieve a qualified [**REDACTED**] or a complete sale prior to 15 March 2029 or such other date approved by the shareholders' meeting, (ii) any material breach by the group companies or the Company's major shareholders of their representations, warranties and covenants, (iii) the Company or any of its subsidiaries is involved in a material legal dispute, which impact the Company as a whole to continue operating its core business or prevents the Company from continuing to develop new core products as a whole, (iv) the founder, Mr. Chen, resigns from the Company or no longer substantially holds a key position within the Company and any shareholder requests for repurchase of shares, the Redemption Liability Investors have the right to exercise the redemption right. The redemption price is the original investment amount paid by the Redemption Liability Investors for the redemption liabilities they requested to repurchase, plus the interest accrued on the original investment amount at the annual simple or compound interest rate of 8% calculated from the payment date of the original investment amount to the date on which the redemption price is fully paid, plus the declared but unpaid dividends.

Liquidation preferences

In the event of (i) the Company merging with or being acquired by another entity, and the Company's shareholders do not retain a controlling interest in the newly formed or surviving entity, or other transactions resulting in a change of control of the Company, such as integrations, mergers, or equity transfers; (ii) sale, lease or transfer of all or substantially all assets of the Company; (iii) sale, lease, exclusive transfer, or exclusive licensing of all or substantially all of the Company's key intangible assets, or the external licensing of all or substantially all of the Company's intangible assets; or (iv) bankruptcy or liquidation, of the company, the Redemption Liability Investors could receive liquidation preference amounts equal to the original investment amount paid by the Redemption Liability Investors, plus the interest accrued on the original investment amount at the annual simple or compound interest rate of 8% calculated from the actual payment date of the original investment amount to the date on which the liquidation preference amount is fully paid, plus the declared but unpaid dividends.

Anti-dilution rights

If the Company increases its capital, other than for the purpose of implementing the employee incentive plan, at the price lower than the unit price of the original investment paid by the Redemption Liability Investors, the Redemption Liability Investors' effective shareholding of the Company of the Redemption Liabilities' Investors is adjusted in accordance with a pre-determined formula to the extent that the effective shareholding percentage is consistent before and after the Company's capital increase, through the Company's issuance of equity interests to the Redemption Liability Investors at the lowest price permitted by laws.

According to the supplemental agreement dated 9 February 2026, the relevant redemption rights shall automatically terminate immediately prior to the submission of [**REDACTED**] materials by the Company to a stock exchange (including but not limited to the Hong Kong Stock Exchange). Such clauses shall have no legal effect on the relevant parties, and the parties shall no longer enjoy any rights or bear any obligations under such clauses. Notwithstanding the foregoing provisions, if (i) the Company voluntarily withdraws its [**REDACTED**], or (ii) the Hong Kong Stock Exchange, the Securities and Futures Commission of Hong Kong and/or the China Securities

Regulatory Commission explicitly rejects the Company's [**REDACTED**], or (iii) the Company fails to complete [**REDACTED**] and [**REDACTED**] within 18 months from the date of first submission of [**REDACTED**] materials, then the rights terminated shall automatically be reinstated and deemed never to have been terminated as of the day following the occurrence of the earlier of the aforementioned events.

Accounting implications of key features of the redemption liabilities

Considering that the redemption rights constitute the Company's obligations to repurchase its own equity instruments, such instruments are classified as financial liabilities, i.e., the redemption liabilities, which are initially measured at fair value, representing the present value of the expected cash flows for settling the related obligations if such preferred rights are exercised, and subsequently measured at amortised cost.

Redemption liabilities on Series Shares as at 31 December 2023, 2024 and 2025 and 30 June 2026 were classified as current liabilities as the Company did not have the right at the end of the relevant periods to defer settlement of the liabilities for at least twelve months after the relevant periods.

The anti-dilution right was accounted for as a derivative liability measured at fair value through profit or loss. The fair value of the derivative liability will consider the possibility, of triggering event (which is under the Company's control) and the value of shares to be issue if triggered. During the year of 2022, the Group recognised a fair value loss of RMB37,689,000 on the derivative liability arising from the anti-dilution right of certain investors. In January 2023, the Company entered into a supplementary agreement with the Redemption Liabilities' Investors to the issuance of 37,536 shares at no cost consideration to certain investors and the related derivative liabilities at the time of the anti-dilution right being triggered with an amount of RMB37,689,000 were derecognised.

