NASN Intelligent Tech (Zhejiang) Co., Ltd.

Accountants' Report

For the years ended 31 December 2023, 2024 and 2025 and the three months ended 31 March 2025 and 2026

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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF NASN INTELLIGENT TECH (ZHEJIANG) CO., LTD. AND HAITONG INTERNATIONAL CAPITAL LIMITED AND BOCI ASIA LIMITED

Introduction
We report on the historical financial information of NASN Intelligent Tech (Zhejiang) Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") set out on pages I-3 to I-110, 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 the three months ended 31 March 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 31 March 2026 and material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-3 to I-110 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 30 July 2026 (the "Prospectus") in connection with the initial listing 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* as 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.

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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 31 March 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 comparative 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 three months ended 31 March 2025 and other explanatory information (the "Interim Comparative Financial Information"). The directors of the Company are responsible for the preparation 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* as 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-3 have been made.

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

Ernst & Young

Certified Public Accountants
Hong Kong
30 July 2026

I HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

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

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by Ernst & Young in accordance with Hong Kong Standards on Auditing as 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.

I HISTORICAL FINANCIAL INFORMATION (continued)

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31 December 2023 RMB'000	Year ended 31 December 2024 RMB'000	Year ended 31 December 2025 RMB'000	Three months ended 31 March 2025 RMB'000 (unaudited)	Three months ended 31 March 2026 RMB'000
REVENUE	5	272,217	390,737	614,506	102,665	150,816
Cost of sales		(269,104)	(348,807)	(530,891)	(95,337)	(135,555)
Gross profit		3,113	41,930	83,615	7,328	15,261
Other income and gains	5	26,958	20,946	26,441	10,264	3,081
Selling and marketing expenses		(4,824)	(5,326)	(14,248)	(1,042)	(5,861)
Administrative expenses		(40,270)	(32,571)	(62,379)	(6,970)	(11,998)
Research and development expenses		(96,547)	(87,580)	(82,959)	(17,376)	(23,616)
Fair value gains on financial investments at fair value through profit or loss	6	485	673	717	346	513
Reversal/(provision) of impairment on financial assets, net		1,305	(7,003)	1,580	402	3,682
Other expenses		(803)	(701)	(11,231)	(2,162)	(583)
Finance costs	7	(902)	(652)	(502)	(74)	(426)
Financial costs associated with redemption liabilities	6	(89,338)	(99,237)	(130,558)	(30,680)	(34,935)
LOSS BEFORE TAX	6	(200,823)	(169,521)	(189,524)	(39,964)	(54,882)
Income tax expense	10	-	-	-	-	-
LOSS AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD		(200,823)	(169,521)	(189,524)	(39,964)	(54,882)
Loss attributable to:						
Owners of the parent		(200,823)	(169,521)	(189,524)	(39,964)	(54,882)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT						
Basic and diluted (RMB)	12	(9.32)	(7.68)	(5.96)	(1.33)	(1.63)

I HISTORICAL FINANCIAL INFORMATION (continued)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 December			As at 31 March
		2023	2024	2025	2026
		RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS					
Property, plant and equipment	13	137,391	146,456	235,135	251,145
Right-of-use assets	14	9,636	6,254	10,069	8,588
Intangible assets	15	923	395	138	307
Prepayments, other receivables and other assets	21	1,331	12,728	14,395	36,471
Time deposits	22	-	10,004	10,258	10,315
Total non-current assets		149,281	175,837	269,995	306,826
CURRENT ASSETS					
Inventories	18	85,780	53,543	123,343	127,041
Trade and bills receivables	19	224,417	284,697	384,438	333,694
Financial investments at fair value through profit or loss	20	170,485	394,573	263,417	145,727
Prepayments, other receivables and other assets	21	9,617	4,011	18,622	22,793
Tax recoverable		-	-	17	-
Time deposits	22	-	-	10,312	-
Restricted cash	22	-	-	-	1,198
Cash and cash equivalents	22	115,463	165,596	148,601	203,526
Total current assets		605,762	902,420	948,750	833,979
CURRENT LIABILITIES					
Trade and bills payables	23	110,874	188,563	234,261	195,027
Other payables and accruals	24	31,518	56,184	53,435	31,169
Contract liabilities	25	1,195	3,052	2,164	-
Due to related companies	36	2,570	1,844	6,512	8,051
Interest-bearing bank borrowings	26	1,001	9,069	1,001	1,001
Lease liabilities	14	10,343	5,903	10,044	10,069
Deferred income	27	6,392	5,513	6,303	7,856
Provisions	28	2,781	4,300	16,327	16,747
Redemption liabilities	29	1,309,856	1,689,093	1,901,582	1,936,517
Total current liabilities		1,476,530	1,963,521	2,231,629	2,206,437
NET CURRENT LIABILITIES		(870,768)	(1,061,101)	(1,282,879)	(1,372,458)
TOTAL ASSETS LESS CURRENT LIABILITIES		(721,487)	(885,264)	(1,012,884)	(1,065,632)

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I HISTORICAL FINANCIAL INFORMATION (continued)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (continued)

	Notes	As at 31 December			As at 31 March
		2023	2024	2025	2026
		RMB'000	RMB'000	RMB'000	RMB'000
NON-CURRENT LIABILITIES					
Deferred income	27	25,545	21,626	47,009	44,972
Lease liabilities	14	2,328	-	3,658	2,912
Total non-current liabilities		27,873	21,626	50,667	47,884
Net liabilities		(749,360)	(906,890)	(1,063,551)	(1,113,516)
EQUITY					
Equity attributable to owners of the parent					
Paid-in capital/share capital	30	21,536	29,953	33,587	33,587
Reserves	32	(770,896)	(936,843)	(1,097,138)	(1,147,103)
Deficiency in asset		(749,360)	(906,890)	(1,063,551)	(1,113,516)

I HISTORICAL FINANCIAL INFORMATION (continued)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2023

	Attributable to owners of the parent						
	Paid-in capital RMB'000 Note 30	Capital reserve* RMB'000 Note 32	Share-based payment reserve* RMB'000 Note 32	Other reserve* RMB'000 Note 32	Special reserve* RMB'000 Note 32	Accumulated losses* RMB'000	Total deficiency in asset RMB'000
As at 1 January 2023	21,536	925,766	22,033	(1,023,601)	169	(484,709)	(538,806)
Loss and other comprehensive income for the year	-	-	-	-	-	(200,823)	(200,823)
Equity-settled share-based payment expense (note 31)	-	-	6,068	-	-	-	6,068
Grant of redemption rights to the equity holders (note 29)	-	-	-	(15,799)	-	-	(15,799)
Transfer	-	-	-	-	1,211	(1,211)	-
As at 31 December 2023	21,536	925,766	28,101	(1,039,400)	1,380	(686,743)	(749,360)

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I HISTORICAL FINANCIAL INFORMATION (continued)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)

Year ended 31 December 2024

	Attributable to owners of the parent						
	Paid-in capital RMB'000 Note 30	Capital reserve* RMB'000 Note 32	Share-based payment reserve* RMB'000 Note 32	Other reserve* RMB'000 Note 32	Special reserve* RMB'000 Note 32	Accumulated losses* RMB'000	Total deficiency in asset RMB'000
As at 1 January 2024	21,536	925,766	28,101	(1,039,400)	1,380	(686,743)	(749,360)
Loss and other comprehensive income for the year	-	-	-	-	-	(169,521)	(169,521)
Equity-settled share-based payment expense (note 31)	-	-	9,524	-	-	-	9,524
Shareholders' capital injection	8,417	274,050	-	-	-	-	282,467
Grant of redemption rights to the equity holders (note 29)	-	-	-	(280,000)	-	-	(280,000)
Transfer	-	-	-	-	1,662	(1,662)	-
As at 31 December 2024	29,953	1,199,816	37,625	(1,319,400)	3,042	(857,926)	(906,890)

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I HISTORICAL FINANCIAL INFORMATION (continued)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)

Year ended 31 December 2025

	Attributable to owners of the parent						
	Paid-in capital/share capital RMB'000 Note 30	Capital reserve* RMB'000 Note 32	Share-based payment reserve* RMB'000 Note 32	Other reserve* RMB'000 Note 32	Special reserve* RMB'000 Note 32	Accumulated losses* RMB'000	Total deficiency in asset RMB'000
As at 1 January 2025	29,953	1,199,816	37,625	(1,319,400)	3,042	(857,926)	(906,890)
Loss and other comprehensive income for the year	-	-	-	-	-	(189,524)	(189,524)
Equity-settled share-based payment expense (note 31)	-	-	12,225	-	-	-	12,225
Capital paid in/shares issued	3,634	98,935	-	-	-	-	102,569
Grant of redemption rights to the shareholders (note 29)	-	-	-	(81,931)	-	-	(81,931)
Transfer	-	-	-	-	1,944	(1,944)	-
Conversion into a joint stock company (note 30)	-	(405,767)	-	-	-	405,767	-
As at 31 December 2025	33,587	892,984	49,850	(1,401,331)	4,986	(643,627)	(1,063,551)

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I HISTORICAL FINANCIAL INFORMATION (continued)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)

Three months ended 31 March 2025 (unaudited)

	Attributable to owners of the parent						
	Paid-in capital/share capital RMB'000 Note 30	Capital reserve RMB'000 Note 32	Share-based payment reserve RMB'000 Note 32	Other reserve RMB'000 Note 32	Special reserve RMB'000 Note 32	Accumulated losses RMB'000	Total deficiency in asset RMB'000
As at 1 January 2025	29,953	1,199,816	37,625	(1,319,400)	3,042	(857,926)	(906,890)
Loss and other comprehensive income for the period (unaudited)	-	-	-	-	-	(39,964)	(39,964)
Equity-settled share-based payment expense (note 31) (unaudited)	-	-	1,214	-	-	-	1,214
Transfer (unaudited)	-	-	-	-	495	(495)	-
As at 31 March 2025 (unaudited)	29,953	1,199,816	38,839	(1,319,400)	3,537	(898,385)	(945,640)

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I HISTORICAL FINANCIAL INFORMATION (continued)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (continued)

Three months ended 31 March 2026

	Attributable to owners of the parent						
	Share capital RMB'000 Note 30	Capital reserve* RMB'000 Note 32	Share-based payment reserve* RMB'000 Note 32	Other reserve* RMB'000 Note 32	Special reserve* RMB'000 Note 32	Accumulated losses* RMB'000	Total deficiency in asset RMB'000
As at 1 January 2026	33,587	892,984	49,850	(1,401,331)	4,986	(643,627)	(1,063,551)
Loss and other comprehensive income for the period	-	-	-	-	-	(54,882)	(54,882)
Equity-settled share-based payment expense (note 31)	-	-	4,917	-	-	-	4,917
Transfer	-	-	-	-	602	(602)	-
As at 31 March 2026	33,587	892,984	54,767	(1,401,331)	5,588	(699,111)	(1,113,516)

*These reserve accounts represent the total consolidated debit reserves of RMB770,896,000, RMB936,843,000, RMB1,097,138,000 and RMB1,147,103,000 in the consolidated statements of financial position as at 31 December 2023, 2024 and 2025 and 31 March 2026, respectively.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended 31 December 2023 RMB'000	2024 RMB'000	2025 RMB'000	Three months ended 31 March 2025 RMB'000 (unaudited)	2026 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES						
Loss before tax		(200,823)	(169,521)	(189,524)	(39,964)	(54,882)
Adjustments for:						
Depreciation of property, plant and equipment	6,13	17,087	20,060	22,175	5,670	6,587
Depreciation of right-of-use assets	6,14	8,616	7,442	7,080	1,837	1,481
Amortisation of intangible assets		722	606	344	101	31
Write-down of inventories to net realisable value		9,999	3,870	1,162	505	640
(Reversal)/provision of impairment on financial assets, net		(1,305)	7,003	(1,580)	(402)	(3,682)
Investment income from structured deposits and wealth management products	5	(4,620)	(2,519)	(4,346)	(1,061)	(435)
Fair value gains on financial investments at fair value through profit or loss		(485)	(673)	(717)	(346)	(513)
Bank interest income		(2,997)	(2,478)	(2,651)	(770)	(431)
Finance costs	7	902	652	502	74	426
Financial costs associated with redemption liabilities	6,29	89,338	99,237	130,558	30,680	34,935
Asset-related government grants and subsidies		(8,356)	(6,392)	(7,991)	(1,970)	(2,164)
Exchange (gain)/loss		(498)	(330)	552	16	565
Share-based payments	6,28	6,068	9,524	12,225	1,214	4,917
(Gains)/losses on disposal of items of property, plant and equipment	5	(41)	461	288	83	-
		(86,393)	(33,058)	(31,923)	(4,333)	(12,525)
(Increase)/decrease in inventories		(5,611)	28,367	(70,962)	(24,406)	(4,338)
(Increase)/decrease in trade and bills receivables		(11,097)	(67,283)	(106,229)	(97,065)	54,426
Decrease/(increase) in prepayments and other receivables		8,068	5,606	(11,651)	(3,910)	(11,697)
Increase in restricted cash		-	-	-	-	(1,198)
Decrease in pledged deposits		41,695	-	-	-	-
(Decrease)/increase in trade and bills payables		(36,388)	77,689	45,698	15,928	(39,234)
(Decrease)/increase in other payables and accruals		(2,203)	10,179	(6,124)	(17,542)	(4,507)
(Decrease)/increase in contract liabilities		(1,446)	1,857	(888)	-	(2,164)
Increase/(decrease) in amounts due to related companies		1,655	(726)	4,668	454	1,539
Increase in provisions		1,397	1,519	12,027	2,278	420
Cash (used in)/generated from operations		(90,323)	24,150	(165,384)	(128,596)	(19,278)
Interest received		1,448	1,188	787	278	183
Income tax (paid)/refunded		-	-	(17)	(17)	17
Net cash flows (used in)/from operating activities		(88,875)	25,338	(164,614)	(128,335)	(19,078)

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CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

