

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF VOYAH AUTOMOTIVE TECHNOLOGY CO., LTD. AND CHINA INTERNATIONAL CAPITAL CORPORATION LIMITED

Introduction

We report on the historical financial information of VOYAH Automotive Technology Co., Ltd. (the "Company") and its subsidiary (together, the "Group") set out on pages 4 to 77, 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 (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 material accounting policy information and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages 4 to 77 forms an integral part of this report, which has been prepared for inclusion in the listing document of the Company dated 13 February 2026 (the "Listing Document") 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* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion

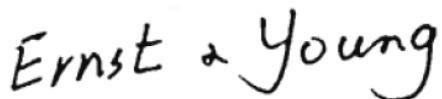
In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group and the Company as at 31 December 2023, 2024 and 2025, and of the financial performance and cash flows of the Group for each of the Relevant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

Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance**Adjustments**

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page 14 have been made.

Dividends

We refer to note 12 to the Historical Financial Information which states that no dividend was declared or paid by the Company in respect of the Relevant Periods.



Certified Public Accountants
Hong Kong
13 February 2026

I. HISTORICAL FINANCIAL INFORMATION

Preparation of the 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, Certified Public Accountants, in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") (the "Underlying Financial Statements").

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

I. HISTORICAL FINANCIAL INFORMATION (continued)

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| | Notes | 2023 RMB'000 | 2024 RMB'000 | 2025 RMB'000 |
|---|-------|-----------------|-----------------|-----------------|
| REVENUE | 5 | 12,749,380 | 19,360,642 | 34,864,815 |
| Cost of sales | | (10,936,045) | (15,295,147) | (27,568,806) |
| Gross profit | | 1,813,335 | 4,065,495 | 7,296,009 |
| Other income and gains | 5 | 322,929 | 1,001,987 | 1,394,307 |
| Selling expenses | | (2,862,027) | (3,750,822) | (5,341,305) |
| Administrative expenses | | (457,054) | (633,702) | (825,699) |
| Impairment losses on financial assets | | (13,137) | (924) | (26) |
| Research and development expenses | | (671,697) | (814,572) | (1,359,618) |
| Other expenses | | (40,394) | (4,774) | (8,151) |
| Finance costs | 7 | (41,546) | (103,558) | (88,320) |
| (LOSS)/PROFIT BEFORE TAX | 6 | (1,949,591) | (240,870) | 1,067,197 |
| Income tax credit /(expense) | 10 | 454,060 | 150,411 | (49,819) |
| (LOSS)/PROFIT FOR THE YEAR AND TOTAL COMPREHENSIVE (LOSS)/INCOME | | (1,495,531) | (90,459) | 1,017,378 |
| Attributable to: | | | | |
| Owners of the parent | | (1,495,531) | (90,459) | 1,017,378 |
| (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT | | | | |
| Basic and diluted (RMB) | 11 | (0.48) | (0.03) | 0.30 |

I. HISTORICAL FINANCIAL INFORMATION (continued)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

| | Notes | 2023 RMB'000 | 2024 RMB'000 | 2025 RMB'000 |
|---|-------|-----------------|-----------------|-----------------|
| NON-CURRENT ASSETS | | | | |
| Property, plant and equipment | 13 | 3,752,616 | 4,268,748 | 7,996,350 |
| Right-of-use assets | 14 | 1,036,174 | 1,197,012 | 2,487,780 |
| Other intangible assets | 15 | 3,149,169 | 4,438,549 | 6,876,323 |
| Prepayments | 19 | 58,566 | 52,662 | 146,324 |
| Contract assets | 20 | - | - | 176,183 |
| Deferred tax assets | 28 | 1,084,009 | 1,234,420 | 1,184,601 |
| Total non-current assets | | 9,080,534 | 11,191,391 | 18,867,561 |
| CURRENT ASSETS | | | | |
| Inventories | 17 | 2,188,735 | 3,118,894 | 8,133,459 |
| Trade and bills receivables | 18 | 836,909 | 809,767 | 3,016,003 |
| Contract assets | 20 | - | - | 60,000 |
| Prepayments, other receivables and other assets | 19 | 793,002 | 968,000 | 1,828,079 |
| Pledged deposits | 21 | 78,791 | 64,241 | 3,823 |
| Cash and cash equivalents | 21 | 5,603,666 | 5,797,073 | 7,971,928 |
| Total current assets | | 9,501,103 | 10,757,975 | 21,013,292 |
| CURRENT LIABILITIES | | | | |
| Trade and bills payables | 22 | 7,283,796 | 9,689,016 | 16,990,297 |
| Other payables and accruals | 23 | 3,074,793 | 3,669,814 | 5,141,306 |
| Contract liabilities | 24 | 847,652 | 841,130 | 1,499,416 |
| Interest-bearing bank and other borrowings | 25 | 146,453 | 145,106 | 60,297 |
| Lease liabilities | 14 | 124,013 | 129,899 | 283,637 |
| Provision | 27 | 65,518 | 119,051 | 116,111 |
| Total current liabilities | | 11,542,225 | 14,594,016 | 24,091,064 |
| NET CURRENT LIABILITIES | | (2,041,122) | (3,836,041) | (3,077,772) |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 7,039,412 | 7,355,350 | 15,789,789 |
| NON-CURRENT LIABILITIES | | | | |
| Interest-bearing bank and other borrowings | 25 | 2,829,000 | 2,731,000 | 3,542,750 |
| Government grants | 26 | 201,107 | 150,212 | 83,677 |
| Lease liabilities | 14 | 148,022 | 273,916 | 683,912 |
| Provision | 27 | 192,098 | 391,802 | 446,250 |
| Contract liabilities | 24 | 362,002 | 525,859 | 472,559 |
| Total non-current liabilities | | 3,732,229 | 4,072,789 | 5,229,148 |
| NET ASSETS | | 3,307,183 | 3,282,561 | 10,560,641 |
| EQUITY | | | | |
| Equity attributable to owners of the parent: | | | | |
| Paid-in capital | 29 | 3,085,444 | 3,085,444 | - |
| Share capital | 29 | - | - | 3,680,000 |
| Reserves | 31 | 4,215,323 | 4,281,160 | 9,947,306 |
| Accumulated losses | 31 | (3,993,584) | (4,084,043) | (3,066,665) |
| TOTAL EQUITY | | 3,307,183 | 3,282,561 | 10,560,641 |

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 29) | Other reserves RMB'000 (note 31) | Accumulated losses RMB'000 | Total Equity RMB'000 |
| At 1 January 2023 | 3,085,444 | 4,176,495 | (2,498,053) | 4,763,886 |
| Loss for the year | - | - | (1,495,531) | (1,495,531) |
| Equity settled share-based payment | - | 38,828 | - | 38,828 |
| At 31 December 2023 | 3,085,444 | 4,215,323 | (3,993,584) | 3,307,183 |

Year ended 31 December 2024

| | Attributable to owners of the parent | | | |
|------------------------------------|---|--|-------------------------------|-------------------------|
| | Paid-in capital RMB'000 (note 29) | Other reserves RMB'000 (note 31) | Accumulated losses RMB'000 | Total equity RMB'000 |
| At 1 January 2024 | 3,085,444 | 4,215,323 | (3,993,584) | 3,307,183 |
| Loss for the year | - | - | (90,459) | (90,459) |
| Equity settled share-based payment | - | 65,837 | - | 65,837 |
| At 31 December 2024 | 3,085,444 | 4,281,160 | (4,084,043) | 3,282,561 |

Year ended 31 December 2025

| | Attributable to owners of the parent | | | | |
|---|---|---------------------------------------|--|-------------------------------|-------------------------|
| | Paid-in capital RMB'000 (note 29) | Share capital RMB'000 (note 29) | Other reserves RMB'000 (note 31) | Accumulated losses RMB'000 | Total Equity RMB'000 |
| At 1 January 2025 | 3,085,444 | - | 4,281,160 | (4,084,043) | 3,282,561 |
| Profit for the year | - | - | - | 1,017,378 | 1,017,378 |
| Shareholders' capital contributions | 585,646 | - | 5,581,207 | - | 6,166,853 |
| Conversion to a joint stock limited company | (3,671,090) | 3,680,000 | (8,910) | - | - |
| Equity settled share-based payment | - | - | 93,849 | - | 93,849 |
| At 31 December 2025 | - | 3,680,000 | 9,947,306 | (3,066,665) | 10,560,641 |

I. HISTORICAL FINANCIAL INFORMATION (continued)

CONSOLIDATED STATEMENTS OF CASH FLOWS

| | Notes | 2023 RMB'000 | 2024 RMB'000 | 2025 RMB'000 |
|---|-------|-----------------|-----------------|-----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| (Loss)/profit before tax: | | (1,949,591) | (240,870) | 1,067,197 |
| Adjustments for: | | | | |
| Finance costs | 7 | 38,757 | 94,403 | 81,084 |
| Interest income | 5 | (54,759) | (64,866) | (65,693) |
| Depreciation of property, plant and equipment | 13 | 572,911 | 966,699 | 1,294,785 |
| Depreciation of right-of-use assets | 14 | 157,378 | 191,122 | 287,042 |
| Amortisation of other intangible assets | 15 | 417,897 | 623,403 | 1,102,342 |
| Gain on disposal of items of property, plant and equipment and other long-term assets | 5 | (9,042) | (47,589) | (83,793) |
| Share-based payment | 31 | 38,828 | 65,837 | 93,849 |
| Amortisation of government grants | 26 | (65,286) | (65,286) | (66,535) |
| Impairment of items of property, plant and equipment | 13 | 7,139 | 3,001 | - |
| Impairment of intangible assets | 15 | 32,444 | - | - |
| Write-down of inventories to net realisable value | 6 | 50,431 | 13,015 | 14,005 |
| Impairment losses on financial assets | | 13,137 | 924 | 26 |
| Impairment losses on contract assets | 20 | - | - | 3,817 |
| | | (749,756) | 1,539,793 | 3,728,126 |
| Increase in inventories | | (129,246) | (943,174) | (5,028,569) |
| Decrease/(increase) in trade and bills receivables | | (813,065) | 26,235 | (2,205,636) |
| Decrease/(increase) in prepayments, other receivables and other assets | | 504,810 | (155,310) | (812,707) |
| (Increase)/decrease in pledged deposits | | (76,492) | 14,550 | 60,418 |
| Increase in contract assets | | - | - | (240,000) |
| Increase in trade and bills payables | | 2,952,675 | 2,205,529 | 7,616,273 |
| Increase in other payables and accruals | | 1,224,344 | 205,536 | 946,054 |
| Increase in contract liabilities | | 615,887 | 157,335 | 604,986 |
| Increase in provision | | 103,076 | 253,237 | 51,508 |
| Net cash flows from operating activities | | 3,632,233 | 3,303,731 | 4,720,453 |

I. HISTORICAL FINANCIAL INFORMATION (continued)

CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

| | Notes | 2023 RMB'000 | 2024 RMB'000 | 2025 RMB'000 |
|--|-------|--------------------|--------------------|--------------------|
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Purchases of items of property, plant and equipment | | (2,217,060) | (1,642,551) | (2,848,151) |
| Purchases of other intangible assets | | (1,319,420) | (1,502,418) | (2,833,017) |
| Additions to right-of-use assets | | (861,803) | - | (22,057) |
| Proceeds from disposal of items of property, plant and equipment | | 47,972 | 391,328 | 763,014 |
| Government grants received related to assets | | 9,250 | 14,391 | - |
| Interest received | | 54,759 | 64,866 | 65,693 |
| Net cash flows used in investing activities | | <u>(4,286,302)</u> | <u>(2,674,384)</u> | <u>(4,874,518)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Capital paid up | | - | - | 2,000,000 |
| New bank and other borrowings | | 3,000,000 | 1,200,000 | 3,985,000 |
| Repayment of bank and other borrowings | | (27,000) | (1,299,000) | (3,260,750) |
| Interest paid | | (22,575) | (78,221) | (56,471) |
| Repayment of lease payments | 14 | (170,937) | (239,013) | (290,860) |
| Other payments related to financing activities | | (48,577) | (19,706) | (47,999) |
| Net cash flows from/(used in) financing activities | | <u>2,730,911</u> | <u>(435,940)</u> | <u>2,328,920</u> |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | | | | |
| Cash and cash equivalents at beginning of year | | 2,076,842 | 193,407 | 2,174,855 |
| | | <u>3,526,824</u> | <u>5,603,666</u> | <u>5,797,073</u> |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | 21 | <u>5,603,666</u> | <u>5,797,073</u> | <u>7,971,928</u> |
| ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS | | | | |
| Cash and bank balances | | <u>5,603,666</u> | <u>5,797,073</u> | <u>7,971,928</u> |
| Cash and cash equivalents as stated in the statement of financial position | | <u>5,603,666</u> | <u>5,797,073</u> | <u>7,971,928</u> |
| Cash and cash equivalents as stated in the statement of cash flows | | <u>5,603,666</u> | <u>5,797,073</u> | <u>7,971,928</u> |