In April 2024, the anti-dilution clause was triggered again, and certain investors exercised their anti-dilution right, the Company entered into a supplementary agreement with Redemption Liabilities' Investors to the issuance of 389,611 shares at no consideration, the Group recognised a fair value loss of RMB333,080,000 on the derivative liability arising from the anti-dilution right in 2024 at the time of the anti-dilution right being triggered and upon the issuance of 389,611 shares at no cost consideration.

The movements of the redemption liabilities during the Relevant Periods are as follows:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At beginning of year/period	2,639,772	2,885,689	3,511,775	5,071,347
New redemption liabilities	–	352,780	1,327,399	99,409
Interest on redemption liabilities	211,160	239,717	293,931	197,587
Exchange realignment	34,757	33,589	(61,758)	(114,633)
At end of year/period	2,885,689	3,511,775	5,071,347	5,253,710

The movements of the derivative liabilities during the Relevant Periods are as follows:

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At beginning of year/period	37,689	–	–	–
Fair value change recognised	–	333,080	–	–
Settlement with issuance of shares at no cost consideration	(37,689)	(333,080)	–	–
At end of year/period	–	–	–	–

32. SHARE CAPITAL/PAID-IN CAPITAL

The Group and the Company

Paid-in capital

	RMB'000
As at 1 January 2023	2,982
Settlement of the derivative liabilities for anti-dilution right*	38
As at 31 December 2023	3,020
As at 1 January 2024	3,020
Settlement of the derivative liabilities for anti-dilution right**	390
Capital contribution by shareholders***	191
As at 31 December 2024	3,601
As at 1 January 2025	3,601
Capital contribution by shareholders****	1,412
Conversion into a joint stock company*****	(5,013)
As at 31 December 2025	–

* During the year ended 31 December 2023, the Company issued 37,536 new shares to particular shareholders to settle the derivative liabilities for anti-dilution right, details are set out in note 31 to the Historical Financial Information.

** During the year ended 31 December 2024, the Company issued 389,611 new shares to particular shareholders to settle the derivative liabilities for anti-dilution right, details are set out in note 31 to the Historical Financial Information.

*** During the year ended 31 December 2024, the Company received capital contribution of RMB352,780,000 from Series E and Series E+ investors. The capital contribution increased the paid-in capital and capital reserve by RMB191,000 and RMB352,589,000, respectively.

**** During the year ended 31 December 2025, the Company received capital contribution of RMB266,404,000 from Series E+, Series E++ and Series E+++ investors, which increased the paid-in capital and capital reserve by RMB144,000 and RMB266,260,000, respectively.

During the year ended 31 December 2025, the Company received capital contribution of RMB1,268,000 from the Controlling Shareholders to make payment on the register capital, which increased the paid-in capital by RMB1,268,000.

***** During the year ended 31 December 2025, the Company converted into a joint stock company with limited liability under the Company Law of the PRC. The net assets of the Company as of the conversion base date, including the paid-in capital, capital reserves and retained profits, were converted into 25,063,790 ordinary shares of RMB1.00 each. The excess of the net assets converted over the nominal value of the ordinary shares was credited to the Company's capital reserve.

Share capital

	Number of shares in issue	Share Capital
		RMB'000
As at 1 January 2025	–	–
Issue of ordinary shares upon conversion into a joint stock company of RMB1 each	25,063,790	25,064

	Number of shares in issue	Share Capital
		RMB'000
Issue of shares with redemption rights*	2,855,712	2,856
As at 31 December 2025	27,919,502	27,920
Transfer from capital reserve to share capital***	23,519,661	23,520
Issue of shares with redemption rights**	236,606	236
As at 30 June 2026	51,675,769	51,676

* In December 2025, the Company received capital contribution of RMB1,060,995,000 from one investors, which increased the share capital and capital reserve by RMB2,856,000 and RMB1,058,139,000, respectively.

** During the six months ended 2026, the Company received capital contribution of RMB99,409,000 from four investors, which increased the share capital and capital reserve by RMB236,000 and RMB99,173,000, respectively.

*** On 15 January 2026, the general meeting of the Company approved an equity adjustment arrangement, pursuant to the arrangement, the Company's capital reserve of RMB23,519,661 was converted into 23,519,661 ordinary shares, which were allocated to certain shareholders other than Hairou Weizheng in proportion to their respective shareholding interests.

33. RESERVES

The Group

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

(i) Capital reserve

The capital reserve of the Group represents i) the difference between the value of the paid-up capital and the consideration received; ii) the capital reserve transferred from share award reserve upon exercise of share-options; iii) reserve arising from acquisition of additional interest in a subsidiary; iv) reserve arising from settlement of liabilities assumed in respect of Anti-dilution right with Pre-[**REDACTED**] investors, which represents the difference between the fair value of the derivative liabilities of the anti-dilution right and the value of paid-up capital, detail of which were set out in note 31 to the Historical Financial Information.