	Notes	Year ended 31 December			Three months ended 31 March	
		2023	2024	2025	2025	2026
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchases of items of property, plant and equipment		(40,486)	(27,226)	(109,646)	(24,619)	(54,771)
Receipt of asset-related government grants		16,799	1,594	34,164	13,570	1,680
Purchase of intangible assets		(78)	(78)	(87)	-	(200)
Placement of time deposits		-	(10,000)	(9,996)	(9,996)	-
Withdrawal of time deposits		-	-	-	-	10,000
Proceeds from disposal of items of property, plant and equipment		3,129	730	179	179	-
Acquisition of financial investments at fair value through profit or loss		(810,000)	(754,900)	(1,710,000)	(330,000)	(295,000)
Disposal of financial investments at fair value through profit or loss		834,863	534,004	1,846,219	565,634	413,638
Interest received		1,549	1,286	1,294	355	503
Net cash flows from/(used in) investing activities		5,776	(254,590)	52,127	215,123	75,850
CASH FLOWS FROM FINANCING ACTIVITIES						
Capital paid in/issues of shares	30	-	285,338	102,805	-	-
Share issue expenses	30	-	(2,871)	(236)	-	-
Principal portion of lease liabilities		(4,516)	(11,117)	(3,278)	(1,873)	(762)
New interest-bearing bank borrowings		1,000	9,068	1,000	-	-
Repayment of interest-bearing bank borrowings		(5,000)	(1,000)	(1,000)	-	-
Interest paid		(521)	(363)	(320)	(7)	(385)
Payment for listing expenditures		-	-	(2,927)	-	(135)
Net cash flows (used in)/from financing activities		(9,037)	279,055	96,044	(1,880)	(1,282)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(92,136)	49,803	(16,443)	84,908	55,490
Cash and cash equivalents at beginning of the year/period		207,101	115,463	165,596	165,596	148,601
Effect of foreign exchange rate changes, net		498	330	(552)	(16)	(565)
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD		115,463	165,596	148,601	250,488	203,526
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS						
Cash and bank balances	22	115,463	175,600	169,171	270,625	215,039
Less: Time deposits	22	-	10,004	20,570	20,137	10,315
Restricted cash	22	-	-	-	-	1,198
Cash and cash equivalents as stated in the consolidated statements of cash flows		115,463	165,596	148,601	250,488	203,526

I HISTORICAL FINANCIAL INFORMATION (continued)

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Notes	As at 31 December 2023 RMB'000	As at 31 December 2024 RMB'000	As at 31 December 2025 RMB'000	As at 31 March 2026 RMB'000
NON-CURRENT ASSETS					
Property, plant and equipment	13	33,598	32,783	27,729	26,727
Right-of-use assets	14	5,576	2,193	6,633	6,011
Intangible assets	15	441	179	61	236
Investments in subsidiaries	16	60,173	40,392	151,836	156,771
Prepayments, other receivables and other assets	21	234	11,693	499	4,775
Total non-current assets		100,022	87,240	186,758	194,520
CURRENT ASSETS					
Inventories	18	6,120	1,376	3,682	1,098
Trade and bills receivables	19	219,652	276,318	369,542	322,952
Financial investments at fair value through profit or loss	20	170,485	353,440	101,914	90,550
Prepayments, deposits and other receivables	21	2,765	2,881	4,316	10,552
Due from subsidiaries		260,567	180,777	409,907	357,759
Cash and cash equivalents	22	113,908	101,465	113,680	132,458
Total current assets		773,497	916,257	1,003,041	915,369
CURRENT LIABILITIES					
Trade and bills payables	23	42,441	33,915	18,601	5,100
Other payables and accruals	24	18,575	26,208	14,582	11,552
Contract liabilities	25	1,195	3,052	2,164	-
Due to subsidiaries		112,027	38,286	159,524	107,288
Due to related companies		67	5	72	12
Interest-bearing bank borrowings	26	1,001	9,069	1,001	1,001
Lease liabilities	14	2,897	1,842	2,445	2,456
Deferred income	27	3,463	2,330	3,137	4,752
Provisions	28	2,781	4,300	16,327	16,747
Redemption liabilities	29	1,309,856	1,689,093	1,901,582	1,936,517
Total current liabilities		1,494,303	1,808,100	2,119,435	2,085,425
NET CURRENT LIABILITIES		(720,806)	(891,843)	(1,116,394)	(1,170,056)
TOTAL ASSETS LESS CURRENT LIABILITIES		(620,784)	(804,603)	(929,636)	(975,536)
NON-CURRENT LIABILITIES					
Deferred income	27	4,623	3,886	32,436	31,133
Lease liabilities	14	2,328	-	3,658	2,912
Total non-current liabilities		6,951	3,886	36,094	34,045
NET LIABILITIES		(627,735)	(808,489)	(965,730)	(1,009,581)
EQUITY					
Paid-in capital/share capital	30	21,536	29,953	33,587	33,587
Reserves	32	(649,271)	(838,442)	(999,317)	(1,043,168)
Total deficiency in asset		(627,735)	(808,489)	(965,730)	(1,009,581)

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE AND GROUP INFORMATION

NASN Intelligent Tech (Zhejiang) Co., Ltd. (the "Company"), formerly named as Shanghai Nasn Automotive Electronics Co., Ltd., was established as a limited liability company in the People's Republic of China ("PRC") on 29 March 2016. The Company was converted into a joint stock company with limited liability on 30 July 2025. The registered office of the Company is located at Floor 3, Building 1, No.358 Hongxing Road, Economic and Technological Development Zone, Xinjie Street, Xiaoshan District, Hangzhou, Zhejiang, PRC.

During the Relevant Periods, the Company and its subsidiaries (the "Group") were involved in the following principal activities:

- Research and development, production and sale of X-by-wire solutions

As at 31 March 2026, the Company had direct or indirect interests in its subsidiaries, all of which are private limited liability companies, the particulars of the Company's principal subsidiaries are set out below:

Name	Notes	Place and date of registration and operations	Registered and paid-up capital ('000)	Percentage of equity attributable to the Company Direct %	Principal activities
拿森汽車科技（杭州）有限公司 Hangzhou Nasn Auto Co., Ltd.*	(1)	PRC/Chinese mainland/ 29 April 2020	RMB20,000	100	Manufacture and research and development ("R&D") of X-by-wire solutions
上海拿森汽車科技有限公司 Shanghai Nasn Auto Technology Co., Ltd.*	(2)	PRC/Chinese mainland/ 23 December 2019	RMB20,000	100	Manufacture and R&D of X-by-wire solutions
拿森汽車科技（嘉興）有限公司 Jiaxing Nasn Auto Co., Ltd.*	(3)	PRC/Chinese mainland/ 13 January 2025	RMB20,000	100	Manufacture and R&D of X-by-wire solutions

*The English names of all group companies registered in Chinese mainland represent the best efforts made by the management of the Company to translate the Chinese names of these companies as they do not have official English names.

Notes:

(1) The statutory financial statements of this entity for the years ended 31 December 2023, 2024 and 2025 prepared in accordance with generally accepted accounting principles in Chinese Mainland were audited by 上海瑞成会计师事务所(普通合伙) (Shanghai Ruicheng Certified Public Accountants (General Partnership)), certified public accountants registered in Chinese mainland.

(2) The statutory financial statements of this entity for the year ended 31 December 2025 prepared in accordance with generally accepted accounting principles in Chinese Mainland were audited by 上海瑞成会计师事务所(普通合伙) (Shanghai Ruicheng Certified Public Accountants (General Partnership)), certified public accountants registered in Chinese Mainland and the entity was not subject to any statutory audit requirements under the relevant rules and regulations in its jurisdiction of incorporation for the years ended 31 December 2023 and 2024.

(3) As at the date of this report, no audited financial statements of this subsidiary have been prepared since this subsidiary was newly established in 2025, and the entity was not subject to any statutory audit requirements under the relevant rules and regulations in its jurisdiction of incorporation.

2.1 BASIS OF PREPARATION

The Historical Financial Information and the Interim Comparative Financial Information have been prepared in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board (the "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 throughout the Relevant Periods and the Interim Comparative Financial Information.

The Historical Financial Information and the Interim Comparative Financial Information have been prepared under the historical cost convention, except for structured deposits and wealth management products at fair value through profit or loss and bills receivables at other comprehensive income, which have been measured at fair value.

The Historical Financial Information has been prepared under the going concern basis notwithstanding the fact that, as at 31 March 2026, the Group had net current liabilities of approximately RMB1,372,458,000 and net liabilities of approximately RMB1,113,516,000, which primarily arose from the liabilities recognised for the redemption rights amounting to RMB1,936,517,000 as at 31 March 2026 granted to certain existing shareholders. According to the provisions as stipulated in the capital investment agreements entered into between the Company and certain of the Company's existing shareholders, the Company is obliged to fully redeem the Company's share capital from these shareholders when the Company either fails to complete a qualified initial public offering before 31 December 2027 or upon occurrence of other specific events as set out in note 29. These rights of redemption will be terminated upon listing of the Company and the redemption liabilities will then be transferred to equity. The directors are of the opinion that redemption will not be triggered within the next twelve months from 31 March 2026. In addition, the Group had unutilised banking facilities of RMB113,001,000 as at 31 March 2026. Having taken the above into consideration, and together with the cash flow forecast which covers a period of not less than twelve months from 31 March 2026 prepared by the management of the Group, the directors of the Company are of the opinion that the Group has sufficient financial resources to continue as a going concern for the next twelve months. Accordingly, the directors of the Company considered that it is appropriate to prepare the Historical Financial Information for the Relevant Periods on a going concern basis.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

2.1 BASIS OF PREPARATION (continued)

Basis of consolidation

The Historical Financial Information and the Interim Comparative Financial Information include the financial statements 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 statements of the subsidiaries are 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 and liabilities; 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 and the Interim Comparative Financial Information. The Group intends to apply these new and amended IFRS Accounting Standards, if applicable, when they become effective.

IFRS 18	*Presentation and Disclosure in Financial Statements*[1]
IFRS 19 and its amendments	*Subsidiaries without Public Accountability: Disclosures*[1]
IFRS 20	*Regulatory Assets and Regulatory Liabilities*[3]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[2]
Amendments to IAS 21	*Translation to a Hyperinflationary Presentation Currency*[1]

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 Reporting periods beginning on or after 1 January 2029

Further information about those IFRS Accounting Standards that are expected to be applicable to the Group is described below.

IFRS 18 replaces IAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from IAS 1 with limited changes, IFRS 18 introduces new requirements for presentation within the statement of profit or loss and other comprehensive income, including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss and other comprehensive income into one of five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in IAS 1 are moved to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as IAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of IFRS 18, limited, but widely applicable, amendments are made to IAS 7 *Statement of Cash Flows*, IAS 33 *Earnings per Share* and IAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other IFRS Accounting Standards. IFRS 18 and the consequential amendments to other IFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. 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 additional disclosure will be included in the Historical Financial Information and the Interim Comparative Financial Information.

The Group is in the process of making an assessment of the impact of other new and amended IFRS Accounting Standards upon initial application. So far, the Group considered that these new and amended IFRS Accounting Standards are unlikely to have a significant impact on the Group's results of operations and financial position.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

2.3 MATERIAL ACCOUNTING POLICY INFORMATION

Fair value measurement

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 financial statements 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 reporting period.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

2.3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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.

In testing a cash-generating unit for impairment, a portion of the carrying amount of a corporate asset (e.g., a headquarters building) is allocated to an individual cash-generating unit if it can be allocated on a reasonable and consistent basis or, otherwise, to the smallest group of cash-generating units.

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

An assessment is made at the end of each of the reporting 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 profit or loss in the period in which it arises.

2.3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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.

2.3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Property, plant and equipment and depreciation (continued)
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:

Machinery	10% to 32%
Vehicles	10% to 32%
Office equipment and electronic devices	19% to 32%
Leasehold improvements	33% to 75%

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

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

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

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

Software
Purchased software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of 3 years, which is mainly determined by reference to the licensed period of the purchased software.

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.

Intangible assets (other than goodwill) (continued)
Research and development costs (continued)
Deferred development costs are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products not exceeding five to seven years, commencing from the date when the products are put into commercial production.

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

Plant and properties	1 to 3 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.

Leases (continued)

Group as a lessee (continued)

(b) Lease liabilities (continued)

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

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

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment that are considered to be of low value.

Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Investments and other financial assets

Initial recognition and measurement

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

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

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

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

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

2.3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Investments and other financial assets (continued)
Subsequent measurement
The subsequent measurement of financial assets depends on their classification as follows:

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

Financial assets at fair value through other comprehensive income (debt instruments)
For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation 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 investments at fair value through profit or loss
Financial investments 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 the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

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

Impairment of financial assets

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

General approach

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

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

2.3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Impairment of financial assets (continued)
General approach (continued)
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 180 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

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

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

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

Stage 2 – Financial 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 and bills receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

2.3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings, or payables, as appropriate.

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

The Group's financial liabilities include trade and bills payables, other payables and accruals, due to related companies, interest-bearing bank borrowings and redemption liabilities.

Subsequent measurement

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

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

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

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

Redemption liabilities

A contract that contains an obligation to purchase the Group's equity instruments for cash or another financial asset gives rise to a financial liability for the redemption amount, even if the Group's obligations to purchase is conditional on the counterparty exercising a right to redeem. The redemption liability is initially measured at the carrying amount of the redemption amount and subsequently measured at amortised cost as finance costs being included in financial costs associated with redemption liabilities.

The redemption liabilities were classified as current liabilities as some of the redemption events may occur at any time. The carrying amount of the redemption liabilities will be reclassified to equity upon a termination of the counterparty's redemption right.

Derecognition of financial liabilities

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

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

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

2.3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

<u>Offsetting of financial instruments</u>
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.

<u>Inventories</u>
Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct 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.

<u>Cash and cash equivalents</u>
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, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

<u>Provisions</u>
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 Group expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in profit or loss net of any reimbursement.

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 X-by-wire solutions 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 and past experience of the level of repairs and maintenance. The warranty-related cost is revised annually.

Income tax

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

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

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

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

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

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

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

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

2.3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Income tax (continued)

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

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 profit or loss over the expected useful life of the relevant asset by equal annual instalments.

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.

2.3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Revenue recognition (continued)
Revenue from contracts with customers (continued)
Sale of X-by-wire solutions
Revenue from the sale of X-by-wire solutions is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the products or customer acceptance.

When the consideration in a contract includes an annual discount, 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.

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.

2.3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Contract liabilities

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

Share-based payments

The Company operates a share scheme. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value of the granted shares is determined by an external valuer using the equity allocation model, taking into account the recent capital injection price. Further details are set out in note 31 to the Historical Financial Information.