I. HISTORICAL FINANCIAL INFORMATION (continued)

STATEMENT OF FINANCIAL POSITION OF THE COMPANY

| | Notes | 2023 RMB'000 | 2024 RMB'000 | 2025 RMB'000 |
|---|-------|-----------------|-----------------|-----------------|
| NON-CURRENT ASSETS | | | | |
| Property, plant and equipment | 13 | 2,881,310 | 2,991,951 | 6,527,299 |
| Right-of-use assets | | 790,964 | 771,554 | 1,561,649 |
| Other intangible assets | 15 | 3,149,169 | 4,438,549 | 6,874,755 |
| Investment in a subsidiary | 16 | - | 2,900,000 | 2,900,000 |
| Prepayments | 19 | 58,565 | 52,662 | 146,323 |
| Contract assets | 20 | - | - | 176,183 |
| Deferred tax assets | 28 | 427,547 | 404,759 | 342,453 |
| Total non-current assets | | 7,307,555 | 11,559,475 | 18,528,662 |
| CURRENT ASSETS | | | | |
| Inventories | 17 | 651,473 | 1,172,450 | 3,743,327 |
| Trade and bills receivables | 18 | 5,417,060 | 3,269,576 | 7,795,296 |
| Contract assets | 20 | - | - | 60,000 |
| Prepayments, other receivables and other assets | 19 | 444,842 | 564,493 | 1,096,916 |
| Pledged deposits | 21 | 78,791 | 63,841 | 40 |
| Cash and cash equivalents | 21 | 2,724,088 | 3,624,818 | 5,571,121 |
| Total current assets | | 9,316,254 | 8,695,178 | 18,266,700 |
| CURRENT LIABILITIES | | | | |
| Trade and bills payables | 22 | 6,878,724 | 9,261,939 | 16,284,848 |
| Other payables and accruals | 23 | 1,203,197 | 1,736,678 | 3,088,563 |
| Contract liabilities | 24 | 181,417 | 284,037 | 364,462 |
| Interest-bearing bank and other borrowings | 25 | 146,453 | 145,106 | 60,297 |
| Lease liabilities | | - | - | 21,542 |
| Provision | 27 | 66,846 | 123,106 | 73,055 |
| Total current liabilities | | 8,476,637 | 11,550,866 | 19,892,767 |
| NET CURRENT ASSETS/(LIABILITIES) | | 839,617 | (2,855,688) | (1,626,067) |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 8,147,172 | 8,703,787 | 16,902,595 |
| NON-CURRENT LIABILITIES | | | | |
| Interest-bearing bank and other borrowings | 25 | 2,829,000 | 2,731,000 | 3,542,750 |
| Government grants | 26 | 201,107 | 150,212 | 83,677 |
| Lease liabilities | | - | - | 41,636 |
| Provision | 27 | 195,993 | 405,149 | 471,830 |
| Total non-current liabilities | | 3,226,100 | 3,286,361 | 4,139,893 |
| NET ASSETS | | 4,921,072 | 5,417,426 | 12,762,702 |
| EQUITY | | | | |
| Paid in capital | 29 | 3,085,444 | 3,085,444 | - |
| Share Capital | 29 | - | - | 3,680,000 |
| Reserves | 31 | 4,115,323 | 4,181,160 | 9,847,306 |
| Accumulated losses | 31 | (2,279,695) | (1,849,178) | (764,604) |
| TOTAL EQUITY | | 4,921,072 | 5,417,426 | 12,762,702 |

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE AND GROUP INFORMATION

VOYAH Automotive Technology Co., Ltd. (hereinafter the "Company") was established and registered in the People's Republic of China (hereinafter referred to as "PRC") as a limited liability company on 26 June 2021. On 29 August 2025, the Company was converted into a joint stock limited company. The registered office of the Company is located at the No. 8 Yufeng Avenue, Junshan Street, Wuhan Economic & Technological Development Zone, Wuhan City, Hubei.

During the Relevant Periods, the Company and its subsidiary (collectively, the "Group") were principally engaged in the manufacturing and sales of new energy vehicles, automotive parts and components.

In the opinion of the directors, the holding company of the Company is Dongfeng Motor Group Company Limited ("DFG"), a joint stock limited company incorporated in the PRC, and the ultimate holding company of the Company is Dongfeng Motor Corporation ("DFM"), a state-owned enterprise established in the PRC.

Information about subsidiaries

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

| Name | Place and date of registration and place of business | Registered capital | Percentage of equity attributable to the Company | | Principal activities |
|---|--|--------------------|--|----------|---|
| | | | Direct | Indirect | |
| VOYAH Automobile Sales & Service Co., Ltd.* ("Voyah Sales") | Chinese mainland 10 October 2020 | RMB 3,000,000,000 | 100 | - | Sales of electric vehicles and components and provision of after-sales services |

* The statutory financial statements of VOYAH Sales for the years ended 31 December 2023 and 2024 prepared in accordance with Chinese Accounting Standards for Business Enterprises ("CASBE") as issued by the Ministry of Finance of the People's Republic of China and were audited by Ernst & Young Hua Ming LLP (安永華明會計師事務所(特殊普通合夥)), certified public accountants registered in Chinese mainland.

The English name of the subsidiary above represents management's best efforts in translating the Chinese name of the subsidiary as no English name has been registered.

2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards, which comprise all standards and interpretations approved by the International Accounting Standards Board ("IASB").

All IFRS Accounting Standards effective for the accounting period commencing from 1 January 2025, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the years ended 31 December 2023, 2024 and 2025 (the "Relevant Periods"). The Historical Financial Information has been prepared under the historical cost convention, except for bills receivable which have been measured at fair value.

Despite that the Group had net current liabilities of approximately RMB3,077.8 million and capital commitments of approximately RMB25.5 million as at 31 December 2025, the directors of the Company is of the opinion that the Group will have adequate funds available to enable it to operate as a going concern basis after taking into account the historical operating performance and future forecasted operating cashflow of the Group and its available credit facilities from Group's banks to meet its financial obligations as they fall due for the following twelve months from the reporting date. Accordingly, the Historical Financial Information has been prepared 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 includes the financial statements of the Group for the Relevant Periods. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

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

2.2 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

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

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

¹ No mandatory effective date yet determined but available for adoption

² Effective for annual periods beginning on or after 1 January 2026

³ Effective for annual/reporting periods beginning on or after 1 January 2027

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

2.2 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (continued)

The Group is in the process of making an assessment of the impact of these new and revised IFRS Accounting Standards upon initial application. IFRS 18 introduces new requirements on presentation within the statement of profit or loss and other comprehensive income, including specified totals and subtotals. It also requires disclosure of management-defined performance measures in a note and includes new requirements for aggregation and disaggregation of financial information. The new requirements are expected to impact the Group's presentation in the statement of profit or loss and other comprehensive income and disclosures of the Group's financial performance. Currently, the Group considers that these new and revised IFRS Accounting Standards are unlikely to have a significant impact on the Group's financial performance and financial position.

2.3 MATERIAL ACCOUNTING POLICIES

Fair value measurement

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

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

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

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

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

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

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

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

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

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

Related parties

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

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;
- or
- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group; (*If the Group is itself such a plan*) and the sponsoring employers of the post-employment benefit plan;
 - (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.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation

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

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

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

| | |
|---------------------------------|------------------|
| Buildings | 2.50% to 5.88% |
| Plant and machinery | 8.33% to 20.00% |
| Motor vehicles | 12.50% to 33.00% |
| Electronics and telecom devices | 12.50% to 20.00% |
| Leasehold improvements | 11.11% to 50.00% |

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 cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be finite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Software

Purchased software are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 5 to 10 years.

Know-how, licenses and trademarks

Know-how, licenses and trademarks are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 3 to 10 years.

Deferred development costs

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

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

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

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

2.3 MATERIAL ACCOUNTING POLICIES (continued)

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:

| | |
|----------------|----------------|
| Leasehold land | 41 to 43 years |
| Buildings | 2 to 9 years |

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

(b) Lease liabilities

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

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

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

The Group applies the short-term lease recognition exemption to its short-term leases of 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 and laptop computers 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.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Investments and other financial assets

Initial recognition and measurement

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

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

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

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

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

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

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

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

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

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

2.3 MATERIAL ACCOUNTING POLICIES (continued)

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).

At the end of each of the Relevant Periods, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

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

The Group assesses on a forward-looking basis the expected credit losses and the impairment methodology applied depends on whether there has been a significant increase in credit risk.

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

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

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

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

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

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

Simplified approach

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

Financial liabilities

Initial recognition and measurement

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

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, and interest-bearing bank and other borrowings.

Subsequent measurement

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

Financial liabilities at amortised cost (trade and bills payables, other payables and accruals, and interest-bearing borrowings)

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

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

Derecognition of financial liabilities

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

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

Offsetting of financial instruments

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

Inventories

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

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Cash and cash equivalents

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

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Provisions

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

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of each of the Relevant Periods 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 passenger vehicles for general repairs of defects occurring during the warranty period. Provisions for these assurance-type warranties granted by the Group are initially recognised based on sales volume and past experience of the level of repairs and returns. 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 each of the Relevant Periods, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

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

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

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

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Income tax (continued)

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

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

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

Government grants

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

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the 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.

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

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Sale of goods

The Group manufactures and sells a range of passenger vehicles, automotive parts and components. Revenue from sales of goods is recognised when control of the goods has been transferred to the customers, and there is no unfulfilled obligation that could affect the customer's acceptance of the goods.

Passenger vehicles are often sold with volume rebates. To estimate the variable consideration for the expected future rebates, the most likely amount method is used for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The requirements on constraining estimates of variable consideration are applied and a refund liability for the expected future rebates is recognised.

Rendering of services

The Group provides multiple embedded services mainly including extended lifetime warranty, vehicle internet connection service, free lifetime roadside assistance service, over-the-air upgrades (or "OTA upgrades"), as stated in a series of contracts for sales of vehicles, and automobile repair and maintenance services, technology development services. Should one of the following conditions is satisfied, services provided by the Group is a performance obligation performed within a certain period of time and the Group recognises revenue within a period of time in accordance with the progress of contract performance. The conditions are: (1) the customer obtains and consumes the economic benefits brought by the contract at the same time performing the contract; (2) the customer is able to control the products under construction during the Group's performance; (3) the products of the Group have irreplaceable uses, and the Group has the right to ask for payment for the cumulative part that has been completed so far during the entire contract period. Otherwise, the Group recognises revenue at the point that the customer obtains control of the relevant services.

Other income

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

Contract assets

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

Contract liabilities

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

Share-based payments

The Company operates an employee incentive scheme in order to incentivize the Group's eligible Directors, senior management and core employees, for their contributions to the Group and to attract and retain suitable personnel to the Group.

The fair value of employee incentive scheme is measured by reference to the fair value of the shares less the costs borne by the participants. The fair value of the shares on grant date is determined by an external valuer which takes into account the terms and conditions and recent transaction price upon which the shares were granted.

The cost of employee incentive scheme 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 employee incentive scheme at the end of the 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 shares that will ultimately vest. The charge or credit to the profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

2.3 MATERIAL ACCOUNTING POLICIES (continued)

Share-based payments (continued)

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

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

Where the terms of employee incentive scheme 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 employee incentive scheme is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately.

Other employee benefits

Pension scheme

The employees of the Group entities which operates in Chinese mainland are required to participate in a central pension scheme operated by the local municipal government. The Group is required to contribute a certain percentage of its 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.

Housing funds, medical insurance and other social insurances

The employees of the Group are entitled to participate in various government-supervised housing funds, medical insurance and other employee social insurance plans. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the contribution payable in each period.

Termination benefits

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

Borrowing costs

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

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

Critical Judgements in allocating the transaction price

The contracts for sales of vehicles and parts mainly include extended one-year or lifetime warranty, vehicle internet connection service, free lifetime roadside assistance service and OTA upgrades recognized as separate performance obligations. Because the contracts include multiple performance obligations, the transaction price must be allocated to the performance obligations on a relative stand-alone selling price basis. Management estimates the stand-alone selling price at contract inception based on the cost of the services likely to be provided and the services rendered in similar circumstances to similar customers. If a discount is granted, it is allocated to all performance obligations based on their relative stand-alone selling prices.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Judgements (continued)

Deferred tax assets

Deferred tax assets are recognised for unused tax losses and deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses and the deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are contained in note 28 to the Historical Financial Information.

Estimation uncertainty

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

Leases – Estimating the incremental borrowing rate

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

Impairment of non-financial assets (other than goodwill)

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

Development costs

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

Warranty provisions

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

Write-down of inventory to net realizable value

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

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

4. OPERATING SEGMENT INFORMATION

During the Relevant Periods, the Group was principally engaged in the manufacturing and sales of passenger vehicles and automotive parts and components in the Chinese mainland. The executive directors of the Company review the operating results of the business as one operating segment to make strategic decisions and resources allocation. Therefore, the Group regards that there is only one segment which is used to make strategic decisions.

Geographical Information

The operating entities are domiciled in the Chinese mainland. Revenues of the Group from external customers are generated in the Chinese mainland. Besides, all the assets of the Group are located in the Chinese mainland. Thus, no geographic information is presented.