(ii) Share-based payment reserve

The share-based payment reserve of the Group represents the share-based compensation reserve arising from equity-settled share-based payment transactions, details of which were set out in note 34 to the Historical Financial Information.

(iii) Exchange fluctuation reserve

The exchange fluctuation reserve of the Group represents exchange differences arising from the translation of financial statements of foreign operations.

(iv) Other reserve

The initial recognition of the redemption right liability from reserves with the carrying amounts of the considerations received from Series Angel, Series Pre-A, Series A, Series Pre-B, Series B, Series C, Series D, Series D+, Series E, Series E+, Series E++, Series E+++ and Pre-[**REDACTED**] investors, investments with redemption features is stipulated in note 31 to the Historical Financial Information.

The Company

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

	Capital reserve	Share-based payment reserve	Other reserve	Accumulated loss	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	2,260,414	101,087	(2,259,347)	(450,688)	(348,534)
Loss for the year	–	–	–	(255,280)	(255,280)
Total comprehensive loss for the year	–	–	–	(255,280)	(255,280)
Share-based payments *(note 34)*	–	72,358	–	–	72,358
Exercise of share options *(note 34)*	3,437	(3,079)	–	–	358
Settlement of the derivative liabilities for anti-dilution right *(note 31)*	37,651	–	–	–	37,651
At 31 December 2023	2,301,502	170,366	(2,259,347)	(705,968)	(493,447)
At 1 January 2024	2,301,502	170,366	(2,259,347)	(705,968)	(493,447)
Loss for the year	–	–	–	(611,992)	(611,992)
Total comprehensive loss for the year	–	–	–	(611,992)	(611,992)
Capital contribution by shareholders	352,589	–	–	–	352,589
Settlement of the derivative liabilities for anti-dilution right *(note 31)*	332,690	–	–	–	332,690
Share-based payments *(note 34)*	–	92,404	–	–	92,404
Recognition of redemption liabilities *(note 31)*	–	–	(352,780)	–	(352,780)
At 31 December 2024	2,986,781	262,770	(2,612,127)	(1,317,960)	(680,536)
At 1 January 2025	2,986,781	262,770	(2,612,127)	(1,317,960)	(680,536)
Loss for the year	–	–	–	(293,289)	(293,289)
Total comprehensive income for the year	–	–	–	(293,289)	(293,289)
Capital contribution by shareholders	1,323,484	–	–	–	1,323,484
Share-based payments *(note 34)*	–	120,936	–	–	120,936
Recognition of redemption liabilities *(note 31)*	–	–	(1,327,399)	–	(1,327,399)
Conversion into a joint stock company	(40,212)	–	–	20,161	(20,051)
At 31 December 2025	4,270,053	383,706	(3,939,526)	(1,591,088)	(876,855)
At 1 January 2026	4,270,053	383,706	(3,939,526)	(1,591,088)	(876,855)

	Capital reserve	Share-based payment reserve	Other reserve	Accumulated loss	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Loss for the period	–	–	–	(88,894)	(88,894)
Total comprehensive income for the period	–	–	–	(88,894)	(88,894)
Capital contribution by shareholders	99,173	–	–	–	99,173
Share-based payments *(note 34)*	–	98,775	–	–	98,775
Exercise of share options	209,768	(193,433)	–	–	16,335
Recognition of redemption liabilities *(note 31)*	–	–	(99,409)	–	(99,409)
Transfer from capital reserve to share capital	(23,520)	–	–	–	(23,520)
At 30 June 2026	4,555,474	289,048	(4,038,935)	(1,679,982)	(874,395)

34. SHARE-BASED PAYMENTS

Pursuant to a written shareholders' resolution of the Company passed in 2020, an Employee Incentive Plan has been approved for the purpose of providing incentives to eligible participants who contribute to the success of the Group's growth and development. Eligible participants will be granted the right to subscribe for the limited partnership interests on the employee shareholding platform. Hairou Weizheng was established and designated as the share incentive platform. The Group has no control over Hairou Weizheng.

During the Relevant Periods, the Group granted 102,584,108 share options, 160,582,565 share options, 284,879,400 share options and 47,325,452 share options respectively to its employees, directors and senior management at weighted average exercise prices of RMB0.27, RMB0.19, RMB0.19 and RMB0.08 per share options (1,000 share options equal to RMB1 paid-in capital, and equal to 10 share capital after the conversion into a joint stock company and capital reserve adjustment, or equal to 100 share capital after [**REDACTED**]) respectively. Certain tranches of share options granted shall be subject to both a performance-based condition and a service-based condition, and certain tranches of share options granted are exercisable immediately when granted. The share options become exercisable in several tranches commencing from the grant date, the exercise period of each tranche of share option is from the vesting date to the 15th anniversary of the date of grant.