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

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

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

2.3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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

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

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

Other employee benefits
Pension scheme
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. These 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.

Borrowing costs
Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

3. MATERIAL ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements 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 financial statements:

Deferred tax assets

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 the level of future taxable profits, together with future tax planning strategies.

The Group has accumulated tax losses carried forward of RMB576,025,000, RMB711,240,000, RMB767,026,000 and RMB786,505,000 in aggregate as at 31 December 2023, 2024 and 2025 and 31 March 2026, respectively. These losses related to subsidiaries that have a history of losses, have not expired, and may not be used to offset taxable income elsewhere in the Group. The subsidiaries have neither any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Group has determined that it cannot recognise deferred tax assets on the tax losses carried forward.

If the Group had been able to recognise all unrecognised deferred tax assets, the profit and equity would have increased by RMB27,551,000, RMB20,027,000, RMB16,813,000 RMB3,455,000 and RMB3,049,000 for the years ended 31 December 2023, 2024 and 2025 and the three months ended 31 March 2025 and 2026, respectively. Further details on deferred taxes are disclosed in note 17 to the Historical Financial Information.

Significant judgement in determining the lease term of contracts with renewal options

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate the lease.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

3. MATERIAL ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty

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

Share-based payments

The Group operates a share scheme for the purpose of providing incentives to the Group's employees (including directors). The grant date fair value of the granted shares is determined by an external valuer using the back-solve method and adopting the equity allocation model, taking into account the recent capital injection price. Further details are contained in note 31 to the Historical Financial Information.

Provision for expected credit losses on trade and bills receivables

The Group uses a provision matrix to calculate ECLs for trade and bills receivables. The provision rates are based on days past due for groupings of various customers that have similar loss patterns.

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

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 note 19 to the Historical Financial Information.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

3. MATERIAL ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each reporting period. These 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.

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).

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

4. OPERATING SEGMENT INFORMATION

The Group manages its businesses as a whole by the most senior executive management for the purposes of resource allocation and performance assessment. The Group's chief operating decision maker is the chief executive officer of the Group who reviews the Group's consolidated results of operations for the purpose of making decisions about resource allocation and performance assessment. Accordingly, no reportable segment information is presented.

Geographical information

All the non-current assets of the Group are physically located in Chinese mainland. The geographical location of customers is based on the location at which the customers operate, and almost all of the revenue of the Group was derived from operations in Chinese mainland during the Relevant Periods and the three months ended 31 March 2025.

Information about major customers

External customers that contributed over 10% of total revenue of the Group during the Relevant Periods and the three months ended 31 March 2025 are as follows:

	Year ended 31 December			Three months ended 31 March	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Customer Group A	161,042	262,645	290,336	54,499	44,161
Customer Group B	*	44,496	90,644	24,303	22,789
Customer Group C	49,105	*	*	*	*
Customer Group D	29,982	*	*	*	*
Customer Group E	*	*	132,311	*	66,198

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

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Year ended 31 December			Three months ended 31 March	
	2023 RMB'000	2024 RMB'000	2025 RMB'000	2025 RMB'000 (unaudited)	2026 RMB'000
Revenue from contracts with customers	272,217	390,737	614,506	102,665	150,816

Revenue from contracts with customers

(a) Disaggregated revenue information

	Year ended 31 December			Three months ended 31 March	
	2023 RMB'000	2024 RMB'000	2025 RMB'000	2025 RMB'000 (unaudited)	2026 RMB'000
Types of goods					
X-by-wire solutions	266,643	380,639	598,690	102,415	149,949
Others	5,574	10,098	15,816	250	867
Total revenue from contracts with customers	272,217	390,737	614,506	102,665	150,816

	Year ended 31 December			Three months ended 31 March	
	2023 RMB'000	2024 RMB'000	2025 RMB'000	2025 RMB'000 (unaudited)	2026 RMB'000
Geographical markets					
Chinese mainland	272,217	390,399	603,265	102,468	149,126
Overseas	-	338	11,241	197	1,690
Total	272,217	390,737	614,506	102,665	150,816

	Year ended 31 December			Three months ended 31 March	
	2023 RMB'000	2024 RMB'000	2025 RMB'000	2025 RMB'000 (unaudited)	2026 RMB'000
Timing of revenue recognition					
Goods or services transferred at a point in time	272,217	390,737	614,506	102,665	150,816

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

5. REVENUE, OTHER INCOME AND GAINS (continued)

Revenue from contracts with customers (continued)

The following table shows the amounts of revenue recognised during the Relevant Periods and the three months ended 31 March 2025 that were included in the contract liabilities at the beginning of each of the Relevant Periods:

	Year ended 31 December			Three months ended 31 March	
	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:	2,641	1,195	3,052	-	2,164

(b) Performance obligations

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

Sale of X-by-wire solutions
The performance obligation is satisfied when control of the asset is transferred to the customer, generally upon delivery of the goods or customer consumption. The payment is generally due within 30 to 90 days from delivery.

By applying the practical expedient in IFRS 15, information about remaining performance obligations is not disclosed as all the contracts with customers have an original expected duration of one year or less.

An analysis of other income and gains is as follows:

	Year ended 31 December			Three months ended 31 March	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Other income					
Bank interest income	2,997	2,478	2,651	770	431
Government grants and subsidies*	18,064	14,936	19,031	8,424	2,170
Investment income from structured deposits and wealth management products	4,620	2,519	4,346	1,061	435
Others	736	532	413	9	45
Other gains					
Foreign exchange differences, net	500	481	-	-	-
Gain on disposal of property, plant and equipment	41	-	-	-	-
Total	26,958	20,946	26,441	10,264	3,081

*Various government grants have been received from Chinese mainland local government authorities to support the Company and subsidiaries' daily operations. Government grants received for which related expenditure has not yet been undertaken are included in deferred income in the statement of financial position. There are no unfulfilled conditions related to these government grants.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

6. LOSS BEFORE TAX

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

		Year ended 31 December			Three months ended 31 March	
		2023	2024	2025	2025	2026
	Notes	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Cost of sales*		269,104	348,807	530,891	95,337	135,555
Write-down of inventories to net realisable value	18	9,999	3,870	1,162	505	640
Additional product warranty provision	28	2,312	2,633	4,552	734	1,014
Depreciation of property, plant and equipment**	13	17,087	20,060	22,175	5,670	6,587
Depreciation of right-of-use assets**	14	8,616	7,442	7,080	1,837	1,481
Amortisation of intangible assets**	15	722	606	344	101	31
Research and development costs		96,547	87,580	82,959	17,376	23,616
Lease payments not included in the measurement of lease liabilities		2,676	2,661	2,298	397	334
Listing expenditures		-	-	17,455	-	2,002
Employee benefit expense (including directors' chief executive's and supervisor's remuneration (note 8))***:						
Wages and salaries		76,137	74,669	80,771	14,969	22,102
Share-based payment	31	6,068	9,524	12,225	1,214	4,917
Pension scheme contributions and social welfare		12,626	12,407	14,242	3,074	4,193
Additional litigation provision	28	-	-	10,000	2,000	-
Fair value gains on financial investments at fair value through profit or loss		485	673	717	346	513
Reversal(provision) of impairment on financial assets, net		(1,305)	7,003	(1,580)	(402)	(3,682)
(Gains)/losses on disposal of items of property, plant and equipment		(41)	461	288	83	-
Financial costs associated with redemption liabilities	29	89,338	99,237	130,558	30,680	34,935

* Cost of sales for the Relevant Periods and the three months ended 31 March 2025 includes the write-down of inventories to net realisable value, additional provision for product warranty, depreciation of property, plant and equipment, the depreciation of right-of-use assets and the amortisation of intangible assets which are also included in the respective total amounts disclosed separately in "write-down of inventories to net realisable value", "additional product warranty provision", "depreciation of property, plant and equipment", depreciation of "right-of-use assets" and "amortisation of intangible assets" above.

** The depreciation of property, plant and equipment, right-of-use assets and the amortisation of intangible assets for the Relevant Periods and the three months ended 31 March 2025 are included in "Cost of sales", "Research and development costs" and "Administrative expenses" in profit or loss.

*** The employees benefit expense for the Relevant Periods and the three months ended 31 March 2025 is included in "Cost of sales", "Selling and marketing expenses", "Research and development expenses" and "Administrative expenses" in profit or loss.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December			Three months ended 31 March	
	2023 RMB'000	2024 RMB'000	2025 RMB'000	2025 RMB'000 (unaudited)	2026 RMB'000
Interest on interest-bearing bank borrowings	520	363	320	7	385
Interest on lease liabilities	382	289	182	67	41
Total	902	652	502	74	426

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

Directors', chief executive's and supervisors' remuneration for the Relevant Periods and the three months ended 31 March 2025 is as follows:

	As at 31 December			As at 31 March	
	2023 RMB'000	2024 RMB'000	2025 RMB'000	2025 RMB'000 (unaudited)	2026 RMB'000
Fees	-	-	-	-	-
Other emoluments:					
Salaries, bonuses, allowances and benefits in kind	3,965	4,028	3,588	1,001	812
Performance related bonuses*	658	633	683	165	171
Share-based payments	1,415	1,801	(2,937)	246	64
Pension scheme contributions and social welfare	453	443	429	110	93
Subtotal	6,491	6,905	1,763	1,522	1,140
Total	6,491	6,905	1,763	1,522	1,140

*Certain directors of the Company are entitled to bonus payments which are determined by key performance indicators.

During the Relevant Periods and the three months ended 31 March 2025, certain directors were granted the Company's shares in respect of their services to the Group under the employee incentive scheme (the "Schemes") of the Company, further details of which are set out in note 31 to the Historical Financial Information. The difference between the fair value of the shares granted and the subscription price was recorded in the share-based payment reserve within equity with the corresponding "share-based payment expenses" in profit or loss over the vesting period. The amounts during the Relevant Periods and the three months ended 31 March 2025 are included in the above directors', chief executive's and supervisors' remuneration disclosures.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

8. DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' REMUNERATION (continued)

The remuneration of each director/supervisor of the Company paid/payable by the Group (including emoluments for services as employees of the group entities prior to becoming the directors/supervisors of the Company) for the Relevant Periods and the three months ended 31 March 2025 is set out as follows:

Year ended 31 December 2023

	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Share-based payments RMB'000	Pension scheme contributions and social welfare RMB'000	Total remuneration RMB'000
Chief executive director:					
Mr. Tao Zhe (i)	1,210	232	-	95	1,537
Non-executive directors:					
Ms. Liu Qian (ii)	1,051	202	-	95	1,348
Mr. Wang Jianming (iii)	-	-	-	-	-
Mr. Chen Hui (iv)	-	-	-	-	-
Mr. Liu Tong (v)	-	-	-	-	-
Ms. Cong Xiuli (vi)	-	-	-	-	-
Mr. Liu Zhuang (vii)	-	-	-	-	-
Mr. Yeh Kuantai (viii)	-	-	-	-	-
Mr. Lin Hao (ix)	-	-	-	-	-
Ms. Liu Limei (x)	-	-	-	-	-
Mr. Wu Bo (xi)	-	-	-	-	-
Mr. Liu Fuqing (xiii)	1,224	139	1,156	138	2,657
Subtotal	2,275	341	1,156	233	4,005
Supervisor:					
Mr. Yu Xin (xii)	480	85	259	125	949
Total	3,965	658	1,415	453	6,491

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

8. DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' REMUNERATION (continued)

Year ended 31 December 2024

	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Share-based payments RMB'000	Pension scheme contributions and social welfare RMB'000	Total remuneration RMB'000
Chief executive director:					
Mr. Tao Zhe (i)	1,210	145	-	93	1,448
Non-executive directors:					
Ms. Liu Qian (ii)	1,047	278	-	93	1,418
Mr. Wang Jianming (iii)	-	-	-	-	-
Mr. Liu Tong (v)	-	-	-	-	-
Ms. Cong Xiuli (vi)	-	-	-	-	-
Mr. Liu Zhuang (vii)	-	-	-	-	-
Mr. Yeh Kuantai (viii)	-	-	-	-	-
Mr. Lin Hao (ix)	-	-	-	-	-
Ms. Liu Limei (x)	-	-	-	-	-
Mr. Wu Bo (xi)	-	-	-	-	-
Mr. Liu Fuqing (xiii)	1,262	111	1,542	135	3,050
Subtotal	2,309	389	1,542	228	4,468
Supervisor:					
Mr. Yu Xin (xii)	509	99	259	122	989
Total	4,028	633	1,801	443	6,905

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

8. DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' REMUNERATION (continued)

Year ended 31 December 2025

	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Share-based payments RMB'000	Pension scheme contributions and social welfare RMB'000	Total remuneration RMB'000
Chief executive director:					
Mr. Tao Zhe (i)	1,210	290	-	92	1,592
Non-executive directors:					
Ms. Liu Qian (ii)	1,047	253	-	92	1,392
Mr. Wang Jianming (iii)	-	-	-	-	-
Mr. Liu Tong (v)	-	-	-	-	-
Ms. Cong Xiuli (vi)	-	-	-	-	-
Mr. Liu Zhuang (vii)	-	-	-	-	-
Mr. Yeh Kuantai (viii)	-	-	-	-	-
Mr. Lin Hao (ix)	-	-	-	-	-
Ms. Liu Limei (x)	-	-	-	-	-
Mr. Wu Bo (xi)	-	-	-	-	-
Mr. Liu Fuqing (xiii)	512	-	(3,341)	56	(2,773)
Mr. Wu Jianfeng (xiv)	-	-	-	-	-
Ms. Peng Xuemei (xv)	-	-	-	-	-
Mr. Lin Yi (xviii)	38	-	-	-	38
Subtotal	1,597	253	(3,341)	148	(1,343)
Supervisors:					
Mr. Yu Xin (xii)	513	118	404	122	1,157
Ms. Wu Ying (xvi)	147	12	-	39	198
Ms. Li Qiuxia (xvii)	121	10	-	28	159
Subtotal	781	140	404	189	1,514
Total	3,588	683	(2,937)	429	1,763

8. DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' REMUNERATION (continued)

Three months ended 31 March 2025 (unaudited)

	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Share-based payments RMB'000	Pension scheme contributions and social welfare RMB'000	Total remuneration RMB'000
Chief executive director:					
Mr. Tao Zhe (i)	302	72	-	23	397
Non-executive directors:					
Ms. Liu Qian (ii)	261	63	-	23	347
Mr. Wang Jianming (iii)	-	-	-	-	-
Mr. Liu Tong (v)	-	-	-	-	-
Ms. Cong Xiuli (vi)	-	-	-	-	-
Mr. Liu Zhuang (vii)	-	-	-	-	-
Mr. Yeh Kuantai (viii)	-	-	-	-	-
Mr. Lin Hao (ix)	-	-	-	-	-
Ms. Liu Limei (x)	-	-	-	-	-
Mr. Wu Bo (xi)	-	-	-	-	-
Mr. Liu Fuqing (xiii)	319	-	212	34	565
Mr. Wu Jianfeng (xiv)	-	-	-	-	-
Ms. Peng Xuemei (xv)	-	-	-	-	-
Subtotal	580	63	212	57	912
Supervisor:					
Mr. Yu Xin (xii)	119	30	34	30	213
Total	1,001	165	246	110	1,522

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

8. DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' REMUNERATION (continued)

Three months ended 31 March 2026

	Salaries, allowances and benefits in kind RMB'000	Performance related bonuses RMB'000	Share-based payments RMB'000	Pension scheme contributions and social welfare RMB'000	Total remuneration RMB'000
Chief executive director:					
Mr. Tao Zhe (i)	302	72	-	23	397
Non-executive directors:					
Ms. Liu Qian (ii)	261	63	-	23	347
Mr. Wang Jianming (iii)	-	-	-	-	-
Mr. Yeh Kuantai (viii)	-	-	-	-	-
Ms. Liu Limei (x)	-	-	-	-	-
Mr. Lin Yi (xviii)	38	-	-	-	38
Subtotal	299	63	-	23	385
Supervisors:					
Mr. Yu Xin (xii)	142	30	64	30	266
Ms. Wu Ying (xvi)	38	3	-	10	51
Ms. Li Qiuxia (xvii)	31	3	-	7	41
Subtotal	211	36	64	47	358
Total	812	171	64	93	1,140

(i) On 2 November 2016, Mr. Tao Zhe was appointed as the chairman of the board of directors of the Company.