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

Information about major customer

External customer from which the revenue amounted to over 10% of the total revenue of the Group for each of the Relevant Periods were as follows:

| | 2023 RMB'000 | 2024 RMB'000 | 2025 RMB'000 |
|--------------------------|-----------------|-----------------|-----------------|
| DFM and its subsidiaries | 1,926,905 | 2,610,304 | 5,701,453 |

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

| | 2023 RMB'000 | 2024 RMB'000 | 2025 RMB'000 |
|---|-----------------|-----------------|-----------------|
| Revenue from contracts with customers | 12,749,380 | 19,360,642 | 34,864,815 |
| (a) Disaggregated revenue information | | | |
| Types of goods or services | 2023 RMB'000 | 2024 RMB'000 | 2025 RMB'000 |
| Passenger vehicles | 12,249,871 | 18,371,998 | 32,685,607 |
| Automotive parts and components | 329,308 | 600,267 | 1,345,501 |
| Others | 170,201 | 388,377 | 833,707 |
| Total | 12,749,380 | 19,360,642 | 34,864,815 |
| Timing of revenue recognition | 2023 RMB'000 | 2024 RMB'000 | 2025 RMB'000 |
| Goods transferred at a point in time | 12,711,230 | 19,263,894 | 34,408,925 |
| Services transferred at a point in time | 33,314 | 92,597 | 448,706 |
| Services transferred over time | 4,836 | 4,151 | 7,184 |
| Total | 12,749,380 | 19,360,642 | 34,864,815 |

The following table shows the amounts of revenue recognised in each reporting period that were included in the contract liabilities at the beginning of each of the relevant periods.

| | 2023 RMB'000 | 2024 RMB'000 | 2025 RMB'000 |
|----------------------------|-----------------|-----------------|-----------------|
| Sales of goods or services | 233,991 | 723,101 | 739,649 |

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

5. REVENUE, OTHER INCOME AND GAINS (continued)

(b) Performance obligations

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

Sale of passenger vehicles, automotive parts and components

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

Others

Others mainly represent automobile repair and maintenance services, technology development services, and multiple embedded services (including lifetime warranty, vehicle internet connection service, free lifetime roadside assistance service, OTA upgrades, etc.), the revenues from which are recognized when the controls are transferred.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) at the end of the relevant periods are as follows:

| | 2023 RMB'000 | 2024 RMB'000 | 2025 RMB'000 |
|---|------------------|------------------|------------------|
| Amounts expected to be recognised as revenue: | | | |
| Within one year | 847,652 | 841,130 | 1,499,416 |
| After one year | 362,002 | 525,859 | 472,559 |
| Total | 1,209,654 | 1,366,989 | 1,971,975 |

The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognised as revenue after one year relate to extended lifetime warranty, vehicle internet connection service and OTA upgrades, of which the performance obligations are typically to be satisfied over a period exceeding one year. All the other amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year. The amounts disclosed above do not include variable consideration which is constrained.

| <u>Other income and gains</u> | 2023 RMB'000 | 2024 RMB'000 | 2025 RMB'000 |
|---|-----------------|------------------|------------------|
| <u>Other income</u> | | | |
| Bank interest income | 54,759 | 64,866 | 65,693 |
| Government grants related to income | 138,525 | 706,685 | 1,012,941 |
| Government grants related to assets | 65,286 | 65,286 | 66,535 |
| Additional deduction for value-added tax | 52,261 | 113,532 | 133,300 |
| Others | 3,056 | 4,029 | 32,045 |
| Total other income | 313,887 | 954,398 | 1,310,514 |
| <u>Gains</u> | | | |
| Gains on disposal of items of property, plant and equipment | 9,042 | 47,589 | 83,793 |
| Total gains | 9,042 | 47,589 | 83,793 |
| Total other income and gains | 322,929 | 1,001,987 | 1,394,307 |

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

6. PROFIT/(LOSS) BEFORE TAX

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

| | Notes | 2023 RMB'000 | 2024 RMB'000 | 2025 RMB'000 |
|--|-------|-----------------|-----------------|-----------------|
| Cost of inventories sold and services provided* | | 10,936,045 | 15,295,147 | 27,568,806 |
| Depreciation of property, plant and equipment | 13 | 572,911 | 966,699 | 1,294,785 |
| Amortisation of other intangible assets | 15 | 417,897 | 623,403 | 1,102,342 |
| Depreciation of right-of-use assets | 14 | 157,378 | 191,122 | 287,042 |
| Research and development expenses | | 671,697 | 814,572 | 1,359,618 |
| Lease payments not included in the measurement of lease liabilities | 14 | 77,082 | 136,631 | 248,570 |
| Employee benefit expense (including directors' emoluments): | | | | |
| Wages and salaries | | 984,898 | 1,230,709 | 1,562,969 |
| Pension scheme contributions | | 113,330 | 163,104 | 222,879 |
| Share-based payment expenses | 31 | 38,828 | 65,837 | 93,849 |
| Impairment/(reversal of impairment) provision of trade receivables, net | 18 | 12,596 | 907 | (600) |
| Impairment of other receivables | | 541 | 17 | 626 |
| Impairment of contract assets | 20 | - | - | 3,817 |
| Write-down of inventories to net realisable value, net | | 50,431 | 13,015 | 14,005 |
| Warranty provisions, net | 27 | 286,334 | 397,299 | 232,841 |
| Impairment of items of property, plant and equipment | 13 | 7,139 | 3,001 | - |
| Impairment of intangible assets | 15 | 32,444 | - | - |
| Gain on disposal of items of property, plant and equipment and other long-term assets, net | 5 | (9,042) | (47,589) | (83,793) |
| Government grants related to income** | 5 | (138,525) | (706,685) | (1,012,941) |
| Government grants related to assets*** | 5 | (65,286) | (65,286) | (66,535) |

* Cost of inventories sold and services provided included the depreciation of property, plant and equipment, depreciation of right-of-use assets, amortization of other intangible assets and the employees' costs (including equity-settled share-based compensation).

** Government grants related to income represent subsidies received from the local governments for the purpose of compensation of operating cost and expenses incurred by the Group, including production and procurement, sales channel development and marketing activities, and certain employee related costs such as talents attraction and relocation costs.

*** Government grants related to assets are those received from the local governments for the purpose of compensation of capitalised development costs. The grants received are included in government grants in the consolidated statements of financial position and subsequently released to profit or loss over the expected useful lives of the relevant assets (note 26) when the relevant development costs are commenced to be amortised.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

7. FINANCE COSTS

An analysis of finance costs is as follows:

| | 2023 RMB'000 | 2024 RMB'000 | 2025 RMB'000 |
|---------------------------------------|-----------------|-----------------|-----------------|
| Interest on bank and other borrowings | 25,028 | 77,874 | 59,162 |
| Interest on lease liabilities | 13,729 | 18,833 | 33,204 |
| Other finance costs | 2,789 | 9,155 | 7,236 |
| | 41,546 | 105,862 | 99,602 |
| Less: Interest capitalised | - | (2,304) | (11,282) |
| Total | <u>41,546</u> | <u>103,558</u> | <u>88,320</u> |

8. DIRECTORS' AND SUPERVISORS' REMUNERATION

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

| | 2023 RMB'000 | 2024 RMB'000 | 2025 RMB'000 |
|---|-----------------|-----------------|-----------------|
| Fees | - | - | - |
| Other emoluments: | | | |
| Salaries, allowances and benefits in kind | 1,197 | 1,887 | 1,797 |
| Performance-based bonuses* | 2,598 | 2,393 | 2,966 |
| Pension scheme contributions | 157 | 188 | 272 |
| Subtotal | <u>3,952</u> | <u>4,468</u> | <u>5,035</u> |
| Share-based payment | <u>4,608</u> | <u>4,608</u> | <u>4,608</u> |
| Total | <u>8,560</u> | <u>9,076</u> | <u>9,643</u> |

* Certain executive directors and supervisors of the Company are entitled to bonus payments which are related to the operating results of the Group.

During the Relevant Periods, certain directors were granted share awards, in respect of their services to the Group under the Company's share incentive plan, further details of which are set out in note 30 to the historical financial statements. The fair values of such share-based compensations, which are recognised in profit or loss over the vesting period, were determined as at the date of grant.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

8. DIRECTORS' AND SUPERVISORS' REMUNERATION (continued)

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

| | 2023 RMB'000 | 2024 RMB'000 | 2025 RMB'000 |
|------------------------|-----------------|-----------------|-----------------|
| Mr. Qin Sheng (i) | - | - | - |
| Mr. Yang Yuankui (i) | - | - | - |
| Mr. Liao Longlong (ii) | - | - | - |
| Mr. Ding Shaobin (iii) | - | - | - |
| Mr. Fu Bingfeng (iv) | - | - | - |
| Mr. Yang Yong (v) | - | - | - |
| Mr. Xin Dinghua (vi) | - | - | - |
| Total | - | - | - |

- (i) Mr. Qin Sheng and Mr. Yang Yuankui were appointed as independent non-executive directors of the Company in November 2022 and they resigned in September 2025 and August 2025, respectively.
- (ii) Mr. Liao Longlong was appointed as an independent non-executive director of the Company in November 2022 and resigned in July 2025.
- (iii) Mr. Ding Shaobin was appointed as an independent non-executive director of the Company in July 2025 and resigned in September 2025.
- (iv) Mr. Fu Bingfeng was appointed as an independent non-executive director of the Company in September 2025.
- (v) Mr. Yang Yong was appointed as an independent non-executive director of the Company in September 2025.
- (vi) Mr. Xin Dinghua was appointed as an independent non-executive director of the Company in September 2025.

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

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

8. DIRECTORS' AND SUPERVISORS' REMUNERATION (continued)

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

Year ended 31 December 2023

| | Fees RMB'000 | Salaries, allowances and benefits in kind RMB'000 | Performance- based bonus RMB'000 | Pension scheme contributions RMB'000 | Total RMB'000 |
|---------------------------------|-----------------|---|--|---|------------------|
| Executive directors: | | | | | |
| Mr. Lu Fang (i) | - | 500 | 1,329 | 40 | 1,869 |
| Mr. Qin Jie (ii) | - | 474 | 1,180 | 77 | 1,731 |
| Subtotal | - | 974 | 2,509 | 117 | 3,600 |
| Non-executive directors: | | | | | |
| Mr. You Zheng (xvii) | - | - | - | - | - |
| Mr. Feng Changjun (xviii) | - | - | - | - | - |
| Mr. Yang Yanding | - | - | - | - | - |
| Mr. Zhou Feng (iv) | - | - | - | - | - |
| Subtotal | - | - | - | - | - |
| Supervisors: | | | | | |
| Mr. Hu Weidong (vi) | - | - | - | - | - |
| Mr. Kang Li (v) | - | - | - | - | - |
| Mr. Zhang Yonghong (viii) | - | - | - | - | - |
| Ms. Huang Juan (ix) | - | 223 | 89 | 40 | 352 |
| Ms. Wang Qian (x) | - | - | - | - | - |
| Mr. Liu Tao (xi) | - | - | - | - | - |
| Subtotal | - | 223 | 89 | 40 | 352 |
| Total | - | 1,197 | 2,598 | 157 | 3,952 |

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

8. DIRECTORS' AND SUPERVISORS' REMUNERATION (continued)

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

Year ended 31 December 2024

| | Fees RMB'000 | Salaries, allowances and benefits in kind RMB'000 | Performance- based bonus RMB'000 | Pension scheme contributions RMB'000 | Total RMB'000 |
|---------------------------------|-----------------|---|--|---|------------------|
| Executive directors: | | | | | |
| Mr. Lu Fang (i) | - | 711 | 1,200 | 42 | 1,953 |
| Mr. Qin Jie (ii) | - | 736 | 1,053 | 78 | 1,867 |
| Subtotal | - | 1,447 | 2,253 | 120 | 3,820 |
| Non-executive directors: | | | | | |
| Mr. You Zheng (xvii) | - | - | - | - | - |
| Mr. Feng Changjun (xviii) | - | - | - | - | - |
| Mr. Zhou Feng (iv) | - | - | - | - | - |
| Mr. Yang Yanding | - | - | - | - | - |
| Mr. Qin Xuanyuan (iii) | - | - | - | - | - |
| Subtotal | - | - | - | - | - |
| Supervisors: | | | | | |
| Mr. Hu Weidong (vi) | - | - | - | - | - |
| Mr. Hou Hongsheng (vii) | - | - | - | - | - |
| Mr. Zhang Yonghong (viii) | - | - | - | - | - |
| Ms. Wang Lijuan (xii) | - | 166 | 74 | 27 | 267 |
| Ms. Huang Juan (ix) | - | 274 | 66 | 41 | 381 |
| Ms. Wang Qian (x) | - | - | - | - | - |
| Mr. Liu Tao (xi) | - | - | - | - | - |
| Subtotal | - | 440 | 140 | 68 | 648 |
| Total | - | 1,887 | 2,393 | 188 | 4,468 |

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

8. DIRECTORS' AND SUPERVISORS' REMUNERATION (continued)

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

Year ended 31 December 2025

| | Fees RMB'000 | Salaries, allowances and benefits in kind RMB'000 | Performance- based bonus RMB'000 | Pension scheme contributions RMB'000 | Total RMB'000 |
|---------------------------------|-----------------|---|--|---|------------------|
| Executive directors: | | | | | |
| Mr. Lu Fang (i) | - | 741 | 1,000 | 43 | 1,784 |
| Mr. Qin Jie (ii) | - | 426 | 944 | 81 | 1,451 |
| Mr. Jiang Tao (xiii) | - | 547 | 1,000 | 129 | 1,676 |
| Subtotal | - | 1,714 | 2,944 | 253 | 4,911 |
| Non-executive directors: | | | | | |
| Mr. You Zheng (xvii) | - | - | - | - | - |
| Mr. Feng Changjun (xviii) | - | - | - | - | - |
| Mr. Yang Yanding | - | - | - | - | - |
| Mr. Qin Xuanyuan (iii) | - | - | - | - | - |
| Mr. Ju Hua (xiv) | - | - | - | - | - |
| Mr. Liao Xianzhi (xv) | - | - | - | - | - |
| Ms. Hu Xiao (xvi) | - | - | - | - | - |
| Subtotal | - | - | - | - | - |
| Supervisors: | | | | | |
| Mr. Hou Hongsheng (vii) | - | - | - | - | - |
| Mr. Zhang Yonghong (viii) | - | - | - | - | - |
| Ms. Wang Lijuan(xii) | - | 83 | 22 | 19 | 124 |
| Ms. Wang Qian (x) | - | - | - | - | - |
| Mr. Liu Tao (xi) | - | - | - | - | - |
| Subtotal | - | 83 | 22 | 19 | 124 |
| Total | - | 1,797 | 2,966 | 272 | 5,035 |

- (i) Mr. Lu Fang also serves as the chief executive officer from June 2021 to December 2025.
- (ii) Mr. Qin Jie was appointed as executive director of the Company in November 2022.
- (iii) Mr. Qin Xuanyuan was appointed as non-executive director of the Company in July 2024 and resigned in September 2025.
- (iv) Mr. Zhou Feng was appointed as non-executive director of the Company in June 2021 and resigned in July 2024.
- (v) Mr. Kang Li was appointed as a supervisor of the Company in June 2021 and resigned in September 2023.
- (vi) Mr. Hu Weidong was appointed as a supervisor of the Company in September 2023 and resigned in July 2024.
- (vii) Mr. Hou Hongsheng was appointed as a supervisor of the Company in July 2024 and resigned in June 2025.
- (viii) Mr. Zhang Yonghong was appointed as a supervisor of the Company in June 2021 and resigned in June 2025.
- (ix) Ms. Huang Juan was appointed as a supervisor of the Company in June 2021 and resigned in July 2024.
- (x) Ms. Wang Qian was appointed as a supervisor of the Company in November 2022 and resigned in June 2025.
- (xi) Mr. Liu Tao was appointed as a supervisor of the Company in November 2022 and resigned in June 2025.
- (xii) Mr. Wang Lijuan was appointed as a supervisor of the Company in July 2024 and resigned in June 2025.
- (xiii) Mr. Jiang Tao was appointed as an executive director of the Company in September 2025.
- (xiv) Mr. Ju Hua was appointed as a non-executive director of the Company in August 2025 and resigned in September 2025.
- (xv) Mr. Liao Xianzhi was appointed as non-executive director of the Company in September 2025.
- (xvi) Ms. Hu Xiao was appointed as a non-executive director of the Company in September 2025.
- (xvii) Mr. You Zheng was appointed as a non-executive director of the Company in June 2021 and resigned in September 2025.
- (xviii) Mr. Feng Changjun was appointed as a non-executive director of the Company in June 2021 and resigned in September 2025.