The vesting period and performance-based condition of the options under the Employee Incentive Plan are categorised into the following types:

Type A

The share option of Type A is subject to a vesting schedule of four years pursuant to which 25% of the shares options shall become vested and exercisable at the end of Year 1 to Year 4 upon the fulfilment of the condition of latest annual performance appraisal result is B or above at vesting date of each respective year.

Type B

The share options of Type B is subject to a vesting schedule of three years pursuant to which 25% of the share options shall become vested and exercisable at the date of grant, and the second to fourth 25% of the share options shall become vested and exercisable at the end of Year 1 to Year 3 upon the fulfilment of condition of latest annual performance appraisal result is B or above on vesting date of each respective year.

Type C

The share options of Type C is subject to a vesting schedule of five years pursuant to which 16.6% of the share options should become vested and exercisable at the date of grant, and the second to sixth 16.6% of the share options shall become vested and exercisable at the end of Year 1 to Year 5, upon the fulfilment of condition of latest annual performance appraisal result is B or above on vesting date of each respective year.

Type D

The share options of Type D are vested and exercisable from the date of grant without performance or service conditions.

Type E

Type E has two subtypes. The first type is subject to a vesting schedule over three years starting from April 1st of each respective year (from 2026 onward), pursuant to which 10% of the share options shall become vested and exercisable on April 1st of the first year, 20% on April 1st of the second year, and the remaining 70% on April 1st of the third year, based on the respective start date, upon the fulfilment of condition of latest annual performance appraisal result is B or above on vesting date of each respective year. The second type is subject to a graduated vesting schedule of four years starting from April 1st of each respective year (from 2026 onward), pursuant to which 25% of the share options shall become vested and exercisable annually on each April 1st, with equal portions vesting each year, upon the fulfilment of condition of latest annual performance appraisal result is B or above on vesting date of each respective year.

Type F

The share options of Type F are vested and exercisable 50% on the day of successful [**REDACTED**], and the remaining 50% vest and become exercisable after one year of successful [**REDACTED**].

Modification to the Employee Incentive Plan

On January 2026, to align with the approval of the equity adjustment arrangement, the Company passed a shareholders' resolution to modify multiple conditions included in the Employee Incentive Plan. The Modification includes:

(i) 19,714,000 share options granted with vesting conditions became immediately vested and no longer subject to any vesting condition going forward upon the modification, the Group has accounted for the amendment as a modification to the Share Incentive Scheme, share-based payment expenses not yet recognised of these modified share options were recognised immediately on the modification date;

(ii) Settlement obligation of 463,635,000 share options when they became exercisable is changed from Hairou Weizheng to the Company, upon the modification, the Company is obligated to [**REDACTED**] and [**REDACTED**] of new H shares to above incentive participants when their granted share options became exercisable, which is generally the later of Company's successful [**REDACTED**] and the exercising date of the share options. While the vesting conditions for these 463,635,000 share options remain unchanged, the eligible exercise period has been modified. Pursuant to this amendment, the

options will become exercisable in tranches at multiple intervals following the Company's [**REDACTED**]: (i) one year, (ii) two years, (iii) three years, (iv) four years, and (v) five years after the [**REDACTED**]. Each exercise window spans a duration of 48 months. This modification does not result in any incremental fair value.

Details of the options granted under the during the Relevant Periods are as follows:

Grant during the year/six months of	Number of share units	Exercise price	Vesting period defined
		RMB per share	
2023	586,316	0.19	Type A
2023	33,507,710	0.27	Type A
2023	400,000	0.19	Type B
2023	31,370,000	0.27	Type B
2023	20,490,082	0.27	Type C
2023	16,230,000	0.27	Type D
	102,584,108		
2024	49,151,052	0.19	Type A
2024	20,000	0.27	Type A
2024	74,387,388	0.27	Type B
2024	50,000	0.19	Type B
2024	10,249,000	0.19	Type C
2024	21,225,125	0.00	Type D
2024	5,500,000	0.19	Type D
	160,582,565		
2025	91,960,000	0.19	Type A
2025	50,435,000	0.19	Type B
2025	14,130,400	0.19	Type C
2025	36,884,000	0.19	Type D
2025	91,470,000	0.19	Type E
	284,879,400		
2026	14,830,000	0.19	Type A
2026	2,863,166	0.19	Type B
2026	800,000	0.19	Type C
2026	26,332,286	0.00	Type D
2026	2,500,000	0.19	Type F
	47,325,452		