(ii) On 29 March 2016, Ms. Liu Qian was appointed as a director of the Company.

(iii) On 27 December 2018, Mr. Wang Jianming was appointed as a director of the Company.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

8. DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' REMUNERATION (continued)

(iv) On 27 December 2018, Mr. Chen Hui was appointed as a director of the Company and resigned on 7 November 2023.

(v) On 27 December 2018, Mr. Liu Tong was appointed as a director of the Company and resigned on 20 January 2025.

(vi) On 4 March 2019, Ms. Cong Xiuli was appointed as a director of the Company and resigned on 27 September 2025.

(vii) On 4 March 2019, Mr. Liu Zhuang was appointed as a director of the Company and resigned on 27 September 2025.

(viii) On 27 June 2019, Mr. Yeh KuanTai was appointed as a director of the Company.

(ix) On 19 May 2020, Mr. Lin Hao was appointed as a director of the Company and resigned on 27 September 2025.

(x) On 17 November 2021, Ms. Liu Limei was appointed as a director of the Company.

(xi) On 21 December 2021, Mr. Wu Bo was appointed as a director of the Company and resigned on 20 January 2025.

(xii) On 27 December 2018, Mr. Yu Xin was appointed as the chairman of the board of supervisors of the Company.

(xiii) On 7 November 2023, Mr. Liu Fuqing was appointed as a director of the Company and resigned on 27 September 2025.

(xiv) On 20 January 2025, Mr. Wu Jianfeng was appointed as a director of the Company and resigned on 27 September 2025.

(xv) On 20 January 2025, Ms. Peng Xuemei was appointed as a director of the Company and resigned on 27 September 2025.

(xvi) On 16 July 2025, Ms. Wu Ying was appointed as a supervisor of the Company.

(xvii) On 16 July 2025, Ms. Li Qiuxia was appointed as a supervisor of the Company.

(xviii) On 30 September 2025, Mr. Lin Yi was appointed as a director of the Company.

9. FIVE HIGHEST PAID EMPLOYEES

The numbers of directors or supervisors within five individuals with the highest emoluments in the Group during the years ended 31 December 2023, 2024 and 2025 and the three months ended 31 March 2025 and 2026 were 3, 3, 3, 3 and 3, respectively, details of whose remuneration are set out in note 8 above. Details of the remuneration of each of the remaining highest paid employees who are neither a director nor chief executive of the Company are as follows:

	Year ended 31 December			Three months ended 31 March	
	2023 RMB'000	2024 RMB'000	2025 RMB'000	2025 RMB'000 (unaudited)	2026 RMB'000
Salaries, allowances and benefits in kind	1,897	1,954	1,903	494	427
Performance related bonuses	220	260	304	76	76
Share-based payments	1,763	1,881	1,619	250	33
Pension scheme contributions and social welfare	220	215	241	53	67
Total	4,100	4,310	4,067	873	603

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			Three months ended 31 March	
	2023	2024	2025	2025 (unaudited)	2026
Nil to HKD1,000,000	-	-	-	2	2
HKD1,000,000 to HKD2,000,000	2	2	2	-	-

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

10. INCOME TAX

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

Chinese mainland
The subsidiaries established in Chinese mainland are subject to tax at the statutory rate of 25% on the taxable profits determined in accordance with the Corporate Income Tax Law, except for those entitled to preferential tax rates set out below.

NASN Intelligent Tech (Zhejiang) Co., Ltd. and Hangzhou Nasn Auto Co.,Ltd. were granted the qualification of High and New Technology Enterprises ("HNTEs") and entitled to preferential income tax rate of 15% during the Relevant Periods and the three months ended 31 March 2025.

Chengdu Nasn Auto Co., Ltd. and Shanghai Nasn Auto Technology Co., Ltd. have applied the Small-Scaled Minimal Profit Corporate Income Tax Preferential Policy announced by the State Administration of Taxation. Pursuant to the policy, during the period from 1 January 2022 to 31 December 2027, the subsidiaries are entitled to a preferential effective income tax rate of 5%.

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdiction in which the Group operates.

	Year ended 31 December			Three months ended 31 March	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Current income tax	-	-	-	-	-
Deferred tax credit (note 17)	-	-	-	-	-
Total tax expense for the year/ period	-	-	-	-	-

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

10. INCOME TAX (continued)

A reconciliation of the tax expense applicable to loss before tax at the preferential tax rate for the jurisdiction in which the Company and the majority of its subsidiaries are domiciled and/or operate to the tax expense at the effective tax rates is as follows:

	Year ended 31 December			Three months ended 31 March	
	2023 RMB'000	2024 RMB'000	2025 RMB'000	2025 RMB'000 (unaudited)	2026 RMB'000
Loss before tax	(200,823)	(169,521)	(189,524)	(39,964)	(54,882)
Tax at the preferential tax rate	(30,123)	(25,428)	(28,429)	(5,995)	(8,232)
Effect of different tax rates	(41)	-	1,327	9	967
Expenses not deductible for tax	13,817	15,093	17,838	4,645	5,315
Additional deduction on research and development expenses (a)	(11,204)	(9,692)	(7,549)	(2,113)	(1,098)
Deductible temporary differences not recognised/(utilised)	4,075	(256)	8,709	2,328	134
Tax losses not recognised, net	23,476	20,283	8,104	1,126	2,914
Tax expense at the Group's effective tax rate	-	-	-	-	-

(a) Additional deduction allowance was for qualified research and development costs. According to the relevant laws and regulations promulgated by the State Taxation Administration of Chinese mainland, enterprises engaging in research and development activities are entitled to claim 200% of their research and development costs incurred as tax-deductible expenses when determining their assessable profits.

11. DIVIDENDS

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

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

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

The calculation of the basic loss per share amounts is based on the loss for the year attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares outstanding during the Relevant Years and the three months ended 31 March 2025.

	Year ended 31 December			Three months ended 31 March	
	2023	2024	2025	2025 (unaudited)	2026
Loss					
Loss for the year/period attributable to ordinary equity shareholders of the Company (RMB'000)	(200,823)	(169,521)	(189,524)	(39,964)	(54,882)
Shares					
Weighted average number of shares outstanding for the purpose of calculating basic and diluted loss per share (thousand shares)	21,536	22,063	31,806	29,953	33,587
Loss per share					
Basic and diluted (RMB)	(9.32)	(7.68)	(5.96)	(1.33)	(1.63)

The Group had no potentially ordinary shares in issue during the Relevant Periods and the three months ended 31 March 2025.

The weighted average number of ordinary shares outstanding before the Company's conversion into a joint stock company was determined assuming that the paid-in capital had been fully converted into share capital at the same conversion ratio of 1:1 as upon its conversion into a joint stock company in July 2025.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

13. PROPERTY, PLANT AND EQUIPMENT

The Group

	Machinery RMB'000	Vehicles RMB'000	Office equipment and electronic devices RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2023						
At 1 January 2023:						
Cost	104,523	3,379	5,782	12,302	19,981	145,967
Accumulated depreciation	(17,985)	(727)	(999)	(6,300)	-	(26,011)
Net carrying amount	86,538	2,652	4,783	6,002	19,981	119,956
At 1 January 2023, net of accumulated depreciation	86,538	2,652	4,783	6,002	19,981	119,956
Additions	4,545	81	156	-	32,828	37,610
Transfers	12,651	165	130	275	(13,221)	-
Disposals	(60)	-	(3,019)	(9)	-	(3,088)
Depreciation provided during the year	(13,020)	(344)	(584)	(3,139)	-	(17,087)
At 31 December 2023, net of accumulated depreciation	90,654	2,554	1,466	3,129	39,588	137,391
At 31 December 2023:						
Cost	121,136	3,626	3,017	12,568	39,588	179,935
Accumulated depreciation	(30,482)	(1,072)	(1,551)	(9,439)	-	(42,544)
Net carrying amount	90,654	2,554	1,466	3,129	39,588	137,391

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

13. PROPERTY, PLANT AND EQUIPMENT (continued)

The Group (continued)

	Machinery RMB'000	Vehicles RMB'000	Office equipment and electronic devices RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2024						
At 1 January 2024:						
Cost	121,136	3,626	3,017	12,568	39,588	179,935
Accumulated depreciation	(30,482)	(1,072)	(1,551)	(9,439)	-	(42,544)
Net carrying amount	90,654	2,554	1,466	3,129	39,588	137,391
At 1 January 2024, net of accumulated depreciation	90,654	2,554	1,466	3,129	39,588	137,391
Additions	15,420	112	24	-	14,760	30,316
Transfers	50,057	-	-	-	(50,057)	-
Disposals	-	(1,191)	-	-	-	(1,191)
Depreciation provided during the year	(17,584)	(297)	(346)	(1,833)	-	(20,060)
At 31 December 2024, net of accumulated depreciation	138,547	1,178	1,144	1,296	4,291	146,456
At 31 December 2024:						
Cost	186,613	2,094	3,042	12,568	4,291	208,608
Accumulated depreciation	(48,066)	(916)	(1,898)	(11,272)	-	(62,152)
Net carrying amount	138,547	1,178	1,144	1,296	4,291	146,456

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

13. PROPERTY, PLANT AND EQUIPMENT (continued)

The Group (continued)

	Machinery RMB'000	Vehicles RMB'000	Office equipment and electronic devices RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2025						
At 1 January 2025:						
Cost	186,613	2,094	3,042	12,568	4,291	208,608
Accumulated depreciation	(48,066)	(916)	(1,898)	(11,272)	-	(62,152)
Net carrying amount	138,547	1,178	1,144	1,296	4,291	146,456
At 1 January 2025, net of accumulated depreciation	138,547	1,178	1,144	1,296	4,291	146,456
Additions	691	1,182	1,701	-	107,747	111,321
Transfers	62,832	-	68	-	(62,900)	-
Disposals	(14)	(273)	(10)	-	(170)	(467)
Depreciation provided during the year	(20,182)	(289)	(408)	(1,296)	-	(22,175)
At 31 December 2025, net of accumulated depreciation	181,874	1,798	2,495	-	48,968	235,135
At 31 December 2025:						
Cost	249,858	2,783	4,608	12,568	48,968	318,785
Accumulated depreciation	(67,984)	(985)	(2,113)	(12,568)	-	(83,650)
Net carrying amount	181,874	1,798	2,495	-	48,968	235,135

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

13. PROPERTY, PLANT AND EQUIPMENT (continued)

The Group (continued)

	Machinery RMB'000	Vehicles RMB'000	Office equipment and electronic devices RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
31 March 2026						
At 1 January 2026:						
Cost	249,858	2,783	4,608	12,568	48,968	318,785
Accumulated depreciation	(67,984)	(985)	(2,113)	(12,568)	-	(83,650)
Net carrying amount	181,874	1,798	2,495	-	48,968	235,135
At 1 January 2026, net of accumulated depreciation	181,874	1,798	2,495	-	48,968	235,135
Additions	294	-	65	-	22,238	22,597
Depreciation provided during the period	(6,344)	(78)	(165)	-	-	(6,587)
At 31 March 2026, net of accumulated depreciation	175,824	1,720	2,395	-	71,206	251,145
At 31 March 2026:						
Cost	250,152	2,783	4,673	12,568	71,206	341,382
Accumulated depreciation	(74,328)	(1,063)	(2,278)	(12,568)	-	(90,237)
Net carrying amount	175,824	1,720	2,395	-	71,206	251,145

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

13. PROPERTY, PLANT AND EQUIPMENT (continued)

The Group (continued)

During the Relevant Periods, the Group recorded continuous net losses from operations. and there were indications of impairment.

The Group performed impairment tests on a cash-generating unit ("CGU") which engaged in the production of products for X-by-wire solutions with carrying amounts RMB149,281,000, RMB165,833,000 , RMB259,737,000 and RMB288,729,000 at 31 December 2023, 2024 and 2025 and 31 March 2026, respectively.

The recoverable amount of the CGU has been determined based on a value in use calculation using cash flow projections of financial budgets approved by the Group's management. The budgeted sales and margins are estimated based on historical results achieved and expected market development.

Below are the key assumptions adopted by the Group's management in the impairment assessment:

	As at 31 December			As at 31 March
	2023	2024	2025	2026
Annual revenue growth rate	4%-57%	4%-57%	4%-39%	4%-39%
Pre-tax discount rate	12.4%	11.5%	12.0%	12.3%

Annual revenue growth rate — The basis is determined with reference to the average revenue growth rate achieved in the years before the budget year, appropriate adjustments for management's projected future operating plans and production data.