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

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

9. FIVE HIGHEST PAID EMPLOYEES

The five individuals whose remunerations were the highest in the Company for the years ended 31 December 2023, 2024, and 2025 include 2, 2, and 2 director respectively, details of whose remuneration are set out in note 8(b) above. Details of the remunerations of the remaining 3, 3 and 3 individuals who are neither directors nor supervisors of the Company during the years ended 31 December 2023, 2024 and 2025, respectively, are as follows:

| | 2023 RMB'000 | 2024 RMB'000 | 2025 RMB'000 |
|---|-----------------|-----------------|-----------------|
| Salaries, allowances and benefits in kind | 2,789 | 4,315 | 4,298 |
| Performance-based bonuses | 4,556 | 6,151 | 5,445 |
| Pension scheme contributions | 343 | 279 | 330 |
| Subtotal | 7,688 | 10,745 | 10,073 |
| Equity-settled share award expenses | 8,089 | 8,123 | 2,282 |
| Total | 15,777 | 18,868 | 12,355 |

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

| | 2023 | 2024 | 2025 |
|--------------------------------|----------|----------|----------|
| Nil to HK\$1,000,000 | - | - | - |
| HK\$1,000,001 to HK\$1,500,000 | 2 | - | - |
| HK\$1,500,001 to HK\$2,000,000 | 1 | - | 2 |
| HK\$2,000,001 to HK\$3,000,000 | - | 3 | 1 |
| Total | 3 | 3 | 3 |

During the Relevant Periods, shares were granted to non-director and non-chief executive highest paid employee in respect of their services to the Group, under the share-based compensation plan of the Company, further details of which are included in the disclosures in note 30 to the Historical Financial Information. The fair value of the share-based compensation, which has been recognised in profit or loss over the vesting period, were determined as at the date of grant and the amounts included in the Historical Financial Information for the Relevant Periods are not included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

10. INCOME TAX

Chinese mainland enterprise income tax

Under the Enterprise Income Tax Law and the respective regulations of Chinese mainland, the enterprise income tax for the Company and its subsidiary is calculated at a statutory rate of 25% or a preferential rate of 15% where applicable, on their estimated taxable profits for the year based on the existing legislations, interpretations and practices in respect thereof. In 2022, the Company was recognized as a "High and New Technology Enterprise" ("HNTE") and enjoyed a preferential income tax rate of 15% for each of the Relevant Periods.

The Group has no enterprise income tax in jurisdictions other than Chinese mainland.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

10. INCOME TAX (continued)

The income tax expense of the Group is analyzed as follows:

| | 2023 RMB'000 | 2024 RMB'000 | 2025 RMB'000 |
|---------------------------|------------------|------------------|-----------------|
| Current –Chinese mainland | - | - | - |
| Deferred (note 28) | (454,060) | (150,411) | 49,819 |
| Total tax charge | (454,060) | (150,411) | 49,819 |

A reconciliation of the tax credit applicable to (loss)/profit before tax at the statutory tax rates for the jurisdictions in which the Company and its subsidiary are domiciled and/or operate to the tax expense at the effective tax rates, and a reconciliation of the statutory tax rates to the effective tax rates, are as follows:

| | 2023 RMB'000 | 2024 RMB'000 | 2025 RMB'000 |
|--|------------------|------------------|-----------------|
| (Loss)/profit before tax | (1,949,591) | (240,870) | 1,067,197 |
| Tax at the statutory tax rates | (487,398) | (60,218) | 266,799 |
| Effect of preferential tax rate | 112,891 | (14,867) | (34,152) |
| Additional tax deduction for research and development expenses | (80,907) | (75,756) | (184,653) |
| Expenses not deductible for tax | 1,354 | 430 | 1,825 |
| Tax (credit)/charge at the Group's effective rate | (454,060) | (150,411) | 49,819 |

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

11. (LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic(losses)/earnings per share amounts is based on the (loss)/profit for the Relevant Periods attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares outstanding during the Relevant Periods, assuming the joint stock limited company conversion had been completed on 1 January 2023, as further detailed in note 29 to the Historical Financial Information.

The Group had no potentially dilutive ordinary shares in issue during each of the Relevant Periods.

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

| | 2023 RMB'000 | 2024 RMB'000 | 2025 RMB'000 |
|---|-----------------|-----------------|-----------------|
| <u>(Losses)/earnings</u> | | | |
| (Loss)/profit attributable to ordinary equity holders of the parent | (1,495,531) | (90,459) | 1,017,378 |
| <u>Shares</u> | | | |
| Weighted average number of ordinary shares in issue during the year in the basic and diluted earnings per share calculation | 3,092,933 | 3,092,933 | 3,359,928 |
| (Loss)/earnings per share - RMB per share (basic and diluted) | (0.48) | (0.03) | 0.30 |

12. DIVIDENDS

No dividend was declared or paid by the Company in respect of the Relevant Periods.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

13. PROPERTY, PLANT AND EQUIPMENT

The Group

| | Buildings RMB'000 | Plant and machinery RMB'000 | Motor vehicles RMB'000 | Electronics and telecom devices RMB'000 | Leasehold improvements RMB'000 | Construction in progress RMB'000 | Total RMB'000 |
|--|----------------------|-----------------------------------|------------------------------|--|--------------------------------------|--|------------------|
| At 1 January 2023: | | | | | | | |
| Cost | 1,178 | 1,840,308 | 291,945 | 86,631 | 139,531 | 420,920 | 2,780,513 |
| Accumulated depreciation and impairment | (10) | (398,851) | (88,089) | (18,115) | (44,581) | - | (549,646) |
| Net carrying amount | <u>1,168</u> | <u>1,441,457</u> | <u>203,856</u> | <u>68,516</u> | <u>94,950</u> | <u>420,920</u> | <u>2,230,867</u> |
| At 1 January 2023, net of accumulated depreciation and impairment | | | | | | | |
| Cost | 1,168 | 1,441,457 | 203,856 | 68,516 | 94,950 | 420,920 | 2,230,867 |
| Additions | 665,304 | 74,694 | 727,520 | - | 25,732 | 638,299 | 2,131,549 |
| Transfers | 34,067 | 621,359 | 1,142 | 39,623 | - | (696,191) | - |
| Disposals | - | (6,913) | (22,796) | (41) | - | - | (29,750) |
| Depreciation provided during the year | (2,374) | (355,067) | (158,200) | (16,674) | (40,596) | - | (572,911) |
| Impairment | - | (7,139) | - | - | - | - | (7,139) |
| At 31 December 2023, net of accumulated depreciation and impairment | | | | | | | |
| Cost | <u>698,165</u> | <u>1,768,391</u> | <u>751,522</u> | <u>91,424</u> | <u>80,086</u> | <u>363,028</u> | <u>3,752,616</u> |
| At 31 December 2023: | | | | | | | |
| Cost | 700,549 | 2,525,632 | 967,370 | 126,124 | 165,263 | 363,028 | 4,847,966 |
| Accumulated depreciation and impairment | (2,384) | (757,241) | (215,848) | (34,700) | (85,177) | - | (1,095,350) |
| Net carrying amount | <u>698,165</u> | <u>1,768,391</u> | <u>751,522</u> | <u>91,424</u> | <u>80,086</u> | <u>363,028</u> | <u>3,752,616</u> |

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

13. PROPERTY, PLANT AND EQUIPMENT (continued)

The Group (continued)

| | Buildings RMB'000 | Plant and machinery RMB'000 | Motor vehicles RMB'000 | Electronics and telecom devices RMB'000 | Leasehold improvements RMB'000 | Construction in progress RMB'000 | Total RMB'000 |
|--|----------------------|-----------------------------------|------------------------------|--|--------------------------------------|--|------------------|
| At 1 January 2024: | | | | | | | |
| Cost | 700,549 | 2,525,632 | 967,370 | 126,124 | 165,263 | 363,028 | 4,847,966 |
| Accumulated depreciation and impairment | (2,384) | (757,241) | (215,848) | (34,700) | (85,177) | - | (1,095,350) |
| Net carrying amount | <u>698,165</u> | <u>1,768,391</u> | <u>751,522</u> | <u>91,424</u> | <u>80,086</u> | <u>363,028</u> | <u>3,752,616</u> |
| At 1 January 2024, net of accumulated depreciation and impairment | | | | | | | |
| Additions | 698,165 | 1,768,391 | 751,522 | 91,424 | 80,086 | 363,028 | 3,752,616 |
| Transfers | 14,253 | 32,906 | 1,059,928 | - | 105,238 | 572,227 | 1,784,552 |
| Disposals | - | 695,750 | 2,664 | 34,899 | - | (733,313) | - |
| Depreciation provided during the year | (988) | (1,754) | (294,795) | (1,183) | - | - | (298,720) |
| Impairment | (27,573) | (442,846) | (427,667) | (20,626) | (47,987) | - | (966,699) |
| | <u>-</u> | <u>(3,001)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(3,001)</u> |
| At 31 December 2024, net of accumulated depreciation and impairment | | | | | | | |
| Cost | 683,857 | 2,049,446 | 1,091,652 | 104,514 | 137,337 | 201,942 | 4,268,748 |
| Accumulated depreciation and impairment | (29,928) | (1,200,885) | (366,530) | (55,057) | (133,164) | - | (1,785,564) |
| Net carrying amount | <u>683,857</u> | <u>2,049,446</u> | <u>1,091,652</u> | <u>104,514</u> | <u>137,337</u> | <u>201,942</u> | <u>4,268,748</u> |
| At 1 January 2025: | | | | | | | |
| Cost | 713,785 | 3,250,331 | 1,458,182 | 159,571 | 270,501 | 201,942 | 6,054,312 |
| Accumulated depreciation and impairment | (29,928) | (1,200,885) | (366,530) | (55,057) | (133,164) | - | (1,785,564) |
| Net carrying amount | <u>683,857</u> | <u>2,049,446</u> | <u>1,091,652</u> | <u>104,514</u> | <u>137,337</u> | <u>201,942</u> | <u>4,268,748</u> |
| At 1 January 2025, net of accumulated depreciation and impairment | | | | | | | |
| Additions | 683,857 | 2,049,446 | 1,091,652 | 104,514 | 137,337 | 201,942 | 4,268,748 |
| Transfers | 1,866,463 | 1,374,350 | 1,185,542 | 50,964 | 133,424 | 1,014,276 | 5,625,019 |
| Disposals | 37,528 | 862,859 | 238 | 22,091 | - | (922,716) | - |
| Depreciation provided during the year | (503) | (3,390) | (598,498) | (241) | - | - | (602,632) |
| Impairment | (56,593) | (654,674) | (482,528) | (32,525) | (68,465) | - | (1,294,785) |
| At 31 December 2025, net of accumulated depreciation and impairment | | | | | | | |
| Cost | 2,530,752 | 3,628,591 | 1,196,406 | 144,803 | 202,296 | 293,502 | 7,996,350 |
| Accumulated depreciation and impairment | (86,493) | (1,850,487) | (377,599) | (87,179) | (201,629) | - | (2,603,387) |
| Net carrying amount | <u>2,530,752</u> | <u>3,628,591</u> | <u>1,196,406</u> | <u>144,803</u> | <u>202,296</u> | <u>293,502</u> | <u>7,996,350</u> |