The fair values of the share option granted were estimated as at the grant date by using the discounted cash flow method or backsolve method based on the option pricing model by external valuer. The following table lists the key inputs to the fair value model used:

	Year ended 31 December			Six months ended 30 June
	2023	2024	2025	2026
Risk-free interest rate	2.67%-2.80%	2.08%-2.41%	1.95%-2.11%	1.66%-1.86%
Volatility	43.58%-45.06%	46.89%-48.28%	49.01%-49.18%	46.93%-48.45%
Dividend yield	0%	0%	0%	0%

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

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

	Weighted average exercise price	Number of share units
	RMB per share	
At 1 January 2023	0.09	468,136,997
Granted during the year	0.27	102,584,108
Forfeited during the year	0.23	(37,103,458)
Exercised during the year	0.15	(4,233,639)
At 31 December 2023	0.11	529,384,008
At 1 January 2024	0.11	529,384,008
Granted during the year	0.18	160,582,565
Forfeited during the year	0.23	(35,080,595)
At 31 December 2024	0.12	654,885,978
At 1 January 2025	0.12	654,885,978
Granted during the year	0.19	284,879,400
Forfeited during the year	0.21	(40,954,437)
At 31 December 2025	0.14	898,810,941
At 1 January 2026	0.14	898,810,941
Granted during the period	0.08	47,325,452
Forfeited during the period	0.17	(23,962,081)
Exercised during the period	0.27	(463,635,000)
At 30 June 2026	0.00	458,539,312

During the year ended 31 December 2023, Mr. Xu Shengdong, an executive director of the Company, acquired 4,233,639 vested share units from certain incentive participants under the Employee Incentive Plan. The difference between the fair value of the acquired share units and the consideration paid was accounted as share-based payments for the year ended 31 December 2023.

The fair value of the share options granted during the years ended 31 December 2023, 2024 and 2025 and Six months ended 30 June 2026 was RMB87,256,000, RMB141,191,000, and RMB311,977,000 and RMB60,659,000, and the Group recognised share option expenses of RMB72,358,000, RMB92,404,000, and RMB120,936,000 and RMB98,775,000, respectively.

35. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

In addition to the transactions detailed in note 42 to the Historical Financial Information, the Group had the following major non-cash transactions:

During the years ended 31 December 2023, 2024 and 2025 and Six months ended 30 June 2025 and 2026, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB92,406,000, RMB13,160,000, and RMB22,802,000 and RMB8,589,000, and RMB22,140,000, respectively, in respect of lease arrangements for buildings premises.

During the years ended 31 December 2023 and 2024, the Group settled the derivative liabilities for anti-dilution right of RMB37,689,000 and RMB333,080,000, respectively, by issuing of registered capital with no cost consideration, further details of which are set out in note 31 to the Historical Financial Information.

(b) Changes in liabilities arising from financing activities

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

	Interest bearing bank loans	Lease liabilities	Other payables	Redemption liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	5,007	99,723	–	2,639,772	2,744,502
Changes from financing cash flow	5,073	(37,705)	–	–	(32,632)
Changes from non-cash transaction	–	46,148	4,267	–	50,415
Exchange realignment	–	–	–	34,757	34,757
Accretion of interest	386	4,707	117	211,160	216,370
At 31 December 2023 and 1 January 2024	10,466	112,873	4,384	2,885,689	3,013,412
Changes from financing cash flow	98,359	(32,879)	4,281	352,780	422,541
Changes from non-cash transaction	–	12,433	–	–	12,433
Exchange realignment	–	(171)	–	33,589	33,418
Accretion of interest	2,140	4,277	208	239,717	246,342
At 31 December 2024 and 1 January 2025	110,965	96,533	8,873	3,511,775	3,728,146
Changes from financing cash flow	(26,987)	(35,639)	(7,437)	1,327,399	1,257,336
Changes from non-cash transaction	–	15,763	25,406	–	41,169
Exchange realignment	–	171	–	(61,758)	(61,587)
Accretion of interest	4,222	3,588	412	293,931	302,153
At 31 December 2025 and 1 January 2026	88,200	80,416	27,254	5,071,347	5,267,217
Changes from financing cash flow	(88,985)	(17,809)	(22,991)	99,409	(30,376)
Changes from non-cash transaction	–	17,503	(1,003)	–	16,500
Exchange realignment	–	–	(779)	(114,633)	(115,412)
Accretion of interest	785	1,609	87	197,587	200,068
At 30 June 2026	–	81,719	2,568	5,253,710	5,337,997

(c) Total cash outflows for leases

The total cash outflows for leases included in the consolidated statements of cash flows are as follows:

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Within operating activities	1,310	1,758	2,131	852	2,288
Within financing activities	37,705	32,879	35,639	14,010	17,809
	39,015	34,637	37,770	14,862	20,097

36. PLEDGE OF ASSETS

Details of the Group's restricted cash are included in note 23 to the Historical Financial Information.