Pre-tax discount rate — The discount rate used is before tax and reflects specific risks relating to the relevant unit.

The Group's management believes that any reasonably possible change in the key parameters would not cause the CGU's carrying amount to exceed its recoverable amount.

The Group's management determined that there was no impairment of its CGU during the Relevant Periods.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

13. PROPERTY, PLANT AND EQUIPMENT (continued)

The Company

	Machinery RMB'000	Vehicles RMB'000	Office equipment and electronic devices RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2023					
At 1 January 2023:					
Cost	17,467	2,795	1,891	5,452	27,605
Accumulated depreciation	(7,643)	(502)	(780)	-	(8,925)
Net carrying amount	9,824	2,293	1,111	5,452	18,680
At 1 January 2023, net of accumulated depreciation	9,824	2,293	1,111	5,452	18,680
Additions	1,532	47	128	17,501	19,208
Transfers	9,424	-	130	(9,554)	-
Disposals	(56)	-	(6)	-	(62)
Depreciation provided during the year	(3,601)	(215)	(412)	-	(4,228)
At 31 December 2023, net of accumulated depreciation	17,123	2,125	951	13,399	33,598
At 31 December 2023:					
Cost	27,871	2,842	2,113	13,399	46,225
Accumulated depreciation	(10,748)	(717)	(1,162)	-	(12,627)
Net carrying amount	17,123	2,125	951	13,399	33,598

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

13. PROPERTY, PLANT AND EQUIPMENT (continued)

The Company (continued)

	Machinery RMB'000	Vehicles RMB'000	Office equipment and electronic devices RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2024					
At 1 January 2024:					
Cost	27,871	2,842	2,113	13,399	46,225
Accumulated depreciation	(10,748)	(717)	(1,162)	-	(12,627)
Net carrying amount	17,123	2,125	951	13,399	33,598
At 1 January 2024, net of accumulated depreciation	17,123	2,125	951	13,399	33,598
Additions	4,749	-	24	2,170	6,943
Transfers	15,398	-	-	(15,398)	-
Disposals	-	(1,191)	-	-	(1,191)
Depreciation provided during the year	(6,119)	(260)	(188)	-	(6,567)
At 31 December 2024, net of accumulated depreciation	31,151	674	787	171	32,783
At 31 December 2024:					
Cost	48,018	1,198	2,137	171	51,524
Accumulated depreciation	(16,867)	(524)	(1,350)	-	(18,741)
Net carrying amount	31,151	674	787	171	32,783

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

13. PROPERTY, PLANT AND EQUIPMENT (continued)

The Company (continued)

	Machinery RMB'000	Vehicles RMB'000	Office equipment and electronic devices RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2025					
At 1 January 2025:					
Cost	48,018	1,198	2,137	171	51,524
Accumulated depreciation	(16,867)	(524)	(1,350)	-	(18,741)
Net carrying amount	31,151	674	787	171	32,783
At 1 January 2025, net of accumulated depreciation	31,151	674	787	171	32,783
Additions	30,818	907	763	124	32,612
Disposals	(30,314)	(170)	(10)	(170)	(30,664)
Depreciation provided during the year	(6,595)	(228)	(179)	-	(7,002)
At 31 December 2025, net of accumulated depreciation	25,060	1,183	1,361	125	27,729
At 31 December 2025:					
Cost	48,258	1,724	2,697	125	52,804
Accumulated depreciation	(23,198)	(541)	(1,336)	-	(25,075)
Net carrying amount	25,060	1,183	1,361	125	27,729

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

13. PROPERTY, PLANT AND EQUIPMENT (continued)

The Company (continued)

	Machinery RMB'000	Vehicles RMB'000	Office equipment and electronic devices RMB'000	Construction in progress RMB'000	Total RMB'000
31 March 2026					
At 1 January 2026:					
Cost	48,258	1,724	2,697	125	52,804
Accumulated depreciation	(23,198)	(541)	(1,336)	-	(25,075)
Net carrying amount	25,060	1,183	1,361	125	27,729
At 1 January 2026, net of accumulated depreciation	25,060	1,183	1,361	125	27,729
Additions	294	-	23	284	601
Depreciation provided during the period	(1,470)	(62)	(71)	-	(1,603)
At 31 March 2026, net of accumulated depreciation	23,884	1,121	1,313	409	26,727
At 31 March 2026:					
Cost	48,552	1,724	2,720	409	53,405
Accumulated depreciation	(24,668)	(603)	(1,407)	-	(26,678)
Net carrying amount	23,884	1,121	1,313	409	26,727

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

14. LEASES

The Group as a lessee

The Group has lease contracts for plant and properties used in its operations. The primary leased assets of the Group are office buildings and factories. Leases of plant and properties generally have lease terms between 1 and 3 years.

(a) Right-of-use assets

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

The Group

	Plant and properties RMB'000
As at 1 January 2023	11,975
Additions	580
Revision of a lease term arising from a change	7,388
Depreciation charge	(8,616)
Decrease arising from lease termination	(1,691)
As at 31 December 2023 and 1 January 2024	9,636
Revision of a lease term arising from a change	4,060
Depreciation charge	(7,442)
As at 31 December 2024 and 1 January 2025	6,254
Additions	7,459
Revision of a lease term arising from a change	3,436
Depreciation charge	(7,080)
As at 31 December 2025 and 1 January 2026	10,069
Depreciation charge	(1,481)
As at 31 March 2026	8,588

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

14. LEASES (continued)

The Group as a lessee (continued)

(a) Right-of-use assets (continued)

The Company

	Plant and properties RMB'000
As at 1 January 2023	8,857
Additions	580
Depreciation charge	(3,861)
As at 31 December 2023 and 1 January 2024	5,576
Depreciation charge	(3,383)
As at 31 December 2024 and 1 January 2025	2,193
Additions	7,459
Depreciation charge	(3,019)
As at 31 December 2025 and 1 January 2026	6,633
Depreciation charge	(622)
As at 31 March 2026	6,011

14. LEASES (continued)

(b) Lease liabilities

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

The Group

	As at 31 December			As at 31 March
	2023 RMB'000	2024 RMB'000	2025 RMB'000	2026 RMB'000
Carrying amount at the beginning of the year/period	10,528	12,671	5,903	13,702
New leases	580	-	7,459	-
Revision of a lease term arising from a change	7,388	4,060	3,436	-
Accretion of interest recognised during the year/period	382	289	182	41
Decrease arising from termination	(1,691)	-	-	-
Payments	(4,516)	(11,117)	(3,278)	(762)
Carrying amount at the end of the year/period	12,671	5,903	13,702	12,981
Analysed into:				
Current portion	10,343	5,903	10,044	10,069
Non-current portion	2,328	-	3,658	2,912

The Company

	As at 31 December			As at 31 March
	2023 RMB'000	2024 RMB'000	2025 RMB'000	2026 RMB'000
Carrying amount at the beginning of the year/period	8,205	5,225	1,842	6,103
New leases	580	-	7,459	-
Accretion of interest recognised during the year/period	349	186	80	27
Payments	(3,909)	(3,569)	(3,278)	(762)
Carrying amount at the end of the year/period	5,225	1,842	6,103	5,368
Analysed into:				
Current portion	2,897	1,842	2,445	2,456
Non-current portion	2,328	-	3,658	2,912

The maturity analysis of lease liabilities is set out in note 40.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

14. LEASES (continued)

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

The Group

	Year ended 31 December			As at 31 March	
	2023 RMB'000	2024 RMB'000	2025 RMB'000	2025 RMB'000 (unaudited)	2026 RMB'000
Depreciation charge of right-of-use assets	8,616	7,442	7,080	1,837	1,481
Interest on lease liabilities	382	289	182	67	41
Expenses relating to short-term leases and leases of low-value assets	2,676	2,661	2,298	397	334
Total amount recognised in profit or loss	11,674	10,392	9,560	2,301	1,856

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

15. INTANGIBLE ASSETS

The Group

	Software RMB'000
At 1 January 2023:	
Cost	4,155
Accumulated amortisation	(2,588)
Net carrying amount	1,567
31 December 2023	
Cost at 1 January 2023, net of accumulated amortisation	1,567
Additions	78
Amortisation provided during the year	(722)
At 31 December 2023	923
At 31 December 2023 and at 1 January 2024:	
Cost	4,233
Accumulated amortisation	(3,310)
Net carrying amount	923
31 December 2024	
Cost at 1 January 2024, net of accumulated amortisation	923
Additions	78
Amortisation provided during the year	(606)
At 31 December 2024	395
At 31 December 2024 and at 1 January 2025:	
Cost	4,311
Accumulated amortisation	(3,916)
Net carrying amount	395
31 December 2025	
Cost at 1 January 2025, net of accumulated amortisation	395
Additions	87
Amortisation provided during the year	(344)
At 31 December 2025 and at 1 January 2026:	138
Cost	4,345
Accumulated amortisation	(4,207)
Net carrying amount	138
31 March 2026	
Cost at 1 January 2026, net of accumulated amortisation	138
Additions	200
Amortisation provided during the period	(31)
At 31 March 2026	307
Cost	4,545
Accumulated amortisation	(4,238)
Net carrying amount	307

15. INTANGIBLE ASSETS (continued)

The Company

	Software RMB'000
At 1 January 2023:	
Cost	3,292
Accumulated amortisation	(2,494)
Net carrying amount	798
31 December 2023	
Cost at 1 January 2023, net of accumulated amortisation	798
Additions	78
Amortisation provided during the year	(435)
At 31 December 2023	441
At 31 December 2023 and at 1 January 2024:	
Cost	3,370
Accumulated amortisation	(2,929)
Net carrying amount	441
31 December 2024	
Cost at 1 January 2024, net of accumulated amortisation	441
Additions	78
Amortisation provided during the year	(340)
At 31 December 2024	179
At 31 December 2024 and at 1 January 2025:	
Cost	3,448
Accumulated amortisation	(3,269)
Net carrying amount	179
31 December 2025	
Cost at 1 January 2025, net of accumulated amortisation	179
Amortisation provided during the year	(118)
At 31 December 2025 and at 1 January 2026:	61
Cost	3,448
Accumulated amortisation	(3,387)
Net carrying amount	61
31 March 2026	
Cost at 1 January 2026, net of accumulated amortisation	61
Additions	200
Amortisation provided during the period	(25)
At 31 March 2026	236
Cost	3,595
Accumulated amortisation	(3,359)
Net carrying amount	236

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

16. INVESTMENTS IN SUBSIDIARIES

The Company

	As at 31 December			As at 31 March
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount at the beginning and end of year/period	60,173	40,392	151,836	156,771

17. DEFERRED TAX

The Group

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

Deferred tax assets

	Losses available for offsetting against future taxable profits RMB'000	Lease liabilities RMB'000	Total RMB'000
At 1 January 2023	217	1,579	1,796
Deferred tax charged to profit or loss during the year	(164)	(187)	(351)
Gross deferred tax assets at 31 December 2023 and 1 January 2024	53	1,392	1,445
Deferred tax charged to profit or loss during the year	-	(507)	(507)
Gross deferred tax assets at 31 December 2024 and 1 January 2025	53	885	938
Deferred tax credited to profit or loss during the year	26	546	572
Gross deferred tax assets at 31 December 2025 and 1 January 2026	79	1,431	1,510
Deferred tax credited/(charged) to profit or loss during the period	17	(239)	(222)
Gross deferred tax assets at 31 March 2026	96	1,192	1,288

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

17. DEFERRED TAX

The Group (continued)

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

Deferred tax liabilities

	Right-of-use assets RMB'000
At 1 January 2023	1,796
Deferred tax credited to profit or loss during the year	(351)
Gross deferred tax liabilities at 31 December 2023 and 1 January 2024	1,445
Deferred tax credited to profit or loss during the year	(507)
Gross deferred tax liabilities at 31 December 2024 and 1 January 2025	938
Deferred tax charged to profit or loss during the year	572
Gross deferred tax liabilities at 31 December 2025 and 1 January 2026	1,510
Deferred tax credited to profit or loss during the period	(222)
Gross deferred tax liabilities at 31 March 2026	1,288

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

	As at 31 December			As at 31 March
	2023 RMB'000	2024 RMB'000	2025 RMB'000	2026 RMB'000
Net deferred tax assets recognised in the consolidated statements of financial position	-	-	-	-
Net deferred tax liabilities recognised in the consolidated statements of financial position	-	-	-	-

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

	As at 31 December			As at 31 March
	2023 RMB'000	2024 RMB'000	2025 RMB'000	2026 RMB'000
Tax losses	576,025	711,240	767,026	786,505
Deductible temporary differences	68,999	66,415	131,558	138,929
Total	645,024	777,655	898,584	925,434

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

17. DEFERRED TAX

The Group (continued)

The Group has tax losses arising in Chinese mainland that will expire in one to ten years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses as it is not considered probable that taxable profits will be available against which the tax losses can be utilised. Tax losses, for which no deferred tax assets are recognised, will expire in the following years:

	As at 31 December			As at 31 March
	2023 RMB'000	2024 RMB'000	2025 RMB'000	2026 RMB'000
2026	1,517	1,517	1,517	1,517
2027	15,441	15,441	15,441	15,441
2028	35,620	35,620	35,620	35,620
2029	54,989	54,989	54,989	54,989
2030	67,548	67,548	62,637	60,295
2031 to 2035	400,910	536,125	596,822	618,643
Total	576,025	711,240	767,026	786,505

The Company

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

<u>Deferred tax assets</u>

	Losses available for offsetting against future taxable profits RMB'000	Lease liabilities RMB'000	Total RMB'000
At 1 January 2023	98	1,231	1,329
Deferred tax charged to profit or loss during the year	(45)	(448)	(493)
Gross deferred tax assets at 31 December 2023 and 1 January 2024	53	783	836
Deferred tax charged to profit or loss during the year	-	(507)	(507)
Gross deferred tax assets at 31 December 2024 and 1 January 2025	53	276	329
Deferred tax credited to profit or loss during the year	26	640	666
Gross deferred tax assets at 31 December 2025 and 1 January 2026	79	916	995
Deferred tax credited/(charged) to profit or loss during the period	17	(110)	(93)
Gross deferred tax assets at 31 March 2026	96	806	902