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

13. PROPERTY, PLANT AND EQUIPMENT (continued)

The Company

| | Buildings RMB'000 | Plant and machinery RMB'000 | Motor vehicles RMB'000 | Electronics and telecom devices RMB'000 | Construction in progress RMB'000 | Total RMB'000 |
|--|----------------------|-----------------------------------|------------------------------|--|--|------------------|
| At 1 January 2023: | | | | | | |
| Cost | 1,178 | 1,833,973 | 2,919 | 60,643 | 420,726 | 2,319,439 |
| Accumulated depreciation and impairment | (10) | (398,442) | (675) | (17,204) | - | (416,331) |
| Net carrying amount | 1,168 | 1,435,531 | 2,244 | 43,439 | 420,726 | 1,903,108 |
| At 1 January 2023, net of accumulated depreciation and impairment | | | | | | |
| Additions | 1,168 | 1,435,531 | 2,244 | 43,439 | 420,726 | 1,903,108 |
| Transfers | 665,304 | 74,691 | - | - | 623,709 | 1,363,704 |
| Disposals | 34,067 | 619,218 | 1,136 | 34,838 | (689,259) | - |
| Depreciation provided during the year | - | (6,913) | (16) | (40) | - | (6,969) |
| Impairment | (2,374) | (354,308) | (585) | (14,127) | - | (371,394) |
| Net carrying amount | - | (7,139) | - | - | - | (7,139) |
| At 31 December 2023, net of accumulated depreciation and impairment | | | | | | |
| Cost | 698,165 | 1,761,080 | 2,779 | 64,110 | 355,176 | 2,881,310 |
| At 31 December 2023: | | | | | | |
| Cost | 700,549 | 2,517,152 | 3,996 | 95,352 | 355,176 | 3,672,225 |
| Accumulated depreciation and impairment | (2,384) | (756,072) | (1,217) | (31,242) | - | (790,915) |
| Net carrying amount | 698,165 | 1,761,080 | 2,779 | 64,110 | 355,176 | 2,881,310 |
| | Buildings RMB'000 | Plant and machinery RMB'000 | Motor vehicles RMB'000 | Electronics and telecom devices RMB'000 | Construction in progress RMB'000 | Total RMB'000 |
| At 1 January 2024: | | | | | | |
| Cost | 700,549 | 2,517,152 | 3,996 | 95,352 | 355,176 | 3,672,225 |
| Accumulated depreciation and impairment | (2,384) | (756,072) | (1,217) | (31,242) | - | (790,915) |
| Net carrying amount | 698,165 | 1,761,080 | 2,779 | 64,110 | 355,176 | 2,881,310 |
| At 1 January 2024, net of accumulated depreciation and impairment | | | | | | |
| Additions | 698,165 | 1,761,080 | 2,779 | 64,110 | 355,176 | 2,881,310 |
| Transfers | 14,253 | 32,887 | 103 | - | 556,010 | 603,253 |
| Disposals | - | 688,358 | 2,659 | 23,911 | (714,928) | - |
| Depreciation provided during the year | (988) | (1,704) | (294) | (520) | - | (3,506) |
| Impairment | (27,573) | (441,708) | (773) | (16,051) | - | (486,105) |
| Net carrying amount | - | (3,001) | - | - | - | (3,001) |
| At 31 December 2024, net of accumulated depreciation and impairment | | | | | | |
| Cost | 683,857 | 2,035,912 | 4,474 | 71,450 | 196,258 | 2,991,951 |
| At 31 December 2024: | | | | | | |
| Cost | 713,785 | 3,234,490 | 6,056 | 118,726 | 196,258 | 4,269,315 |
| Accumulated depreciation and impairment | (29,928) | (1,198,578) | (1,582) | (47,276) | - | (1,277,364) |
| Net carrying amount | 683,857 | 2,035,912 | 4,474 | 71,450 | 196,258 | 2,991,951 |

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

13. PROPERTY, PLANT AND EQUIPMENT (continued)

The Company (continued)

| | Buildings RMB'000 | Plant and machinery RMB'000 | Motor vehicles RMB'000 | Electronics and telecom devices RMB'000 | Construction in progress RMB'000 | Total RMB'000 |
|--|----------------------|-----------------------------------|------------------------------|--|--|------------------|
| At 1 January 2025: | | | | | | |
| Cost | 713,785 | 3,234,490 | 6,056 | 118,726 | 196,258 | 4,269,315 |
| Accumulated depreciation and impairment | (29,928) | (1,198,578) | (1,582) | (47,276) | - | (1,277,364) |
| Net carrying amount | <u>683,857</u> | <u>2,035,912</u> | <u>4,474</u> | <u>71,450</u> | <u>196,258</u> | <u>2,991,951</u> |
| At 1 January 2025, net of accumulated depreciation and impairment | | | | | | |
| Additions | 683,857 | 2,035,912 | 4,474 | 71,450 | 196,258 | 2,991,951 |
| Transfers | 1,866,463 | 1,373,814 | 6,261 | 48,502 | 982,162 | 4,277,202 |
| Disposals | 37,528 | 858,042 | 238 | 21,141 | (916,949) | - |
| Depreciation provided during the year | (502) | (3,390) | (146) | (236) | - | (4,274) |
| Net carrying amount | <u>(56,593)</u> | <u>(652,830)</u> | <u>(1,136)</u> | <u>(27,021)</u> | <u>-</u> | <u>(737,580)</u> |
| At 31 December 2025, net of accumulated depreciation and impairment | | | | | | |
| Cost | 2,530,753 | 3,611,548 | 9,691 | 113,836 | 261,471 | 6,527,299 |
| Accumulated depreciation and impairment | (86,493) | (1,846,336) | (2,599) | (73,897) | - | (2,009,325) |
| Net carrying amount | <u>2,530,753</u> | <u>3,611,548</u> | <u>9,691</u> | <u>113,836</u> | <u>261,471</u> | <u>6,527,299</u> |

The Group recognised an impairment provision for property, plant and equipment of approximately RMB7 million, RMB3 million and RMB nil million for the year ended 31 December 2023, 2024, and 2025, respectively, in respect of assets with production ceased.

According to IAS 36, the Group determines whether there is any indication that a non-financial asset (including the property, plant and equipment, right-of-use assets and intangible assets) may be impaired at the end of each of the Relevant Periods. If there is an indication of impairment, the Group estimates its recoverable amount and performs an impairment test. The recoverable amount is the higher of the fair value of the cash-generating unit, net of disposal costs, and the present value of the cash-generating unit's estimated future cash flow.

The carrying amounts of non-financial assets included property, plant and equipment, right-of-use assets and intangible assets were RMB7,938 million, RMB9,904 million and RMB17,360 million as at 31 December 2023, 2024, and 2025, respectively. The recoverable amounts of the cash-generating units have been determined based on value in use calculation using cash flow projections covering the expected useful life of those non-financial assets.

According to the assessment performed by the Company's management, except for impairment made for assets with production ceased, no further impairment provision was required as at 31 December 2023, 2024 and 2025.

14. LEASES

The Group as a lessee

The Group has lease contracts for various items of leasehold lands and buildings. Lump sum payments were made upfront to acquire the leased land from the owners with lease periods of 41 years, and no ongoing payments will be made under the terms of these land leases. Leases of stores generally have lease terms between 2 and 7 years. Other stores generally have lease terms of 12 months or less and/or is individually of low value. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

14. LEASES (continued)

(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:

| | Leasehold land* RMB'000 | Buildings RMB'000 | Total RMB'000 |
|---|----------------------------|----------------------|------------------|
| As at 1 January 2023 | - | 242,680 | 242,680 |
| Additions | 792,582 | 193,987 | 986,569 |
| Lease modifications | - | (35,697) | (35,697) |
| Depreciation charge | (1,618) | (155,760) | (157,378) |
| As at 31 December 2023 and 1 January 2024 | 790,964 | 245,210 | 1,036,174 |
| Additions | - | 361,138 | 361,138 |
| Lease modifications | - | (9,178) | (9,178) |
| Depreciation charge | (19,410) | (171,712) | (191,122) |
| As at 31 December 2024 and 1 January 2025 | 771,554 | 425,458 | 1,197,012 |
| Additions | 745,230 | 843,372 | 1,588,602 |
| Lease modifications | - | (10,792) | (10,792) |
| Depreciation charge | (28,009) | (259,033) | (287,042) |
| As At 31 December 2025 | 1,488,775 | 999,005 | 2,487,780 |

(b) Lease liabilities

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

| | 2023 RMB'000 | 2024 RMB'000 | 2025 RMB'000 |
|--|-----------------|-----------------|-----------------|
| Carrying amount at beginning of year | 267,291 | 272,035 | 403,815 |
| New leases | 193,987 | 361,138 | 843,372 |
| Lease modifications | (32,035) | (9,178) | (21,982) |
| Accretion of interest recognised during the year | 13,729 | 18,833 | 33,204 |
| Payments | (170,937) | (239,013) | (290,860) |
| Carrying amount at end of year | 272,035 | 403,815 | 967,549 |
| Analysed into: | | | |
| Current portion | 124,013 | 129,899 | 283,637 |
| Non-current portion | 148,022 | 273,916 | 683,912 |

The maturity analysis of lease liabilities is disclosed in note 39 to the financial statements.

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

| | 2023 RMB'000 | 2024 RMB'000 | 2025 RMB'000 |
|---|-----------------|-----------------|-----------------|
| Interest on lease liabilities (note 7) | 13,729 | 18,833 | 33,204 |
| Depreciation charge of right-of-use assets (note 6) | 157,378 | 191,122 | 287,042 |
| Expense relating to short-term leases (note 6) | 77,082 | 136,631 | 248,570 |
| Loss/(gain) relating to lease modifications | 3,662 | - | (11,190) |
| Total amount recognised in profit or loss | 251,851 | 346,586 | 557,626 |

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

15. OTHER INTANGIBLE ASSETS

The Group

| | Software RMB'000 | Know-how, licenses and trademarks RMB'000 | Deferred development costs RMB'000 | Total RMB'000 |
|---|---------------------|--|---|------------------|
| As at 31 December 2023 | | | | |
| At 1 January 2023: | | | | |
| Cost | 115,588 | 1,806,904 | 1,111,299 | 3,033,791 |
| Accumulated amortisation | (9,963) | (337,088) | - | (347,051) |
| Net carrying amount | <u>105,625</u> | <u>1,469,816</u> | <u>1,111,299</u> | <u>2,686,740</u> |
| Cost at 1 January 2023, net of accumulated amortisation and impairment | 105,625 | 1,469,816 | 1,111,299 | 2,686,740 |
| Additions | 44,370 | 3,492 | 864,908 | 912,770 |
| Transfers | - | 1,368,783 | (1,368,783) | - |
| Amortisation provided during the year | (9,738) | (408,159) | - | (417,897) |
| Impairment | - | (32,444) | - | (32,444) |
| At 31 December 2023 | <u>140,257</u> | <u>2,401,488</u> | <u>607,424</u> | <u>3,149,169</u> |
| At 31 December 2023: | | | | |
| Cost | 159,958 | 3,179,179 | 607,424 | 3,946,561 |
| Accumulated amortisation and impairment | (19,701) | (777,691) | - | (797,392) |
| Net carrying amount | <u>140,257</u> | <u>2,401,488</u> | <u>607,424</u> | <u>3,149,169</u> |

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

15. OTHER INTANGIBLE ASSETS (continued)

The Group (continued)

| | Software RMB'000 | Know-how, licenses and trademarks RMB'000 | Deferred development costs RMB'000 | Total RMB'000 |
|---|---------------------|--|---|------------------|
| As at 31 December 2024 | | | | |
| At 1 January 2024: | | | | |
| Cost | 159,958 | 3,179,179 | 607,424 | 3,946,561 |
| Accumulated amortisation | (19,701) | (777,691) | - | (797,392) |
| Net carrying amount | <u>140,257</u> | <u>2,401,488</u> | <u>607,424</u> | <u>3,149,169</u> |
| Cost at 1 January 2024, net of accumulated amortisation and impairment | 140,257 | 2,401,488 | 607,424 | 3,149,169 |
| Additions | 59,871 | 46,695 | 1,806,217 | 1,912,783 |
| Transfers | - | 1,508,421 | (1,508,421) | - |
| Amortisation provided during the year | (17,999) | (605,404) | - | (623,403) |
| At 31 December 2024 | <u>182,129</u> | <u>3,351,200</u> | <u>905,220</u> | <u>4,438,549</u> |
| At 31 December 2024: | | | | |
| Cost | 219,829 | 4,734,295 | 905,220 | 5,859,344 |
| Accumulated amortisation | (37,700) | (1,383,095) | - | (1,420,795) |
| Net carrying amount | <u>182,129</u> | <u>3,351,200</u> | <u>905,220</u> | <u>4,438,549</u> |
| As At 31 December 2025 | | | | |
| At 1 January 2025: | | | | |
| Cost | 219,829 | 4,734,295 | 905,220 | 5,859,344 |
| Accumulated amortisation | (37,700) | (1,383,095) | - | (1,420,795) |
| Net carrying amount | <u>182,129</u> | <u>3,351,200</u> | <u>905,220</u> | <u>4,438,549</u> |
| Cost at 1 January 2025, net of accumulated amortisation and impairment | 182,129 | 3,351,200 | 905,220 | 4,438,549 |
| Additions | 104,783 | 187,546 | 3,247,787 | 3,540,116 |
| Transfers | - | 3,135,654 | (3,135,654) | - |
| Amortisation provided during the year | (31,864) | (1,070,478) | - | (1,102,342) |
| At 31 December 2025 | <u>255,048</u> | <u>5,603,922</u> | <u>1,017,353</u> | <u>6,876,323</u> |
| At 31 December 2025: | | | | |
| Cost | 324,612 | 8,057,495 | 1,017,353 | 9,399,460 |
| Accumulated amortisation | (69,564) | (2,453,573) | - | (2,523,137) |
| Net carrying amount | <u>255,048</u> | <u>5,603,922</u> | <u>1,017,353</u> | <u>6,876,323</u> |

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

15. OTHER INTANGIBLE ASSETS (continued)

The Company

| | Software RMB'000 | Know-how, licenses and trademarks RMB'000 | Deferred development costs RMB'000 | Total RMB'000 |
|---|---------------------|--|---|------------------|
| As at 31 December 2023 | | | | |
| At 1 January 2023: | | | | |
| Cost | 115,588 | 1,806,904 | 1,111,299 | 3,033,791 |
| Accumulated amortisation | (9,963) | (337,088) | - | (347,051) |
| Net carrying amount | <u>105,625</u> | <u>1,469,816</u> | <u>1,111,299</u> | <u>2,686,740</u> |
| Cost at 1 January 2023, net of accumulated amortisation and impairment | | | | |
| Additions | 105,625 | 1,469,816 | 1,111,299 | 2,686,740 |
| Transfers | 44,370 | 3,492 | 864,908 | 912,770 |
| Amortisation provided during the year | - | 1,368,783 | (1,368,783) | - |
| Impairment | (9,738) | (408,159) | - | (417,897) |
| | <u>-</u> | <u>(32,444)</u> | <u>-</u> | <u>(32,444)</u> |
| At 31 December 2023 | <u>140,257</u> | <u>2,401,488</u> | <u>607,424</u> | <u>3,149,169</u> |
| At 31 December 2023: | | | | |
| Cost | 159,958 | 3,179,179 | 607,424 | 3,946,561 |
| Accumulated amortisation and impairment | (19,701) | (777,691) | - | (797,392) |
| Net carrying amount | <u>140,257</u> | <u>2,401,488</u> | <u>607,424</u> | <u>3,149,169</u> |