37. COMMITMENTS

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

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contracted, but not provided for:				
Purchase of items of property, plant and equipment	586	315,753	264,914	262,953
Purchase of items of land use rights	–	5,797	–	–
	586	321,550	264,914	262,953

38. RELATED PARTY TRANSACTIONS

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

(a) Name and relationships of the related parties

Name	Relationship
Mr. Chen Yuqi	One of the controlling shareholders
Mr. Fang Bing	One of the controlling shareholders
Mr. Xu Shengdong	One of the controlling shareholders
Hairou Weizheng	One of the controlling shareholders

(b) Outstanding balances with related parties:

The Group

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Hairou Weizheng				
Other receivables – Loans*	4,540	4,540	–	–
Other receivables – Exercise of share option**	965	2,462	16,181	16,680
	5,505	7,002	16,181	16,680

* The loans to Hairou Weizheng were non-trade in nature with no interest and were repayable on demand, which were fully settled in the year ended 31 December 2025.

** The balances represent the difference between the exercise price received by Hairou Weizheng on behalf of the Company from the incentive employees, and the balances were non-trade in nature and are expected to be fully repaid before the [**REDACTED**].

(c) Compensation of key management personnel of the Group

	Year ended 31 December			Six months ended 30 June	
	2023	2024	2025	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000 (unaudited)*	*RMB'000*
Salaries, allowances and benefits in kind	3,142	3,464	4,235	1,817	3,733
Performance related bonus	91	264	5,239	2,410	1,762
Pension scheme contributions	54	100	122	53	47
Equity-settled share-based payment expenses	7,546	12,852	11,890	7,676	41,181
	10,833	16,680	21,486	11,956	46,723

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

39. FINANCIAL INSTRUMENTS BY CATEGORY

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

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets				
Financial assets at fair value through other comprehensive income:				
Bank acceptance bills	8,583	3,446	3,284	729
Certificate Deposits	47,072	–	–	–
	55,655	3,446	3,284	729
Financial assets at fair value through profit or loss:				
Structured deposits and Wealth management products	30,822	40,231	–	140,338
Financial assets at amortised cost:				
Trade and bills receivables	157,502	209,613	269,163	290,180
Financial assets included in deposits and other receivables	27,701	34,869	39,759	53,627
Restricted cash	150,758	183,987	192,028	241,064
Time deposits	163	5,535	–	–
Cash and cash equivalents	532,930	767,622	2,015,321	1,416,923
	869,054	1,201,626	2,516,271	2,001,794
Financial liabilities at amortised cost:				
Trade and bills payables	649,664	846,529	1,034,074	990,474
Financial liabilities included in other payables and accruals	9,895	18,988	156,661	84,974
Lease liabilities	112,873	96,533	80,416	81,719
Redemption liabilities	2,885,689	3,511,775	5,071,347	5,253,710
Interest-bearing bank loans	10,466	110,965	88,200	–
	3,668,587	4,584,790	6,430,698	6,410,877

40. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

All the carrying amounts of the Group's financial instruments approximate to their fair values due to the short-term maturities of these instruments.

The Group's finance department is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At the end of each of the Relevant Periods, the finance department analysed the movements in the values of financial instruments and determined the major inputs applied in the valuation. The valuation is reviewed and approved by the finance manager. The valuation process and results are discussed with the directors of the Company once a year for annual financial reporting.