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

17. DEFERRED TAX

The Company (continued)

Deferred tax liabilities

	Right-of-use assets RMB'000
At 1 January 2023	1,329
Deferred tax credited to profit or loss during the year	(493)
Gross deferred tax liabilities at 31 December 2023 and 1 January 2024	836
Deferred tax credited to profit or loss during the year	(507)
Gross deferred tax liabilities at 31 December 2024 and 1 January 2025	329
Deferred tax charged to profit or loss during the year	666
Gross deferred tax liabilities at 31 December 2025 and 1 January 2026	995
Deferred tax credited to profit or loss during the period	(93)
Gross deferred tax liabilities at 31 March 2026	902

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

	As at 31 December			As at 31 March
	2023 RMB'000	2024 RMB'000	2025 RMB'000	2026 RMB'000
Net deferred tax assets recognised in the statements of financial position	-	-	-	-
Net deferred tax liabilities recognised in the statements of financial position	-	-	-	-

The Company has tax losses arising in Chinese mainland of RMB451,870,000, RMB582,344,000, RMB637,814,000 and RMB659,873,000 as at 31 December 2023, 2024 and 2025 and 31 March 2026, respectively, that will expire in one to ten years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses as it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

18. INVENTORIES

The Group

	As at 31 December			As at 31 March
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Raw materials	64,683	41,444	54,252	59,068
Finished goods	23,375	18,448	71,800	69,778
Work in progress	4,835	5,627	8,825	10,389
Contract costs	3,327	879	671	-
	96,220	66,398	135,548	139,235
Less: Provision for impairment losses on inventories	(10,440)	(12,855)	(12,205)	(12,194)
Net carrying amount	85,780	53,543	123,343	127,041

The movements in provision for impairment

	As at 31 December			As at 31 March
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount at the beginning of the year/period	2,438	10,440	12,855	12,205
Impairment losses recognised (note 6)	9,999	3,870	1,162	640
Amounts written off	(1,997)	(1,455)	(1,812)	(651)
Carrying amount at the end of the year/period	10,440	12,855	12,205	12,194

The Company

	As at 31 December			As at 31 March
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Raw materials	2,716	213	2,462	554
Finished goods	49	205	460	544
Work in progress	28	79	-	-
Contract costs	3,327	879	819	-
	6,120	1,376	3,741	1,098
Less: Provision for impairment losses on inventories	-	-	(59)	-
Net carrying amount	6,120	1,376	3,682	1,098

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

18. INVENTORIES (continued)

The Company (continued)

The movements in provision

	As at 31 December			As at 31 March
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Carrying amount at the beginning of the year/period	1,510	-	-	59
Impairment losses recognised	-	-	59	-
Amounts written off	(1,510)	-	-	(59)
Carrying amount at the end of the year/period	-	-	59	-

19. TRADE AND BILLS RECEIVABLES

The Group

	As at 31 December			As at 31 March
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables and commercial bills:				
Trade receivables	182,643	247,835	261,134	177,701
Commercial bills	660	-	-	-
Impairment losses	(4,342)	(11,345)	(9,765)	(6,083)
Net carrying amount	178,961	236,490	251,369	171,618
Bills receivable:				
Bills receivable at fair value through other comprehensive income	44,150	29,219	102,875	125,035
Bills receivable at amortised cost	1,306	18,988	30,194	37,041
Net carrying amount	45,456	48,207	133,069	162,076
Total	224,417	284,697	384,438	333,694

The Group provides credit terms to certain customers with satisfactory creditworthiness and long-term relationships. The credit period is generally around 30 to 90 days. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk.

19. TRADE AND BILLS RECEIVABLES (continued)

The Group (continued)

The Group did not hold any collateral or other credit enhancements over its trade and bills receivables balances. Trade and bills receivables are non-interest-bearing.

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

	As at 31 December			As at 31 March
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	224,417	284,697	384,438	333,694

The movements in the impairment losses on trade and commercial bills are as follows:

	As at 31 December			As at 31 March
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of year/period	6,296	4,342	11,345	9,765
(Reversal)/provision of impairment on financial assets, net	(1,305)	7,003	(1,580)	(3,682)
Amount written off as uncollectible	(649)	-	-	-
At end of year/period	4,342	11,345	9,765	6,083

The Group applies the simplified approach in calculating ECLs for trade receivables and commercial bills relating to customers not sharing similar credit risk with others are assessed individually for impairment allowance, for instance, customers with known financial difficulties or significant doubt on collection. The remaining trade receivables and commercial bills are grouped and collectively assessed for impairment allowance. An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on past due date of receivables for groups of customers that have similar credit ratings. The calculation reflects the past due of the balances, existence of disputes, recent historical payment patterns, any other available information concerning the creditworthiness of counterparties and influence from macro economy.

The Group's bills receivable aged within one year were neither past due nor impaired. The relevant banks issuing the bills are reputable financial institutions and the credit losses are expected to be minimal.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

19. TRADE AND BILLS RECEIVABLES (continued)

The Group (continued)

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

		Past due		
	Current	Within 1 year	Over 1 year	Total
As at 31 December 2023				
On a collective basis:				
Expected credit loss rate	1.72%	4.30%	100.00%	2.37%
Gross carrying amount (RMB'000)	172,004	10,358	941	183,303
Expected credit losses (RMB'000)	2,955	446	941	4,342
As at 31 December 2024				
On a collective basis:				
Expected credit loss rate	2.72%	10.19%	100.00%	4.58%
Gross carrying amount (RMB'000)	221,934	22,921	2,980	247,835
Expected credit losses (RMB'000)	6,030	2,335	2,980	11,345
As at 31 December 2025				
On a collective basis:				
Expected credit loss rate	1.71%	7.79%	100.00%	3.74%
Gross carrying amount (RMB'000)	221,885	36,097	3,152	261,134
Expected credit losses (RMB'000)	3,800	2,813	3,152	9,765
As at 31 March 2026				
On a collective basis:				
Expected credit loss rate	1.48%	7.96%	100.00%	3.42%
Gross carrying amount (RMB'000)	167,287	7,387	3,027	177,701
Expected credit losses (RMB'000)	2,469	587	3,027	6,083

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

19. TRADE AND BILLS RECEIVABLES (continued)

The Company

	As at 31 December			As at 31 March
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables and commercial bills:				
Trade receivables	179,877	240,685	250,011	169,957
Commercial bills	660	-	-	-
Impairment losses	(4,280)	(11,057)	(9,574)	(5,970)
Net carrying amount	176,257	229,628	240,437	163,987
Bills receivable:				
Bills receivable at fair value through other comprehensive income	43,095	27,934	98,911	121,924
Bills receivable at amortised cost	300	18,756	30,194	37,041
Net carrying amount	43,395	46,690	129,105	158,965
Total	219,652	276,318	369,542	322,952

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

	As at 31 December			As at 31 March
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	219,652	276,318	369,542	322,952

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

	As at 31 December			As at 31 March
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of year/period	5,365	4,280	11,057	9,574
(Reversal)/provision of impairment on financial assets, net	(1,085)	6,777	(1,483)	(3,604)
At end of year/period	4,280	11,057	9,574	5,970

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

19. TRADE AND BILLS RECEIVABLES (continued)

The Company (continued)

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

	Current	Past due Within 1 year	Past due Over 1 year	Total
As at 31 December 2023				
On a collective basis:				
Expected credit loss rate	1.72%	4.30%	100.00%	2.37%
Gross carrying amount (RMB'000)	169,811	9,785	941	180,537
Expected credit losses (RMB'000)	2,918	421	941	4,280
As at 31 December 2024				
On a collective basis:				
Expected credit loss rate	2.72%	10.19%	100.00%	4.59%
Gross carrying amount (RMB'000)	216,043	21,662	2,980	240,685
Expected credit losses (RMB'000)	5,870	2,207	2,980	11,057
As at 31 December 2025				
On a collective basis:				
Expected credit loss rate	1.71%	7.79%	100.00%	3.83%
Gross carrying amount (RMB'000)	210,763	36,096	3,152	250,011
Expected credit losses (RMB'000)	3,610	2,812	3,152	9,574
As at 31 March 2026				
On a collective basis:				
Expected credit loss rate	1.48%	7.96%	100.00%	3.51%
Gross carrying amount (RMB'000)	159,543	7,387	3,027	169,957
Expected credit losses (RMB'000)	2,356	587	3,027	5,970

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

20. FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group

	As at 31 December			As at 31 March
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Structured deposits, at fair value	170,485	394,573	150,616	70,522
Wealth management products, at fair value	-	-	112,801	75,205
Total	170,485	394,573	263,417	145,727

The Company

	As at 31 December			As at 31 March
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Structured deposits, at fair value	170,485	353,440	70,193	70,522
Wealth management products, at fair value	-	-	31,721	20,028
Total	170,485	353,440	101,914	90,550

The structured deposits and wealth management products were placed with banks in Chinese mainland. They were mandatorily classified as financial investments at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

21. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	As at 31 December			As at 31 March
	2023 RMB'000	2024 RMB'000	2025 RMB'000	2026 RMB'000
Current:				
Other tax recoverable	-	-	12,444	10,970
Listing expenditures	-	-	2,960	3,215
Deposits	2,126	2,074	1,736	5,979
Prepayments to suppliers	6,110	425	550	573
Prepaid expenses	1,381	1,512	932	2,056
	9,617	4,011	18,622	22,793
Non-current:				
Prepayments for long-term assets	1,331	12,728	14,395	28,690
Other tax recoverable	-	-	-	7,781
	1,331	12,728	14,395	36,471
Total	10,948	16,739	33,017	59,264

At the end of each of the Relevant Periods, the ECLs of the financial assets included in prepayments, other receivables and other assets were measured based on the 12-month expected credit loss 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 the lifetime expected credit loss. An impairment analysis was performed at the end of each of the Relevant Periods.

The Company

	As at 31 December			As at 31 March
	2023 RMB'000	2024 RMB'000	2025 RMB'000	2026 RMB'000
Current:				
Other tax recoverable	-	-	-	812
Listing expenditures	-	-	2,960	3,215
Deposits	1,467	1,257	1,002	5,189
Prepayments to suppliers	120	388	15	3
Prepaid expenses	1,178	1,236	339	1,333
	2,765	2,881	4,316	10,552
Non-current:				
Prepayments for long-term assets	234	11,693	499	4,775
Total	2,999	14,574	4,815	15,327

22. CASH AND CASH EQUIVALENTS, PLEDGED DEPOSITS AND RESTRICTED CASH

The Group

	As at 31 December			As at 31 March
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and bank balances	115,463	175,600	169,171	215,039
Time deposits with original maturity of over three months but within one year	-	-	(10,312)	-
Time deposits with original maturity of more than one year when acquired	-	(10,004)	(10,258)	(10,315)
Restricted Cash	-	-	-	(1,198)
Cash and cash equivalents	115,463	165,596	148,601	203,526

Cash at banks earns interest at floating rates based on daily bank deposit rates.

	As at 31 December			As at 31 March
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and cash equivalents				
Denominated in RMB	83,939	131,830	114,311	169,474
Denominated in USD	31,524	33,766	34,290	34,052
Time deposits and restricted cash denominated in RMB	-	10,004	20,570	11,513

As at 31 March 2026, the Group's restricted cash of RMB1,198,000, were frozen by court.

The Company

	As at 31 December			As at 31 March
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Cash and cash equivalents				
Denominated in RMB	82,384	67,699	79,390	98,406
Denominated in USD	31,524	33,766	34,290	34,052
Total	113,908	101,465	113,680	132,458

23. TRADE AND BILLS PAYABLES

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:

The Group

	As at 31 December			As at 31 March
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	110,874	188,563	234,261	195,027

The Company

	As at 31 December			As at 31 March
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year	42,441	33,915	18,601	5,100

The trade and bills payables are non-interest-bearing, unsecured and repayable within one year.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

24. OTHER PAYABLES AND ACCRUALS

The Group

	As at 31 December			As at 31 March
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Payroll and welfare payable	13,836	14,074	16,264	14,775
Payable for purchases of properties and equipment	10,868	25,355	28,697	10,818
Accrued expense	2,309	3,648	763	462
Other tax payables	1,880	9,551	3,791	1,218
Listing expenditures	-	-	218	1,019
Others	2,625	3,556	3,702	2,877
Total	31,518	56,184	53,435	31,169

The Company

	As at 31 December			As at 31 March
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Payroll and welfare payable	11,007	10,768	1,468	2,082
Payable for purchases of properties and equipment	1,547	4,178	8,962	7,170
Accrued expense	2,129	3,050	237	140
Other tax payables	1,665	5,253	2,506	190
Listing expenditures	-	-	218	1,019
Others	2,227	2,959	1,191	951
Total	18,575	26,208	14,582	11,552

Other payables were non-interest-bearing and unsecured. Except for payables for purchases of properties and equipment which were repayable within 12 months, all the other payables were repayable on demand.

25. CONTRACT LIABILITIES

The Group and the Company

	As at 31 December			As at 31 March
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Contract liabilities	1,195	3,052	2,164	-

26. INTEREST-BEARING BANK BORROWINGS

The Group and the Company

	As at 31 December 2023		
	Effective interest rate (%)	Maturity (Year)	RMB'000
Bank loans - unsecured	2.95	2024	1,001

	As at 31 December 2024		
	Effective interest rate (%)	Maturity (Year)	RMB'000
Discounted bills receivable	0.80	2025	8,068
Bank loans - unsecured	2.95	2025	1,001
Total			9,069

	As at 31 December 2025		
	Effective interest rate (%)	Maturity (Year)	RMB'000
Bank loans - unsecured	2.70	2026	1,001

	As at 31 March 2026		
	Effective interest rate (%)	Maturity (Year)	RMB'000
Bank loans - unsecured	2.70	2026	1,001

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

27. DEFERRED INCOME

The Group

Government grants

	As at 31 December			As at 31 March
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current:				
Asset-related grants	25,545	21,626	47,009	44,972
Current:				
Asset-related grants	6,392	5,513	6,303	7,856
Total	31,937	27,139	53,312	52,828

The Company

Government grants

	As at 31 December			As at 31 March
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current:				
Asset-related grants	4,623	3,886	32,436	31,133
Current:				
Asset-related grants	3,463	2,330	3,137	4,752
Total	8,086	6,216	35,573	35,885

The asset-related grants were the subsidies received from the government in relation to the Group's property, plant and equipment. The deferred income is released to profit or loss over the expected useful life of the relevant asset on a straight-line basis.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

28. PROVISIONS

The Group and the Company

	Litigation (a) RMB'000	Warranty (b) RMB'000	Total RMB'000
At 1 January 2023	-	1,384	1,384
Addition	-	2,312	2,312
Amounts utilised during the year	-	(915)	(915)
As at 31 December 2023 and 1 January 2024	-	2,781	2,781
Addition	-	2,633	2,633
Amounts utilised during the year	-	(1,114)	(1,114)
As at 31 December 2024 and 1 January 2025	-	4,300	4,300
Addition	10,000	4,552	14,552
Amounts utilised during the year	-	(2,525)	(2,525)
As at 31 December 2025 and 1 January 2026	10,000	6,327	16,327
Addition	-	1,014	1,014
Amounts utilised during the period	-	(594)	(594)
As at 31 March 2026	10,000	6,747	16,747

(a) Litigation
The Group is currently a defendant in a claim as set out in note 34. The amount of the provision for the litigation is estimated based on the advice from the Group's legal counsel and the estimation basis is reviewed on an ongoing basis and revised where appropriate.