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

15. OTHER INTANGIBLE ASSETS (continued)

The Company (continued)

| | Software RMB'000 | Know-how, licenses and trademarks RMB'000 | Deferred development costs RMB'000 | Total RMB'000 |
|---|---------------------|--|---|------------------|
| As at 31 December 2024 | | | | |
| At 1 January 2024: | | | | |
| Cost | 159,958 | 3,179,179 | 607,424 | 3,946,561 |
| Accumulated amortisation | (19,701) | (777,691) | - | (797,392) |
| Net carrying amount | <u>140,257</u> | <u>2,401,488</u> | <u>607,424</u> | <u>3,149,169</u> |
| Cost at 1 January 2024, net of accumulated amortisation and impairment | 140,257 | 2,401,488 | 607,424 | 3,149,169 |
| Additions | 59,871 | 46,695 | 1,806,217 | 1,912,783 |
| Transfers | - | 1,508,421 | (1,508,421) | - |
| Amortisation provided during the year | (17,999) | (605,404) | - | (623,403) |
| At 31 December 2024 | <u>182,129</u> | <u>3,351,200</u> | <u>905,220</u> | <u>4,438,549</u> |
| At 31 December 2024: | | | | |
| Cost | 219,829 | 4,734,295 | 905,220 | 5,859,344 |
| Accumulated amortisation | (37,700) | (1,383,095) | - | (1,420,795) |
| Net carrying amount | <u>182,129</u> | <u>3,351,200</u> | <u>905,220</u> | <u>4,438,549</u> |
| As at 31 December 2025 | | | | |
| At 1 January 2025: | | | | |
| Cost | 219,829 | 4,734,295 | 905,220 | 5,859,344 |
| Accumulated amortisation | (37,700) | (1,383,095) | - | (1,420,795) |
| Net carrying amount | <u>182,129</u> | <u>3,351,200</u> | <u>905,220</u> | <u>4,438,549</u> |
| Cost at 1 January 2025, net of accumulated amortisation and impairment | 182,129 | 3,351,200 | 905,220 | 4,438,549 |
| Additions | 104,069 | 186,486 | 3,247,787 | 3,538,342 |
| Transfers | - | 3,135,654 | (3,135,654) | - |
| Amortisation provided during the year | (31,864) | (1,070,272) | - | (1,102,136) |
| At 31 December 2025 | <u>254,334</u> | <u>5,603,068</u> | <u>1,017,353</u> | <u>6,874,755</u> |
| At 31 December 2025: | | | | |
| Cost | 323,898 | 8,056,435 | 1,017,353 | 9,397,686 |
| Accumulated amortisation | (69,564) | (2,453,367) | - | (2,522,931) |
| Net carrying amount | <u>254,334</u> | <u>5,603,068</u> | <u>1,017,353</u> | <u>6,874,755</u> |

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

The Group recognized an impairment provision for intangible assets of RMB32 million, RMB nil million and RMB nil million for the year ended 31 December 2023, 2024, and 2025 respectively, in respect of assets with production ceased.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

15. OTHER INTANGIBLE ASSETS (continued)

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

The key assumptions adopted for impairment assessments for each reporting period are as follows:

| | 2023 | 2024 | 2025 |
|---------------------|-----------|-----------|-----------|
| Discount rate | 20% | 20% | 21% |
| Revenue growth rate | 3%~48% | 9%~42% | 1%~29% |
| Recoverable amount | 1,817,007 | 2,317,516 | 2,823,178 |

Impairment test-sensitivity

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

| | 2023 RMB'000 | 2024 RMB'000 | 2025 RMB'000 |
|------------------------------------|-----------------|-----------------|-----------------|
| Headroom | 1,209,583 | 1,412,296 | 1,235,816 |
| Impact by increasing discount rate | (132,893) | (105,463) | (90,360) |
| Impact by decreasing revenue | (383,924) | (502,600) | (466,095) |

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

16. INVESTMENT IN A SUBSIDIARY

The Company

| | 2023 RMB'000 | 2024 RMB'000 | 2025 RMB'000 |
|----------------------|-----------------|-----------------|-----------------|
| Investments, at cost | - | 2,900,000 | 2,900,000 |

Management of the Company performed an impairment assessment on the investment in its subsidiary and no impairment provision was required as at 31 December 2023, 2024 and 2025.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

17. INVENTORIES

The Group

| | 2023 RMB'000 | 2024 RMB'000 | 2025 RMB'000 |
|------------------|------------------|------------------|------------------|
| Raw materials | 627,376 | 691,161 | 1,261,873 |
| Work in progress | 5,441 | 6,895 | 21,732 |
| Finished goods | 1,555,918 | 2,420,838 | 6,849,854 |
| Total | 2,188,735 | 3,118,894 | 8,133,459 |

The Company

| | 2023 RMB'000 | 2024 RMB'000 | 2025 RMB'000 |
|------------------|-----------------|------------------|------------------|
| Raw materials | 627,376 | 691,161 | 1,261,873 |
| Work in progress | 5,441 | 6,895 | 21,732 |
| Finished goods | 18,656 | 474,394 | 2,459,722 |
| Total | 651,473 | 1,172,450 | 3,743,327 |

18. TRADE AND BILLS RECEIVABLES

The Group

| | 2023 RMB'000 | 2024 RMB'000 | 2025 RMB'000 |
|-------------------------------------|-----------------|-----------------|-----------------|
| DFM and its subsidiaries | 2,475 | 970 | 112,151 |
| DFM's joint ventures and associates | 12,700 | 12,700 | 12,700 |
| Third parties | 25,220 | 81,497 | 20,662 |
| Trade receivables | 40,395 | 95,167 | 145,513 |
| Bills receivable | 809,581 | 728,355 | 2,883,645 |
| Trade and bills receivables | 849,976 | 823,522 | 3,029,158 |
| Impairment | (13,067) | (13,755) | (13,155) |
| Net carrying amount | 836,909 | 809,767 | 3,016,003 |

Advance payment is normally required for sales of passenger vehicles, except for some long-standing customers with bulk purchases and good credit standing, where payment is generally due from 90 days from delivery. Trade receivables are non-interest bearing.

Bills receivable are measured at fair value through other comprehensive income. Bills receivable are bank acceptance bills that are unconditionally accepted by banks within the maturity period. All bills receivable are all aged within 12 months. The Group considers that there is no material credit risk in the bank acceptance bills held by the Group.

An aging analysis of the trade receivables at the end of each reporting period, based on the time of revenue recognition and net of loss allowance, is as follows:

| | 2023 RMB'000 | 2024 RMB'000 | 2025 RMB'000 |
|------------------------------------|-----------------|-----------------|-----------------|
| Within 3 months | 26,769 | 80,480 | 132,014 |
| Over 3 months but within 12 months | 559 | 932 | 344 |
| Total | 27,328 | 81,412 | 132,358 |

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

18. TRADE AND BILLS RECEIVABLES (continued)

The Group (continued)

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

| | 2023 RMB'000 | 2024 RMB'000 | 2025 RMB'000 |
|-------------------------------------|-----------------|-----------------|-----------------|
| At beginning of year | 471 | 13,067 | 13,755 |
| Impairment losses, net | 12,596 | 907 | (600) |
| Amount written off as uncollectible | - | (219) | - |
| At end of year | 13,067 | 13,755 | 13,155 |

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

As at 31 December 2023

| | Expected credit loss rate | Gross carrying amount RMB'000 | Expected credit losses RMB'000 | Net carrying amount RMB'000 |
|-----------------------------------|---------------------------|-------------------------------|--------------------------------|-----------------------------|
| Provision on a collective basis | | | | |
| Aging within 12 months | 1.3% | 27,695 | 367 | 27,328 |
| Provision on an individual basis- | | | | |
| Others | 100% | 12,700 | 12,700 | - |
| Total | | 40,395 | 13,067 | 27,328 |

As at 31 December 2024

| | Expected credit loss rate | Gross carrying amount RMB'000 | Expected credit losses RMB'000 | Net carrying amount RMB'000 |
|-----------------------------------|---------------------------|-------------------------------|--------------------------------|-----------------------------|
| Provision on a collective basis | | | | |
| Aging within 12 months | 1.3% | 82,467 | 1,055 | 81,412 |
| Provision on an individual basis- | | | | |
| Others | 100% | 12,700 | 12,700 | - |
| Total | | 95,167 | 13,755 | 81,412 |

As at 31 December 2025

| | Expected credit loss rate | Gross carrying amount RMB'000 | Expected credit losses RMB'000 | Net carrying amount RMB'000 |
|-----------------------------------|---------------------------|-------------------------------|--------------------------------|-----------------------------|
| Provision on a collective basis | | | | |
| Aging within 12 months | 0.3% | 132,813 | 455 | 132,358 |
| Provision on an individual basis- | | | | |
| Others | 100% | 12,700 | 12,700 | - |
| Total | | 145,513 | 13,155 | 132,358 |

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

18. TRADE AND BILLS RECEIVABLES (continued)

The Company

| | 2023 RMB'000 | 2024 RMB'000 | 2025 RMB'000 |
|--|-----------------------|-----------------------|-----------------------|
| VOYAH Automobile Sales & Service Co., Ltd. | 5,428,257 | 2,860,880 | 6,210,586 |
| DFM and its subsidiaries | 180 | 926 | - |
| DFM's joint ventures and associates | 12,700 | 12,700 | 12,700 |
| Trade receivables | 5,441,137 | 2,874,506 | 6,223,286 |
| Bills receivable | 14,680 | 417,214 | 1,608,311 |
| Impairment | 5,455,817 (38,757) | 3,291,720 (22,144) | 7,831,597 (36,301) |
| Net carrying amount | 5,417,060 | 3,269,576 | 7,795,296 |

An aging analysis of the trade receivables as at the end of each reporting period, based on the time of revenue recognition and net of loss allowance, is as follows:

| | 2023 RMB'000 | 2024 RMB'000 | 2025 RMB'000 |
|------------------------------------|-----------------|-----------------|-----------------|
| Within 3 months | 3,505,063 | 2,851,439 | 5,965,750 |
| Over 3 months but within 12 months | 1,897,317 | 923 | 221,235 |
| Total | 5,402,380 | 2,852,362 | 6,186,985 |

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

| | 2023 RMB'000 | 2024 RMB'000 | 2025 RMB'000 |
|--|-----------------|-----------------|-----------------|
| At beginning of year | 3,587 | 38,757 | 22,144 |
| Impairment/(reversal of impairment provision), net | 35,170 | (16,613) | 14,157 |
| At end of year | 38,757 | 22,144 | 36,301 |

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than three years and are not subject to enforcement activity.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

18. 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 using a provision matrix:

As at 31 December 2023

| | Expected credit loss rate | Gross carrying amount RMB'000 | Expected credit losses RMB'000 | Net Carrying amount RMB'000 |
|-----------------------------------|---------------------------|-------------------------------|--------------------------------|-----------------------------|
| Provision on a collective basis | | | | |
| Aged within 12 months | 0.5% | 5,428,437 | 26,057 | 5,402,380 |
| Provision on an individual basis- | | | | |
| Others | 100% | 12,700 | 12,700 | - |
| Total | | <u>5,441,137</u> | <u>38,757</u> | <u>5,402,380</u> |

As at 31 December 2024

| | Expected credit loss rate | Gross carrying amount RMB'000 | Expected credit losses RMB'000 | Net Carrying amount RMB'000 |
|-----------------------------------|---------------------------|-------------------------------|--------------------------------|-----------------------------|
| Provision on a collective basis | | | | |
| Aged within 12 months | 0.3% | 2,861,806 | 9,444 | 2,852,362 |
| Provision on an individual basis- | | | | |
| Others | 100% | 12,700 | 12,700 | - |
| Total | | <u>2,874,506</u> | <u>22,144</u> | <u>2,852,362</u> |

As at 31 December 2025

| | Expected credit loss rate | Gross carrying amount RMB'000 | Expected credit losses RMB'000 | Net Carrying amount RMB'000 |
|-----------------------------------|---------------------------|-------------------------------|--------------------------------|-----------------------------|
| Provision on a collective basis | | | | |
| Aged within 12 months | 0.4% | 6,210,586 | 23,601 | 6,186,985 |
| Provision on an individual basis- | | | | |
| Others | 100% | 12,700 | 12,700 | - |
| Total | | <u>6,223,286</u> | <u>36,301</u> | <u>6,186,985</u> |

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

19. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

| | 2023 RMB'000 | 2024 RMB'000 | 2025 RMB'000 |
|---|-----------------|-----------------|------------------|
| Current | | | |
| Prepayments | 344,559 | 526,514 | 909,867 |
| Value-added-tax recoverable | 330,572 | 303,422 | 732,934 |
| Deposits and other receivables | 119,141 | 139,352 | 187,191 |
| | 794,272 | 969,288 | 1,829,992 |
| Impairment allowance | (1,270) | (1,288) | (1,913) |
| Total | <u>793,002</u> | <u>968,000</u> | <u>1,828,079</u> |
| Non-Current | | | |
| Prepayments for acquisition of property, plant and equipment | <u>58,566</u> | <u>52,662</u> | <u>146,324</u> |

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. As at the end of each of the Relevant Periods, the loss allowance was assessed to be minimal.

The Company

| | 2023 RMB'000 | 2024 RMB'000 | 2025 RMB'000 |
|---|-----------------|-----------------|------------------|
| Current | | | |
| Prepayments | 122,693 | 249,032 | 430,417 |
| Value-added-tax recoverable | 264,478 | 163,264 | 318,824 |
| Deposits and other receivables | 58,435 | 154,126 | 352,530 |
| | 445,606 | 566,422 | 1,101,771 |
| Impairment allowance | (764) | (1,929) | (4,855) |
| Total | <u>444,842</u> | <u>564,493</u> | <u>1,096,916</u> |
| Non-Current | | | |
| Prepayments for acquisition of property, plant and equipment | <u>58,565</u> | <u>52,662</u> | <u>146,323</u> |

The balance of prepayments, other receivables and other assets are all trade in nature, unsecured, interest-free and repayable on the settlement date of the relevant transactions.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

20. CONTRACT ASSETS

The Group and the Company

| | 2023 RMB'000 | 2024 RMB'000 | 2025 RMB'000 |
|--|-----------------|-----------------|-----------------|
| Contract assets arising from: | | | |
| Revenue relating to technology licensing | - | - | 240,000 |
| Impairment allowance | - | - | (3,817) |
| Net carrying amount | - | - | 236,183 |

The balance of contract assets are all trade in nature.