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

The fair values of the financial assets and financial liabilities at fair value through profit or loss have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

Fair value hierarchy

Financial assets

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through profit or loss:				
Structured deposits	–	30,822	–	30,822
Financial assets at fair value through other comprehensive income:				
Debt investments at fair value through other comprehensive income – Bank acceptance bills	–	8,583	–	8,583

As at 31 December 2024

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through profit or loss:				
Structured deposits	–	40,231	–	40,231
Financial assets at fair value through other comprehensive income:				
Debt investments at fair value through other comprehensive income – Bank acceptance bills	–	3,446	–	3,446

As at 31 December 2025

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through profit or loss:				
Structured deposits	–	–	–	–
Financial assets at fair value through other comprehensive income:				
Debt investments at fair value through other comprehensive income – Bank acceptances bills	–	3,284	–	3,284

As at 30 June 2026

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through profit or loss:				
Structured deposits	–	140,338	–	140,338
Financial assets at fair value through other comprehensive income:				
Debt investments at fair value through other comprehensive income – Bank acceptances bills	–	729	–	729

41. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term borrowings. The Group's policy is to manage its interest cost using a mix of fixed and variable rate debts. The Group's policy is to maintain certain of its interest-bearing bank borrowings at floating interest rates. At 31 December 2024 and 31 December 2025, approximately 100% of the Group's long-term interest-bearing borrowings bore interest at floating rates. The Group currently does not enter into any hedging instrument for both of the fair value interest rate risk and cash flow interest rate risk.

Foreign currency risk

	Increase/(decrease) in foreign currency exchange rates	Increase/(decrease) in profit before tax	Increase/(Decrease) in equity
	%	*RMB'000*	*RMB'000*
Year ended 31 December 2023			
If RMB weakens against the USD	5	(740)	(740)
If RMB strengthens against the USD	5	740	740
If RMB weakens against the EUR	5	(155)	(155)
If RMB strengthens against the EUR	5	155	155
Year ended 31 December 2024			
If RMB weakens against the USD	5	(635)	(635)
If RMB strengthens against the USD	5	635	635
If RMB weakens against the EUR	5	(431)	(431)
If RMB strengthens against the EUR	5	431	431
Year ended 31 December 2025			
If RMB weakens against the USD	5	(53,966)	(53,966)
If RMB strengthens against the USD	5	53,966	53,966
If RMB weakens against the EUR	5	(535)	(535)
If RMB strengthens against the EUR	5	535	535
Six months ended 30 June 2026			
If RMB weakens against the USD	5	(21,789)	(21,789)
If RMB strengthens against the USD	5	21,789	21,789
If RMB weakens against the EUR	5	(151)	(151)
If RMB strengthens against the EUR	5	151	151

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

Credit risk

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

Maximum exposure and year-end staging

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

The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	–	–	–	137,541	137,541
Trade receivables with significant financing components	18,540	–	–	–	18,540
Bills receivable	5,564	–	–	–	5,564
Financial assets included in prepayments, deposits and other receivables – Normal*	27,700	–	–	–	27,700
Restricted cash	150,758	–	–	–	150,758
Time deposits	163	–	–	–	163
Cash and cash equivalents	532,930	–	–	–	532,930
	735,655	–	–	137,541	873,196

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	–	–	–	199,403	199,403
Trade receivables with significant financing components	12,482	–	–	–	12,482
Bills receivable	3,344	–	–	–	3,344
Financial assets included in prepayments, deposits and other receivables – Normal*	34,869	–	–	–	34,869
Restricted cash	183,987	–	–	–	183,987
Time deposits	5,535	–	–	–	5,535
Cash and cash equivalents	767,622	–	–	–	767,622
	1,007,839	–	–	199,403	1,207,242

As at 31 December 2025

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	–	–	–	273,586	273,586
Trade receivables with significant financing components	7,260	–	–	–	7,260
Bills receivable	533	–	–	–	533
Financial assets included in prepayments, deposits and other receivables – Normal*	39,759	–	–	–	39,759
Restricted cash	192,028	–	–	–	192,028
Cash and cash equivalents	2,015,321	–	–	–	2,015,321
	2,254,901	–	–	273,586	2,528,487

As at 30 June 2026

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	–	–	–	295,918	295,918
Trade receivables with significant financing components	6,302	–	–	–	6,302
Bills receivable	1,263	–	–	–	1,263
Financial assets included in prepayments, deposits and other receivables – Normal*	53,628	–	–	–	53,628
Restricted cash	241,064	–	–	–	241,064
Cash and cash equivalents	1,416,923	–	–	–	1,416,923
	1,719,180	–	–	295,918	2,015,098

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

Liquidity risk

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

As at 31 December 2023

	Less than 12 months or on demand	1 to 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*
Trade and bills payables	649,664	–	649,664
Financial liabilities included in other payables and accruals	5,511	4,820	10,331
Lease liabilities	34,516	93,884	128,400
Redemption liabilities	2,885,689	–	2,885,689
Interest-bearing bank loans	10,466	–	10,466
	3,585,846	98,704	3,684,550