(b) Warranty
Provision was made for estimated warranty claims in respect of products sold that were still within warranty periods at the end of each of the Relevant Periods.

29. REDEMPTION LIABILITIES

The Group and the Company

	Redemption liabilities on equity shares RMB'000
At 1 January 2023	1,204,719
Grant of redemption rights	15,799
Financial costs associated with redemption liabilities	89,338
As at 31 December 2023 and 1 January 2024	1,309,856
Grant of redemption rights	280,000
Financial costs associated with redemption liabilities	99,237
As at 31 December 2024 and 1 January 2025	1,689,093
Grant of redemption rights	81,931
Financial costs associated with redemption liabilities	130,558
As at 31 December 2025 and 1 January 2026	1,901,582
Financial costs associated with redemption liabilities	34,935
As at 31 March 2026	1,936,517

Certain registered statutory shareholders of the Company (the "Pre-IPO Investors") have been granted the rights to require the Company to redeem their shares upon the occurrence of any of the following events, including but not limited to:

(i) The Company's failure to complete a qualified initial public offering ("IPO") or a sale of the Company's entire business before 31 December 2027.

(ii) malpractice conducted or non-compliance adhering to virtue of integrity or illegal activities by the Company's key management personnel and major shareholders.

The Company provided a guarantee in respect of redemption right granted by Mr. Tao Zhe, Ms. Liu Qian and Shanghai NASN Enterprise Management Partnership (Limited Partnership) ("NASN LP"), pursuant to which, if the Pre-IPO Investors requires Mr. Tao Zhe, Ms. Liu Qian and/or NASN LP to perform the repurchase obligation, the Company shall assume joint and several guarantee liability in respect of the payment obligations for the repurchase price.

The amount payable by the Company, Mr. Tao Zhe, Ms. Liu Qian and/or NASN LP to redeem the aforesaid share capital subject to redemption will be the sum of 100% of the amount originally paid up by those equity holders plus a compound interest of 8% per annum, and any declared but unpaid dividends of the Company.

The redemption right granted by the Company and the guarantee provided by the Company gave rise to financial liabilities, which have been measured at amortised cost and were initially measured at the carrying amount of the redemption amount.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

30. PAID-IN CAPITAL/SHARE CAPITAL

The Group and the Company

Shares

	As at 31 December			As at 31 March
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
Paid-in capital/share capital	21,536	29,953	33,587	33,587

A summary of movements in the Company's paid-in capital/share capital is as follows:

	As at 31 December			As at 31 March
	2023	2024	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
At beginning of year/period	21,536	21,536	29,953	33,587
Capital paid up/shares issued	-	8,417	3,634	-
At end of year/period	21,536	29,953	33,587	33,587

On 30 November 2024, an aggregate amount of capital of RMB5,338,000 was paid up in cash to the Company and credited to the paid-in capital.

On 31 December 2024, an aggregate amount of capital of RMB277,129,000 was paid up in cash to the Company, net of share issue expense of RMB2,871,000. The aggregate amounts of RMB3,079,000 and RMB274,050,000 were credited to the Company's paid-in capital and capital reserve, respectively. The foregoing shares issued to investors who were granted the redemption right by the Company.

On 31 May 2025, an aggregate amount of capital of RMB2,805,000 was paid up in cash to the Company and credited to the paid-in capital.

On 30 September 2025, an aggregate amount of capital of RMB99,764,000 was paid up in cash to the Company, net of share issue expense of RMB236,000. The aggregate amounts of RMB829,000 and RMB98,935,000 were credited to the Company's share capital and capital reserve, respectively. The foregoing shares issued to investors were granted the redemption right by the Company.

Pursuant to the shareholders' resolution dated 30 July 2025, the shareholders of the Company agreed to convert the Company into a joint stock company with limited liability with registered capital of RMB32,758,000. The net assets of the Company as of the conversion base date were converted into 32,758,000 ordinary shares of RMB1.0 each and issued to the shareholders of the Company in proportion to their then capital contributions to the Company. The difference between the net asset value of the Company and the par value of shares issued was debited to the capital reserve.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

31. SHARE-BASED PAYMENTS

To provide incentives and rewards to eligible participants who contribute to the Group's operation, Mr. Tao Zhe, a founder and shareholder of the Company established and operate several employee incentive platforms through setting up limited partnership entities for the Company to operate a series of employee incentive schemes (the "Schemes"). Eligible participants of the Schemes, including members of senior management, mid-level managers and other employees of the Group, were determined by Mr. Tao Zhe of the respective employee incentive platforms and approved by the Company's board of directors.

In 2018, 2023 and 2025, the Company granted 416,682, 986,224 and 613,583 shares of the Company, respectively, to 68 eligible employees at subscription prices from RMB1 to RMB59.14. The fair values of the shares at the dates of grants were determined by an external valuer taking into account the terms and conditions upon which the shares were granted. The Group has used the discounted cash flow method to determine the underlying equity fair value of the Company and adopted equity value allocation model to determine the fair value of the underlying shares. Key assumptions, such as discount rate, risk-free interest rate, expected volatility and projections of future performance, are required to be determined by the Group with best estimate. Key assumptions are set out below:

Grant date	2018	2023	2025
Risk-free interest rates	3.1%	2.5%	1.5%
Expected volatility	47.4%	51.2%	40.5%
Dividend yield	0%	0%	0%

The differences between the fair value of the shares granted and the subscription prices were recorded in the share-based payment reserve within equity with the corresponding "share-based payment expenses" in profit or loss.

20% of the shares granted to employees shall be vested and become exercisable after the completion of the successful IPO of the Company. The remainder of the shares shall vest and become exercisable when the following conditions are met: (i) after the completion of IPO of the Company; and (ii) the expiration of the corresponding service periods. Service conditions are included in assumptions about the number of shares that are expected to vest. After taking into consideration the best estimation of the date of the IPO and the number of shares that are expected to vest, the vesting period will be reviewed and determined by management and the share-based payment expenses will be amortised during the vesting period.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

31. SHARE-BASED PAYMENTS (continued)

Movements in the number of shares granted and the respective weighted average grant date fair values were as follows:

	Year ended 31 December						Three months ended 31 March	
	2023		2024		2025		2026	
	Weighted average grant date fair value RMB per share	Number of shares	Weighted average grant date fair value RMB per share	Number of shares	Weighted average grant date fair value RMB per share	Number of shares	Weighted average grant date fair value RMB per share	Number of shares
At beginning of year/period	46.80	416,682	50.53	1,310,172	56.84	1,286,544	76.43	1,592,553
Granted	60.88	986,224	-	-	109.72	613,583	-	-
Forfeited	53.64	(92,734)	60.88	(23,628)	60.88	(307,574)	109.72	(8,456)
At end of year/period	50.53	1,310,172	56.84	1,286,544	76.43	1,592,553	76.26	1,584,097

Share-based payment expenses relating to employees recognised for the Relevant Periods and the three months ended 31 March 2025 are as follows:

	Year ended 31 December			Three months ended 31 March	
	2023	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Administrative expenses	1,271	3,255	5,019	524	1,324
Research and development expenses	4,629	6,085	1,577	668	653
Selling and marketing expenses	168	184	5,629	22	2,940
Total	6,068	9,524	12,225	1,214	4,917

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

32. 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 of the Historical Financial Information.

(i) Capital reserve
The capital reserve represents the difference between the cash consideration received from the shareholders' contributions and registered paid-in capital/par value of shares issued as set out in note 30.

(ii) Share-based payment reserve
The share-based payment reserve represents the equity-settled share awards as set out in note 31 to the Historical Financial Information.

(iii) Other reserve
The amounts in relation to the recognition of the redemption liabilities as set out in note 29 to the Historical Financial Information.

(iv) Special reserve
Pursuant to certain regulations issued by the Ministry of Finance and the State Administration of Work Safety of Chinese mainland, the Group is required to set aside from retained earnings an amount to a safety production reserve at different rates ranging from 0.25% to 2.35% of the total manufacturing contract revenue recognised for the year. The reserve can be utilised for improvements of safety on the manufacturing work, and the amounts are generally expenses in nature and charged to the consolidated profit or loss as incurred, and the corresponding amounts of the safety production reserve fund will be utilised and transferred back to retained earnings until such special reserve has been fully utilised.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

32. RESERVES (continued)

The Company

	Capital reserve RMB'000	Share-based payment reserve RMB'000	Other reserve RMB'000	Accumulated losses RMB'000	Total RMB'000
As at 1 January 2023	925,766	22,033	(1,023,601)	(394,928)	(470,730)
Loss and other comprehensive income for the year	-	-	-	(168,810)	(168,810)
Equity-settled share-based payment expense	-	6,068	-	-	6,068
Grant of redemption rights to the equity holders	-	-	(15,799)	-	(15,799)
As at 31 December 2023 and 1 January 2024	925,766	28,101	(1,039,400)	(563,738)	(649,271)
Loss and other comprehensive income for the year	-	-	-	(192,745)	(192,745)
Equity-settled share-based payment expense	-	9,524	-	-	9,524
Grant of redemption rights to the equity holders	-	-	(280,000)	-	(280,000)
Capital injection from equity holders	274,050	-	-	-	274,050
As at 31 December 2024 and 1 January 2025	1,199,816	37,625	(1,319,400)	(756,483)	(838,442)
Loss and other comprehensive income for the year	-	-	-	(190,104)	(190,104)
Equity-settled share-based payment expense	-	12,225	-	-	12,225
Grant of redemption rights to the shareholders	-	-	(81,931)	-	(81,931)
Shareholders' capital injection/shares issued	98,935	-	-	-	98,935
Conversion into a joint stock company	(405,767)	-	-	405,767	-
As at 31 December 2025 and 1 January 2026	892,984	49,850	(1,401,331)	(540,820)	(999,317)
Loss and other comprehensive income for the period	-	-	-	(48,768)	(48,768)
Equity-settled share-based payment expense	-	4,917	-	-	4,917
As at 31 March 2026	892,984	54,767	(1,401,331)	(589,588)	(1,043,168)

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

33. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the years ended 31 December 2023, 2024 and 2025 and the three months ended 31 March 2026, the Group had non-cash additions and revision of a lease term arising from a change to right-of-use assets and lease liabilities of RMB7,968,000, RMB4,060,000, RMB10,895,000 and nil, respectively, in respect of lease arrangements for plant and properties.

As at 31 December 2023, 2024 and 2025 and 31 March 2026, the bills receivable which the Group endorsed to suppliers for the settlement of accounts payable but have not yet expired were nil, RMB1,983,000, RMB948,000 and RMB9,098,000, respectively, and did not result in any cash flow.

(b) Changes in liabilities arising from financing activities

	Interest-bearing bank borrowings RMB'000	Lease liabilities RMB'000	Listing expenses RMB'000	Redemption liabilities RMB'000
At 1 January 2023	5,002	10,528	-	1,204,719
Changes from financing cash flows	(4,521)	(4,516)	-	15,799
New leases	-	580	-	-
Revision of a lease term arising from a change	-	7,388	-	-
Interest expense	520	382	-	-
Lease term termination	-	(1,691)	-	-
Financial costs associated with redemption liabilities	-	-	-	89,338
At 31 December 2023	1,001	12,671	-	1,309,856
Changes from financing cash flows	7,705	(11,117)	-	280,000
Revision of a lease term arising from a change	-	4,060	-	-
Interest expense	363	289	-	-
Financial costs associated with redemption liabilities	-	-	-	99,237
At 31 December 2024	9,069	5,903	-	1,689,093
Changes from financing cash flows	(320)	(3,278)	(2,927)	81,931
Discounted bills receivables	(8,068)	-	-	-
Changes from operating cash flows	-	-	(17,270)	-
Listing expenditures accrued	-	-	20,415	-
Additions	-	7,459	-	-
Revision of a lease term arising from a change	-	3,436	-	-
Interest expense	320	182	-	-
Financial costs associated with redemption liabilities	-	-	-	130,558
At 31 December 2025	1,001	13,702	218	1,901,582
Changes from financing cash flows	(385)	(762)	(135)	-
Changes from operating cash flows	-	-	(1,322)	-
Listing expenditures accrued	-	-	2,258	-
Interest expense	385	41	-	-
Financial costs associated with redemption liabilities	-	-	-	34,935
At 31 March 2026	1,001	12,981	1,019	1,936,517

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

33. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

(c) Total cash outflows for leases

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

	Year ended 31 December			Three months ended 31 March	
	2023 RMB'000	2024 RMB'000	2025 RMB'000	2025 RMB'000 (unaudited)	2026 RMB'000
Within operating activities	2,676	2,661	2,298	397	334
Within financing activities	4,516	11,117	3,278	1,873	762
Total	7,192	13,778	5,576	2,270	1,096

34. CONTINGENT LIABILITIES

During the Relevant Periods, the Company was a defendant in five claims filed by a party alleging that the Company has infringed its intellectual property in Chinese mainland to a court in Chinese mainland for monetary relief in respect of its economic losses and reasonable expenses in restraining the infringement with RMB10 million per claim with a total of RMB50 million in aggregate. On 4 March 2026, the relevant court dismissed one of the claims, and the remaining four claims are under the court's review.