The expected timing of recovery or settlement for contract assets as at 31 December is as follows:

| | 2023 RMB'000 | 2024 RMB'000 | 2025 RMB'000 |
|-----------------------|-----------------|-----------------|-----------------|
| Within one year | - | - | 60,000 |
| After one year | - | - | 176,183 |
| Total contract assets | - | - | 236,183 |

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

| | 2023 RMB'000 | 2024 RMB'000 | 2025 RMB'000 |
|----------------------|-----------------|-----------------|-----------------|
| At beginning of year | - | - | - |
| Impairment provided | - | - | 3,817 |
| At end of year | - | - | 3,817 |

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates for the measurement of the expected credit losses of the contract assets are based on those of the trade receivables as the contract assets and the trade receivables are from the same customer bases.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

21. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

The Group

| | 2023 RMB'000 | 2024 RMB'000 | 2025 RMB'000 |
|------------------------------|------------------|------------------|------------------|
| Cash and bank balances | 5,682,457 | 5,861,314 | 7,975,751 |
| Less: Pledged cash balances: | | | |
| Pledged for bills payable | (78,791) | (63,841) | - |
| Others | - | (400) | (3,823) |
| | (78,791) | (64,241) | (3,823) |
| Cash and cash equivalents | <u>5,603,666</u> | <u>5,797,073</u> | <u>7,971,928</u> |

Cash and bank balances denominated in:

RMB 5,682,457 5,861,314 7,975,751

The Company

| | 2023 RMB'000 | 2024 RMB'000 | 2025 RMB'000 |
|------------------------------|------------------|------------------|------------------|
| Cash and bank balances | 2,802,879 | 3,688,659 | 5,571,161 |
| Less: Pledged cash balances: | | | |
| Pledged for bills payable | (78,791) | (63,841) | - |
| Others | - | - | (40) |
| | (78,791) | (63,841) | (40) |
| Cash and cash equivalents | <u>2,724,088</u> | <u>3,624,818</u> | <u>5,571,121</u> |

Cash and bank balances denominated in:

RMB 2,802,879 3,688,659 5,571,161

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

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

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

22. TRADE AND BILLS PAYABLES

The Group

| | 2023 RMB'000 | 2024 RMB'000 | 2025 RMB'000 |
|----------------|------------------|------------------|-------------------|
| Trade payables | 6,091,286 | 8,090,171 | 13,640,512 |
| Bills payable | 1,192,510 | 1,598,845 | 3,349,785 |
| Total | 7,283,796 | 9,689,016 | 16,990,297 |

An aging analysis of the trade and bills payables as at the end of each reporting period, based on the time of purchase, is as follows:

Trade payables

| | 2023 RMB'000 | 2024 RMB'000 | 2025 RMB'000 |
|---------------|------------------|------------------|-------------------|
| Within 1 year | 6,072,135 | 8,052,665 | 13,586,985 |
| 1 to 2 years | 18,759 | 33,353 | 42,532 |
| Over 2 years | 392 | 4,153 | 10,995 |
| Total | 6,091,286 | 8,090,171 | 13,640,512 |

Bills payable

| | 2023 RMB'000 | 2024 RMB'000 | 2025 RMB'000 |
|-----------------|-----------------|-----------------|-----------------|
| Within 6 months | 1,192,510 | 1,598,845 | 3,349,785 |

The trade payables are non-interest-bearing and are normally settled on 60-day terms.

The Company

| | 2023 RMB'000 | 2024 RMB'000 | 2025 RMB'000 |
|----------------|------------------|------------------|-------------------|
| Trade payables | 5,697,131 | 7,682,648 | 13,003,380 |
| Bills payable | 1,181,593 | 1,579,291 | 3,281,468 |
| Total | 6,878,724 | 9,261,939 | 16,284,848 |

An aging analysis of the trade and bills payables as at the end of each reporting period, based on the time of purchase, is as follows:

Trade payables

| | 2023 RMB'000 | 2024 RMB'000 | 2025 RMB'000 |
|-------------------|------------------|------------------|-------------------|
| Within 1 year | 5,678,058 | 7,646,807 | 12,953,286 |
| 1 year to 2 years | 18,681 | 32,082 | 39,719 |
| Over 2 years | 392 | 3,759 | 10,375 |
| Total | 5,697,131 | 7,682,648 | 13,003,380 |

Bills payable

| | 2023 RMB'000 | 2024 RMB'000 | 2025 RMB'000 |
|-----------------|-----------------|-----------------|-----------------|
| Within 6 months | 1,181,593 | 1,579,291 | 3,281,468 |

The trade payables are non-interest-bearing and are normally settled on 60-day terms.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

23. OTHER PAYABLES AND ACCRUALS

The Group

| | 2023 RMB'000 | 2024 RMB'000 | 2025 RMB'000 |
|---|------------------|------------------|------------------|
| Research and development costs payables | 725,803 | 1,074,315 | 1,686,129 |
| Marketing and advertising expenses payables | 1,116,386 | 1,194,845 | 1,188,618 |
| Sales network support expenses payables | 193,881 | 215,920 | 306,284 |
| Transportation fee payables | 80,617 | 102,177 | 186,574 |
| Accrued wages and salaries | 191,823 | 323,449 | 609,435 |
| Other taxes payable | 133,650 | 51,598 | 162,773 |
| Others | 632,633 | 707,510 | 1,001,493 |
| Total | 3,074,793 | 3,669,814 | 5,141,306 |

The Company

| | 2023 RMB'000 | 2024 RMB'000 | 2025 RMB'000 |
|---|------------------|------------------|------------------|
| Research and development costs payables | 725,803 | 1,074,315 | 1,686,129 |
| Transportation fee payables | 25,456 | 45,862 | 93,555 |
| Accrued wages and salaries | 148,272 | 266,600 | 537,286 |
| Other tax payable | 127,165 | 10,589 | 129,045 |
| Other payables | 176,501 | 339,312 | 642,548 |
| Total | 1,203,197 | 1,736,678 | 3,088,563 |

Other payables are non-interest-bearing and have an average term of 90 days.

24. CONTRACT LIABILITIES

The Group

| | 2023 RMB'000 | 2024 RMB'000 | 2025 RMB'000 |
|-------------------------------------|-----------------|-----------------|-----------------|
| <u>Current portion</u> | | | |
| Advance payments from customers | 275,995 | 210,658 | 613,326 |
| Unfulfilled performance obligations | 571,657 | 630,472 | 886,090 |
| | 847,652 | 841,130 | 1,499,416 |
| <u>Non-current portion</u> | | | |
| Unfulfilled performance obligations | 362,002 | 525,859 | 472,559 |
| | 1,209,654 | 1,366,989 | 1,971,975 |

The Company

| | 2023 RMB'000 | 2024 RMB'000 | 2025 RMB'000 |
|-------------------------------------|-----------------|-----------------|-----------------|
| <u>Current portion</u> | | | |
| Advance payments from customers | 3,259 | 6,733 | 35,279 |
| Unfulfilled performance obligations | 178,158 | 277,304 | 329,183 |
| | 181,417 | 284,037 | 364,462 |

A contract liability is the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. The Group's contract liabilities primarily resulted from the multiple performance obligations identified in the customer contract, which is recorded as deferred revenue and advances from customers.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

25. INTEREST-BEARING BANK AND OTHER BORROWINGS

The Group and the Company

| | As at 31 December 2023 | | |
|--|--------------------------------|-----------------|-----------------|
| | Effective interest rate (%) | Maturity | RMB'000 |
| Current | | | |
| Current portion of long-term bank and other borrowings - unsecured | 2.70 | 2024 | 146,453 |
| Non-Current | | | |
| Bank and other borrowings - unsecured | 2.70 | 2025-2026 | 2,829,000 |
| Total | | | 2,975,453 |
| | As at 31 December 2024 | | |
| | Effective interest rate (%) | Maturity | RMB'000 |
| Current | | | |
| Current portion of long-term bank and other borrowings - unsecured | 2.19-2.44 | 2025 | 145,106 |
| Non-Current | | | |
| Bank and other borrowings - unsecured | 2.19-2.44 | 2026-2029 | 2,731,000 |
| Total | | | 2,876,106 |
| | As At 31 December 2025 | | |
| | Effective interest rate (%) | Maturity | RMB'000 |
| Current | | | |
| Current portion of long-term bank and other borrowings - unsecured | 2.09-2.51 | 2026 | 60,297 |
| Non-Current | | | |
| Bank and other borrowings - unsecured | 2.09-2.51 | 2027-2030 | 3,542,750 |
| Total | | | 3,603,047 |
| | 2023 RMB'000 | 2024 RMB'000 | 2025 RMB'000 |
| Analysed into: | | | |
| Bank and other borrowings: | | | |
| Within one year or on demand | 146,453 | 145,106 | 60,297 |
| In the second year | 144,000 | 1,590,000 | 704,000 |
| In the third to fifth years, inclusive | 2,685,000 | 1,141,000 | 2,838,750 |
| Total | 2,975,453 | 2,876,106 | 3,603,047 |

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

26. GOVERNMENT GRANTS

The Group and the Company

| | 2023 RMB'000 | 2024 RMB'000 | 2025 RMB'000 |
|-------------------|-----------------|-----------------|-----------------|
| Government grants | <u>201,107</u> | <u>150,212</u> | <u>83,677</u> |

The movements in government grants during the Relevant Periods are as follows:

| | Total RMB'000 |
|--|------------------|
| At 1 January 2023 | 257,143 |
| Received during the year | 9,250 |
| Released to profit or loss | <u>(65,286)</u> |
| At 31 December 2023 and 1 January 2024 | 201,107 |
| Received during the year | 14,391 |
| Released to profit or loss | <u>(65,286)</u> |
| At 31 December 2024 and 1 January 2025 | 150,212 |
| Released to profit or loss | <u>(66,535)</u> |
| At 31 December 2025 | <u>83,677</u> |

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

27. PROVISION

The Group

| | 2023 RMB'000 | 2024 RMB'000 | 2025 RMB'000 |
|--------------------------------------|-----------------|-----------------|-----------------|
| Carrying amount at beginning of year | 154,540 | 257,616 | 510,853 |
| Additional provision | 286,334 | 397,299 | 232,841 |
| Amounts utilised during the year | (183,258) | (144,062) | (181,333) |
| Carrying amount at end of year | <u>257,616</u> | <u>510,853</u> | <u>562,361</u> |
| Analysed into: | | | |
| Current portion | 65,518 | 119,051 | 116,111 |
| Non-current portion | 192,098 | 391,802 | 446,250 |

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

The Company

| | 2023 RMB'000 | 2024 RMB'000 | 2025 RMB'000 |
|--------------------------------------|-----------------|-----------------|-----------------|
| Carrying amount at beginning of year | 152,547 | 262,839 | 528,255 |
| Additional provision | 293,550 | 409,478 | 197,963 |
| Amounts utilised during the year | (183,258) | (144,062) | (181,333) |
| Carrying amount at end of year | <u>262,839</u> | <u>528,255</u> | <u>544,885</u> |
| Analysed into: | | | |
| Current portion | 66,846 | 123,106 | 73,055 |
| Non-current portion | 195,993 | 405,149 | 471,830 |

The Group provides warranties to its customers for certain vehicles products sold and undertakes the obligation to repair or replace items that fail to perform satisfactorily within certain years after purchase or mileage utilized ("warranty periods"), whichever reached first. Provisions for warranties granted by the Group are initially recognised based on sales volume and past experience of the level of repairs and returns. The estimation is reviewed on an ongoing basis and is revised when appropriate.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

28. DEFERRED TAX

The Group

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

Deferred tax assets

| | Unrealised loss from intra-group transactions RMB'000 | Lease liabilities RMB'000 | Tax losses RMB'000 | Accrued expenses RMB'000 | Contract liabilities RMB'000 | Government grants RMB'000 | Warranty provisions RMB'000 | Assets impairment RMB'000 | Others RMB'000 | Total RMB'000 |
|--|---|---------------------------------|--------------------------|--------------------------------|------------------------------------|---------------------------------|-----------------------------------|---------------------------------|-------------------|------------------|
| 1 January 2023 | - | 66,823 | 156,558 | 316,119 | 73,605 | 38,571 | 23,181 | 17,465 | 15,699 | 708,021 |
| Deferred tax credited/(charged) to profit or loss during the year | 15,017 | 1,186 | 219,515 | 108,030 | 28,358 | (8,405) | 15,461 | 17,059 | 41,070 | 437,291 |
| Gross deferred tax assets at 31 December 2023 and 1 January 2024 | 15,017 | 68,009 | 376,073 | 424,149 | 101,963 | 30,166 | 38,642 | 34,524 | 56,769 | 1,145,312 |
| Deferred tax credited/(charged) to profit or loss during the year | 23,296 | 32,945 | 42,803 | 24,486 | (14,648) | (7,634) | 37,986 | 2,558 | 53,681 | 195,473 |
| Gross deferred tax assets at 31 December 2024 and 1 January 2025 | 38,313 | 100,954 | 418,876 | 448,635 | 87,315 | 22,532 | 76,628 | 37,082 | 110,450 | 1,340,785 |
| Deferred tax (charged)/ credited to profit or loss during the year | (38,313) | 134,616 | (218,662) | 105,563 | 148,792 | (9,980) | 5,105 | 4,851 | 24,877 | 156,849 |
| Gross deferred tax assets at 31 December 2025 | - | 235,570 | 200,214 | 554,198 | 236,107 | 12,552 | 81,733 | 41,933 | 135,327 | 1,497,634 |

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

28. DEFERRED TAX (continued)

The Group (continued)