As at 31 December 2024

	Less than 12 months or on demand	1 to 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*
Trade and bills payables	846,529	–	846,529
Financial liabilities included in other payables and accruals	15,556	3,979	19,535
Lease liabilities	31,975	73,924	105,899
Redemption liabilities	3,511,775	–	3,511,775
Interest-bearing bank loans	91,779	19,186	110,965
	4,497,614	97,089	4,594,703

As at 31 December 2025

	Less than 12 months or on demand	1 to 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*
Trade and bills payables	1,034,074	–	1,034,074
Financial liabilities included in other payables and accruals	110,077	53,193	163,270
Lease liabilities	25,741	70,608	96,349
Redemption liabilities	5,071,347	–	5,071,347
Interest-bearing bank loans	72,268	19,241	91,509
	6,313,507	143,042	6,456,549

As at 30 June 2026

	Less than 12 months or on demand	1 to 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*
Trade and bills payables	990,474	–	990,474
Financial liabilities included in other payables and accruals	39,228	51,398	90,626
Lease liabilities	24,095	64,165	88,260
Redemption liabilities	5,253,710	–	5,253,710
Interest-bearing bank loans	–	–	–
	6,307,507	115,563	6,423,070

Capital management

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

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

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

	As at 31 December			As at 30 June
	2023	2024	2025	2026
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Total assets	1,934,538	2,470,975	3,823,124	3,492,453
Total liabilities	4,458,867	5,819,213	7,907,904	7,863,478
Asset-liability ratio*	230.5%	235.5%	206.8%	225.2%

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

42. TRANSFERS OF FINANCIAL ASSETS

(a) Transferred financial assets that are not derecognised in their entirety

As at the end of each of the Relevant Periods, the Group endorsed certain bills receivable accepted by banks in Chinese Mainland (the "Endorsed Bills") with carrying amounts of RMB1,447,000, RMB931,000, RMB247,000 and RMB1,192,000 to certain of its suppliers in order to settle the trade payables due to such suppliers (the "Endorsement"). In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Endorsed Bills, and accordingly, it continued to recognise the full carrying amounts of the Endorsed Bills and the associated payables are presented in other payables and accruals. Subsequent to the Endorsement, the Group did not retain any rights on the use of the Endorsed Bills, including the sale, transfer or pledge of the Endorsed Bills to any other third parties. The aggregate carrying amounts of the trade payables settled by the Endorsed Bills during the year to which the suppliers have recourse were RMB4,130,000 RMB3,888,000, RMB2,343,000 and RMB1,787,000 as at the end of each of the Relevant Periods, respectively.

As at the end of each of the Relevant Periods, the Group discounted certain bills receivable accepted by banks in Chinese Mainland (the "Discounted Bills") with carrying amounts in aggregate of RMB1,456,000, RMB2,004,000, RMB2,720,000 and Nil, respectively, to banks (the "Bills Discount"). In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Discounted Bills, and accordingly, it continued to recognise the full carrying amounts of the Discounted Bills and the associated bank borrowings. Subsequent to the Bills Discount, the Group did not retain any rights on the use of the Discounted Bills, including the sale, transfer or pledge of the Discounted Bills to another third parties. The aggregate carrying amount of bank borrowings attributable to the Discounted Bills was RMB10,380,000, RMB4,641,000, RMB11,395,000 and RMB10,517,000 as at the end of each of the Relevant Periods, respectively.

(b) Transferred financial assets that are derecognised in their entirety

As at the end of each of the Relevant Periods, the Group endorsed certain bills receivable accepted by banks in Chinese Mainland (the "Derecognised Bills") to certain of its suppliers in order to settle the trade payables due to such suppliers with a carrying amounts in aggregate of RMB2,761,000, RMB1,849,000, RMB9,313,000 and RMB11,112,000 respectively. The Derecognised Bills had a maturity of 1 to 6 months at the end of the reporting period. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills may exercise; the right of recourse against any, several or all of the persons liable for the Derecognised Bills, including the Group, in disregard of the order of precedence (the "Continuing Involvement"). In the opinion of the directors, the risk of the Group being claimed by the holders of the Derecognised Bills is remote in the absence of a default of the accepted banks. The Group has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills and the associated trade payables. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group's Continuing Involvement in the Derecognised Bills are not significant.

During the Relevant Periods, the Group did not recognise any gain or loss on the date of transfer of the Derecognised Bills. No gains or losses were recognised from the Continuing Involvement, both during the year or cumulatively.

43. EVENTS AFTER THE REPORTING PERIOD

The Group did not have significant events after 30 June 2026 which may result in adjustments or additional disclosure to be made in the financial statements.

44. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of its subsidiaries in respect of any period subsequent to 30 June 2026.