The Company's directors, after taking the Group's legal counsel advice and considering relevant facts and circumstances, made a provision of RMB10 million during the year ended 31 December 2025 (note 28).

35. COMMITMENTS

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

	As at 31 December			As at 31 March
	2023 RMB'000	2024 RMB'000	2025 RMB'000	2026 RMB'000
Contracted, but not provided for:				
Properties, plant and equipment	64,737	31,477	94,509	60,230

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

36. RELATED PARTY TRANSACTIONS

(a) Name and relationship:

Name of related parties	Relationship with the Group
啟東乾朔電子有限公司 Qidong Linkconn Electronics Co., Ltd.	A Company's director is also a director of this company
河南乾德精密技術有限公司 Henan Qiande Precision Technology Co., Ltd.	A Company's director is also a director of this company

(b) Transactions with related parties:

The Group

The Group had the following transactions with related parties during the Relevant Periods and the three months ended 31 March 2025:

	Year ended 31 December			Three months ended 31 March	
	2023 RMB'000	2024 RMB'000	2025 RMB'000	2025 RMB'000 (unaudited)	2026 RMB'000
Purchase of goods or services					
Henan Qiande Precision Technology Co., Ltd.	2,822	2,771	3,165	645	423
Qidong Linkconn Electronics Co., Ltd.	1,932	3,012	10,016	1,522	6,861
Total	4,754	5,783	13,181	2,167	7,284

These transactions were carried out in accordance with the terms and conditions mutually agreed by the parties involved.

(c) Outstanding balances with related parties:

The Group

	Year ended 31 December			Three months ended 31 March	
	2023 RMB'000	2024 RMB'000	2025 RMB'000	2025 RMB'000 (unaudited)	2026 RMB'000
Due to related companies:					
Trade-related					
Henan Qiande Precision Technology Co., Ltd.	880	842	3,028	672	1,190
Qidong Linkconn Electronics Co., Ltd.	1,690	1,002	3,484	1,626	6,861
Total	2,570	1,844	6,512	2,298	8,051

36. RELATED PARTY TRANSACTIONS (continued)

(c) Outstanding balances with related parties: (continued)

The Group (continued)

The balances due to related companies are non-interest-bearing, unsecured and repayable on demand.

(d) Compensation of key management personnel of the Group

	Year ended 31 December			Three months ended 31 March	
	2023 RMB'000	2024 RMB'000	2025 RMB'000	2025 RMB'000 (unaudited)	2026 RMB'000
Fees	-	-	-	-	-
Salaries, bonuses, allowances and benefits in kind	5,863	5,983	5,952	1,495	1,362
Performance related bonuses*	878	894	1,126	241	282
Share-based payments	3,178	3,682	(447)	497	405
Pension scheme contributions and social welfare	673	657	798	164	192
Total compensation paid to key management personnel	10,592	11,216	7,429	2,397	2,241

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

(e) Redemption rights of the Pre-IPO Investors granted by Mr. Tao Zhe, Ms. Liu Qian and NASN LP

The Company provided a guarantee in respect of redemption right granted by Mr. Tao Zhe, Ms. Liu Qian and NASN LP, pursuant to which, if the Pre-IPO Investors requires Mr. Tao Zhe, Ms. Liu Qian and/or NASN LP to execute the repurchase obligation, the Company shall assume joint and several guarantee liability in respect of the payment obligations for the repurchase price. The redemption right granted by the Company and the guarantee provided by the Company give rise to financial liabilities, which are measured at amortised cost and are initially measured at the carrying amount of the redemption amount. Further details of the redemption liabilities are included in note 29 to the Historical Financial Information.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

37. FINANCIAL INSTRUMENTS BY CATEGORY

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

The Group

Financial assets

As at 31 December 2023

	Financial assets at fair value through profit or loss RMB'000	Financial assets at fair value through other comprehensive income RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Trade and bills receivables	-	44,150	180,267	224,417
Financial investments at fair value through profit or loss	170,485	-	-	170,485
Financial assets included in prepayments, other receivables and other assets	-	-	2,126	2,126
Cash and cash equivalents	-	-	115,463	115,463
Total	170,485	44,150	297,856	512,491

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

37. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods are as follows: (continued)

As at 31 December 2024

	Financial assets at fair value through profit or loss RMB'000	Financial assets at fair value through other comprehensive income RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Trade and bills receivables	-	29,219	255,478	284,697
Financial investments at fair value through profit or loss	394,573	-	-	394,573
Financial assets included in prepayments, other receivables and other assets	-	-	2,074	2,074
Time deposits	-	-	10,004	10,004
Cash and cash equivalents	-	-	165,596	165,596
Total	394,573	29,219	433,152	856,944

As at 31 December 2025

	Financial assets at fair value through profit or loss RMB'000	Financial assets at fair value through other comprehensive income RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Trade and bills receivables	-	102,875	281,563	384,438
Financial investments at fair value through profit or loss	263,417	-	-	263,417
Financial assets included in prepayments, other receivables and other assets	-	-	1,736	1,736
Time deposits	-	-	20,570	20,570
Cash and cash equivalents	-	-	148,601	148,601
Total	263,417	102,875	452,470	818,762

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

37. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods are as follows: (continued)

As at 31 March 2026

	Financial assets at fair value through profit or loss RMB'000	Financial assets at fair value through other comprehensive income RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Trade and bills receivables	-	125,035	208,659	333,694
Financial investments at fair value through profit or loss	145,727	-	-	145,727
Financial assets included in prepayments, other receivables and other assets	-	-	5,979	5,979
Time deposits	-	-	10,315	10,315
Restricted cash	-	-	1,198	1,198
Cash and cash equivalents	-	-	203,526	203,526
Total	145,727	125,035	429,677	700,439

Financial liabilities

	As at 31 December			As at 31 March
	2023 RMB'000	2024 RMB'000	2025 RMB'000	2026 RMB'000
Financial liabilities at amortised cost				
Trade and bills payables	110,874	188,563	234,261	195,027
Financial liabilities included in other payables and accruals	15,802	32,559	33,380	15,176
Due to related companies	2,570	1,844	6,512	8,051
Interest-bearing bank borrowings	1,001	9,069	1,001	1,001
Redemption liabilities	1,309,856	1,689,093	1,901,582	1,936,517
Total	1,440,103	1,921,128	2,176,736	2,155,772

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

38. TRANSFERS OF FINANCIAL ASSETS

Transferred financial assets that are not derecognised in their entirety

As at 31 December 2023, 2024 and 2025 and 31 March 2026, the Group discounted certain bills receivable accepted by banks in Chinese mainland (the "Discounted Bills") with carrying amounts of nil, RMB8,068,000, nil and nil, respectively (the “Discounting”). 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 recognised bank borrowings. Subsequent to the Discounting, 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 any other third party. The aggregate carrying amounts of the bank borrowings settled by the Discounted Bills during the Relevant Periods were nil, RMB8,068,000, nil and nil, respectively.

Transferred financial assets that are derecognised in their entirety

As at 31 December 2023, 2024 and 2025 and 31 March 2026, the book values of derecognised bills (the “Derecognised Bills”) which the Group endorsed to suppliers for the settlement of accounts payable but have not yet expired were nil, RMB1,983,000, RMB948,000 and RMB9,098,000, respectively. The Derecognised Bills had a maturity of 1 to 12 months at the end of each of the Relevant Periods. In accordance with the Law of Negotiable Instruments of Chinese mainland, the holders of the Derecognised Bills may exercise the right of recourse against any, several or all of the persons, including the Group, liable for the Derecognised Bills regardless of the order of precedence (the “Continuing Involvement”). In the opinion of the Company’s directors, the Group has transferred substantially all the risks and rewards relating to the Derecognised Bills. Accordingly, the Group 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 Company’s directors, the fair values of the Group’s continuing involvement in the Derecognised Bills are not significant.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

39. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

The fair values of the non-current portion of time deposits have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for time deposits as at the end of each of the Relevant Periods were assessed to be insignificant.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

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 Group invests in financial investments at fair value through profit or loss, which represent structured deposits and wealth management products issued by banks in Chinese mainland. The Group has estimated the fair value of these structured deposits and wealth management products by using discounted cash flow valuation models with reference to observable inputs including fluctuations of market prices or valuation models with reference rates.

The Group has bills receivable issued by banks in Chinese mainland measured at fair value through other comprehensive income. The Group has estimated the fair value of these bills receivable by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

39. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy (continued)
The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments: (continued)

Assets measured at fair value

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets Level 1 RMB'000	Significant observable inputs Level 2 RMB'000	Significant unobservable Level3 RMB'000	Total RMB'000
Financial investments at fair value through other comprehensive income	-	44,150	-	44,150
Financial investments at fair value through profit or loss	-	170,485	-	170,485
Total	-	214,635	-	214,635

As at 31 December 2024

	Fair value measurement using			
	Quoted prices in active markets Level 1 RMB'000	Significant observable inputs Level 2 RMB'000	Significant unobservable Level3 RMB'000	Total RMB'000
Financial investments at fair value through other comprehensive income	-	29,219	-	29,219
Financial investments at fair value through profit or loss	-	394,573	-	394,573
Total	-	423,792	-	423,792

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

39. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Assets measured at fair value (continued)

As at 31 December 2025

	Fair value measurement using			
	Quoted prices in active markets Level 1 RMB'000	Significant observable inputs Level 2 RMB'000	Significant unobservable Level3 RMB'000	Total RMB'000
Financial investments at fair value through other comprehensive income	-	102,875	-	102,875
Financial investments at fair value through profit or loss	-	263,417	-	263,417
Total	-	366,292	-	366,292

As at 31 March 2026

	Fair value measurement using			
	Quoted prices in active markets Level 1 RMB'000	Significant observable inputs Level 2 RMB'000	Significant unobservable Level3 RMB'000	Total RMB'000
Financial investments at fair value through other comprehensive income	-	125,035	-	125,035
Financial investments at fair value through profit or loss	-	145,727	-	145,727
Total	-	270,762	-	270,762

During each of the Relevant Periods and the three months ended 31 March 2025, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise redemption liabilities, interest-bearing bank borrowings, 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 and bills receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate 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 bank borrowings.

The Group's policy is to manage its interest cost using a mix of fixed and variable rate debts. As at 31 December 2023, 2024 and 2025 and 31 March 2026, none of the Group's interest-bearing borrowings bore interest at floating rates. Accordingly, as at the end of each of the Relevant Periods, the Group did not have any significant exposure to the interest rate risk in the cash flows.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without specific verification procedures.

As at 31 December 2023, 2024 and 2025 and 31 March 2026, the Group had certain concentrations of credit risk as 61.22%, 71.81%, 48.37% and 42.98% of the Group's trade receivables were due from the Group's largest debtor, respectively.

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.

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 and bills receivables*	-	-	-	228,759	228,759
Financial assets included in prepayments, other receivables and other assets					
- Normal**	2,126	-	-	-	2,126
Cash and cash equivalents					
- Not yet past due	115,463	-	-	-	115,463
Total	117,589	-	-	228,759	346,348

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

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 and bills receivables*	-	-	-	296,042	296,042
Financial assets included in prepayments, other receivables and other assets					
- Normal**	2,074	-	-	-	2,074
Time deposits					
- Not yet past due	10,004	-	-	-	10,004
Cash and cash equivalents					
- Not yet past due	165,596	-	-	-	165,596
Total	177,674	-	-	296,042	473,716

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 and bills receivables*	-	-	-	394,203	394,203
Financial assets included in prepayments, other receivables and other assets					
- Normal**	1,736	-	-	-	1,736
Time deposits					
- Not yet past due	20,570	-	-	-	20,570
Cash and cash equivalents					
- Not yet past due	148,601	-	-	-	148,601
Total	170,907	-	-	394,203	565,110

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

As at 31 March 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 and bills receivables*	-	-	-	339,777	339,777
Financial assets included in prepayments, other receivables and other assets					-
- Normal**	5,979	-	-	-	5,979
Time deposits					-
- Not yet past due	10,315	-	-	-	10,315
Restricted cash					
- Not yet past due	1,198				1,198
Cash and cash equivalents					-
- Not yet past due	203,526	-	-	-	203,526
Total	221,018	-	-	339,777	560,795

* For trade and bills receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 19.

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

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk

The Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management of the Group to finance the operations and mitigate the effects of fluctuations of cash flows.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank borrowings and lease liabilities.

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:

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Total RMB'000
31 December 2023			
Lease liabilities	11,118	2,370	13,488
Trade and bills payables	110,874	-	110,874
Financial liabilities included in other payables and accruals	15,802	-	15,802
Due to related companies	2,570	-	2,570
Interest-bearing bank borrowings	1,020	-	1,020
Redemption liabilities	1,309,856	-	1,309,856
Total	1,451,240	2,370	1,453,610

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

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: (continued)

	Less than 1 year RMB'000
31 December 2024	
Lease liabilities	6,533
Trade and bills payables	188,563
Financial liabilities included in other payables and accruals	32,559
Due to related companies	1,844
Interest-bearing bank borrowings	9,089
Redemption liabilities	1,689,093
Total	1,927,681

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 3 years RMB'000	Total RMB'000
As at 31 December 2025				
Lease liabilities	10,180	2,548	1,312	14,040
Trade and bills payables	234,261	-	-	234,261
Financial liabilities included in other payables and accruals	33,380	-	-	33,380
Due to related companies	6,512	-	-	6,512
Interest-bearing bank borrowings	1,028	-	-	1,028
Redemption liabilities	1,901,582	-	-	1,901,582
Total	2,186,943	2,548	1,312	2,190,803

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

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: (continued)

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 3 years RMB'000	Total RMB'000
As at 31 March 2026				
Lease liabilities	10,180	2,423	526	13,129
Trade and bills payables	195,027	-	-	195,027
Financial liabilities included in other payables and accruals	15,176	-	-	15,176
Due to related companies	8,051	-	-	8,051
Interest-bearing bank borrowings	1,018	-	-	1,018
Redemption liabilities	1,936,517	-	-	1,936,517
Total	2,165,969	2,423	526	2,168,918

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. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

41. EVENTS AFTER THE RELEVANT PERIODS

There were no significant events after 31 March 2026 that require additional disclosure or adjustments.

42. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the subsidiaries of the Group in respect of any period subsequent to 31 March 2026.