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

Deferred tax liabilities

| | Unrealised loss from intra- group transactions RMB'000 | Right-of-use assets RMB'000 | Total RMB'000 |
|--|--|-----------------------------------|------------------|
| At 1 January 2023 | 17,402 | 60,670 | 78,072 |
| Deferred tax (credited)/charged to profit or loss during the year | (17,402) | 633 | (16,769) |
| Gross deferred tax liabilities at 31 December 2023 and 1 January 2024 | - | 61,303 | 61,303 |
| Deferred tax charged to profit or loss during the year | - | 45,062 | 45,062 |
| Gross deferred tax liabilities at 31 December 2024 and 1 January 2025 | - | 106,365 | 106,365 |
| Deferred tax charged to profit or loss during the year | 70,569 | 136,099 | 206,668 |
| Gross deferred tax liabilities at 31 December 2025 | <u>70,569</u> | <u>242,464</u> | <u>313,033</u> |

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

| | 2023 RMB'000 | 2024 RMB'000 | 2025 RMB'000 |
|---|-----------------|-----------------|-----------------|
| Net deferred tax assets recognised in the consolidated statements of financial position | 1,084,009 | 1,234,420 | 1,184,601 |
| Net deferred tax liabilities recognised in the consolidated statements of financial position | - | - | - |

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

28. DEFERRED TAX (continued)

The Company

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

Deferred tax assets

| | Lease liabilities RMB'000 | Tax losses RMB'000 | Accrued expenses RMB'000 | Government grants RMB'000 | Warranty provisions RMB'000 | Assets impairment RMB'000 | Others RMB'000 | Total RMB'000 |
|--|---------------------------------|--------------------------|--------------------------------|---------------------------------|-----------------------------------|---------------------------------|-------------------|------------------|
| At 1 January 2023 | - | 145,333 | 22,317 | 38,571 | 22,882 | 16,674 | 7,926 | 253,703 |
| Deferred tax credited to profit or loss during the year | - | 104,226 | 13,250 | (8,405) | 16,544 | 16,469 | 31,760 | 173,844 |
| Gross deferred tax assets at 31 December 2023 and 1 January 2024 | - | 249,559 | 35,567 | 30,166 | 39,426 | 33,143 | 39,686 | 427,547 |
| Deferred tax credited to profit or loss during the year | - | (104,612) | 1,405 | (7,634) | 39,812 | 50 | 48,191 | (22,788) |
| Gross deferred tax assets at 31 December 2024 and 1 January 2025 | - | 144,947 | 36,972 | 22,532 | 79,238 | 33,193 | 87,877 | 404,759 |
| Deferred tax credited to profit or loss during the year | 9,477 | (125,948) | 47,078 | (9,980) | 2,495 | 1,985 | 23,518 | (51,375) |
| Gross deferred tax assets at 31 December 2025 | 9,477 | 18,999 | 84,050 | 12,552 | 81,733 | 35,178 | 111,395 | 353,384 |

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

28. DEFERRED TAX (continued)

The Company (continued)

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

Deferred tax liabilities

| | Right-of-use assets RMB'000 | Total RMB'000 |
|---|-----------------------------------|------------------|
| At 1 January 2023 | - | - |
| Deferred tax charged to profit or loss during the year | - | - |
| Gross deferred tax liabilities at 31 December 2023 and 1 January 2024 | - | - |
| Deferred tax charged to profit or loss during the year | - | - |
| Gross deferred tax liabilities at 31 December 2024 and 1 January 2025 | - | - |
| Deferred tax charged to profit or loss during the year | 10,931 | 10,931 |
| Gross deferred tax liabilities at 31 December 2025 | 10,931 | 10,931 |

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

| | 2023 RMB'000 | 2024 RMB'000 | 2025 RMB'000 |
|--|-----------------|-----------------|-----------------|
| Net deferred tax assets recognised in the consolidated statements of financial position | 427,547 | 404,759 | 342,453 |
| Net deferred tax liabilities recognised in the consolidated statements of financial position | - | - | - |

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

29. PAID IN/SHARE CAPITAL

The Group and the Company

| | 2023 RMB'000 | 2024 RMB'000 | 2025 RMB'000 |
|------------------------|------------------|------------------|------------------|
| Registered and paid up | <u>3,085,444</u> | <u>3,085,444</u> | <u>3,680,000</u> |

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

Paid in capital

| | 2023 RMB'000 | 2024 RMB'000 | 2025 RMB'000 |
|---|------------------|------------------|-----------------|
| At the beginning of the year | 3,085,444 | 3,085,444 | 3,085,444 |
| Shareholders' capital contributions | - | - | 585,646 |
| Conversion into a joint stock limited company | - | - | (3,671,090) |
| At the end of the year | <u>3,085,444</u> | <u>3,085,444</u> | <u>-</u> |

Share capital

| | 2025 RMB'000 |
|---|------------------|
| At the beginning of the year | - |
| Conversion into a joint stock limited company | <u>3,680,000</u> |
| At the end of the year | <u>3,680,000</u> |

Shareholders' capital contributions

In July 2025, Dongfeng Asset Management Co., Ltd. ("DFAM") subscribed for the increased registered capital of RMB94,967,000 of the Company at a consideration of RMB1,000,000,000 and DFG subscribed for the registered capital of RMB94,967,000 of the Company at a consideration of RMB1,000,000,000. In July 2025, the Company also entered into an acquisition agreement with DFG, pursuant to which the Company agreed to acquire Yunfeng Factory, including its land use rights, plant and equipment, from DFG, at a total consideration of RMB4,166,853,000, which was settled by the issue of the registered capital of RMB395,712,000 of the Company to DFG. The consideration was determined with reference to the asset valuation report of Yunfeng Factory as of 31 December 2024.

As a result of the above transactions, the Company's registered and paid up capital increased by RMB585,646,000 and its capital reserve increased by RMB5,581,207,000 accordingly.

Conversion into a joint stock limited company

On August 22, 2025, the Board passed resolutions approving, among other matters, the conversion of the Company from a limited liability company into a joint stock limited company and the change of name of the Company from VOYAH Automotive Technology Co., Ltd. (嵐圖汽車科技有限公司) to VOYAH Automotive Technology Co., Ltd. (嵐圖汽車科技股份有限公司). Pursuant to the promoters' agreement dated 29 August 2025 entered into by all the then shareholders, all promoters approved the conversion of the net assets value of the Company as of 31 July 2025 into 3,680,000,000 shares of the Company with a nominal value of RMB1.00 each, with the accumulated losses assumed by the joint stock limited company and the excess of the net assets converted over nominal value of the shares included as other reserves of the Company.

On 29 August 2025, the Company convened the inaugural shareholder's meeting and passed related resolutions approving the conversion of the Company into a joint stock limited company, the articles of association and the relevant procedures. Upon completion of the conversion, the registered capital of the Company became RMB3,680,000,000 divided into 3,680,000,000 shares with a nominal value of RMB1.00 each, which were subscribed by all the then shareholders in proportion to their respective interests in the Company before the conversion.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

30. SHARE-BASED PAYMENT

An employee share ownership plan was set up in June 2021 in order to incentivize the Group's eligible directors, senior management and core employees, for their contributions to the Group and to attract and retain suitable personnel to the Group.

Wuhan Woya Enterprise Management and Consulting Partnership Enterprise (Limited Partnership)* (武漢沃雅企業管理諮詢合夥企業(有限合夥), "Woya") was established in Chinese mainland in June 2021 as the Company's incentive platform for the above eligible employees to indirectly hold equity interests in the Company. Under the employee stock ownership plan, the general partner of Woya is 武漢沃雅企業管理有限公司 ("Woya Ltd."), a limited liability company established by certain of the Company's management. Other participating employees also established limited partnerships to join Woya as limited partners.

Up to 31 December 2025, a total of 270,000,000 share award have been granted to eligible participants with subscription prices varying from RMB1.00 to RMB1.60 per share and Woya holds the foregoing granted shares on behalf of those eligible participants. Each grant of share requires eligible participants to meet a service requirement from the date of grant to 36 months after the successful listing of the Company's shares. The vesting periods of the Company's shares granted have been determined after taking into consideration the best estimation of the successful listing of the Company's shares, together with the service requirement. Share-based payment expenses are amortised during the vesting period.

The fair values of the Company's shares on grant date have been determined by an external valuer which took into account the terms and conditions and recent transaction price with other investors upon which the Company's shares were granted.

Share-based payment expenses of approximately RMB38,828,000, RMB65,837,000 and RMB93,849,000 representing the amortised amount for fair value of the Company's shares granted less the costs borne by the participants, were recognized in the consolidated profit or loss of the Group for the year ended 31 December 2023, 2024 and 2025, respectively.

Set out below are details of the movements of the outstanding share awards granted via Woya during the Relevant Periods.

| | Number of shares RMB'000 |
|--|--------------------------------|
| At 1 January 2023 | 243,540 |
| Granted during the year | 24,800 |
| Forfeited during the year | <u>(20,980)</u> |
| At 31 December 2023 and 1 January 2024 | 247,360 |
| Granted during the year | 28,880 |
| Forfeited during the year | <u>(12,080)</u> |
| At 31 December 2024 and 1 January 2025 | 264,160 |
| Granted during the year | 16,090 |
| Forfeited during the year | <u>(10,250)</u> |
| At 31 December 2025 | <u>270,000</u> |

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

31. RESERVES

The Group

The amounts of the Group's reserves and the movements therein for the Relevant Periods are presented in the consolidated statement of changes in the Historical Financial Information.

(i) Other reserve

Other reserve comprises the capital reserve of the Group arising from capital injection from then equity holders of the Company and the impacts of equity-settled share-based payment with details included in note 30 to the Historical Financial Information.

The Company

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

| | Other reserve RMB'000 | Accumulated losses RMB'000 | Total RMB'000 |
|---|-----------------------------|----------------------------------|------------------|
| At 1 January 2023 | 4,076,495 | (1,613,903) | 2,462,592 |
| Equity-settled share-based payment | 38,828 | - | 38,828 |
| Loss for the year | - | (665,792) | (665,792) |
| At 31 December 2023 and 1 January 2024 | 4,115,323 | (2,279,695) | 1,835,628 |
| Equity-settled share-based payment | 65,837 | - | 65,837 |
| Profit for the year | - | 430,517 | 430,517 |
| At 31 December 2024 and 1 January 2025 | 4,181,160 | (1,849,178) | 2,331,982 |
| Contributions from equity holders (note 29) | 5,581,207 | - | 5,581,207 |
| Conversion into a joint stock limited company | (8,910) | - | (8,910) |
| Equity-settled share-based payment | 93,849 | - | 93,849 |
| Profit for the year | - | 1,084,574 | 1,084,574 |
| At 31 December 2025 | 9,847,306 | (764,604) | 9,082,702 |

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

32. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transactions

During the Relevant Periods, the Group had non-cash transactions in relation to additions to-right-of-use assets and lease liabilities correspondingly of approximately RMB194.0 million, RMB361.1 million and RMB843.4 million, respectively, in respect of lease arrangements for buildings.

In July 2025, DFG contributed capital to the Company for RMB4,166,853,000 in kind with certain factory facilities located in Wuhan City, the PRC as set out in note 29 which did not result in any cash flow.

(b) Changes in liabilities arising from financing activities

| | Interest-bearing bank and other borrowings RMB'000 (note 25) | Lease liabilities RMB'000 (note 14(b)) | Total RMB'000 |
|--|--|---|------------------|
| At 1 January 2023 | - | 267,291 | 267,291 |
| Changes from financing cash flow | 2,950,425 | (170,937) | 2,779,488 |
| New leases | - | 193,987 | 193,987 |
| Lease modifications | - | (32,035) | (32,035) |
| Interest expenses | 25,028 | 13,729 | 38,757 |
| At 31 December 2023 and 1 January 2024 | 2,975,453 | 272,035 | 3,247,488 |
| Changes from financing cash flow | (177,221) | (239,013) | (416,234) |
| New leases | - | 361,138 | 361,138 |
| Lease modifications | - | (9,178) | (9,178) |
| Interest expenses | 77,874 | 18,833 | 96,707 |
| At 31 December 2024 and 1 January 2025 | 2,876,106 | 403,815 | 3,279,921 |
| Changes from financing cash flow | 667,779 | (290,860) | 376,919 |
| New leases | - | 843,372 | 843,372 |
| Lease modifications | - | (21,982) | (21,982) |
| Interest expenses | 59,162 | 33,204 | 92,366 |
| At 31 December 2025 | 3,603,047 | 967,549 | 4,570,596 |

(c) Total cash outflow for leases

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

| | 2023 RMB'000 | 2024 RMB'000 | 2025 RMB'000 |
|-----------------------------|-----------------|-----------------|-----------------|
| Within operating activities | 90,191 | 149,997 | 248,570 |
| Within financing activities | 170,937 | 239,013 | 290,860 |
| Total | 261,128 | 389,010 | 539,430 |

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

33. CONTINGENT LIABILITIES

At the end of each of the Relevant Periods, the Group had no significant contingent liabilities.

34. PLEDGE OF ASSETS

Details of the Group's assets pledged are included in note 21 to the Historical Financial Information.

35. COMMITMENTS

The Group had the following contractual commitments at the end of each reporting period:

| | 2023 RMB'000 | 2024 RMB'000 | 2025 RMB'000 |
|------------------------------------|-----------------|-----------------|-----------------|
| Acquisition of plant and machinery | 18,562 | 44,619 | 25,507 |

36. RELATED PARTY TRANSACTIONS

The Group had the following transactions with its related parties:

(a) Purchase and sales

| Purchases of goods | 2023 RMB'000 | 2024 RMB'000 | 2025 RMB'000 |
|--|------------------|------------------|------------------|
| DFM and its subsidiaries | 1,396,727 | 2,299,534 | 4,206,136 |
| DFM's joint ventures and associates | 352,532 | 456,765 | 1,051,181 |
| Total | 1,749,259 | 2,756,299 | 5,257,317 |
| Purchases of property, plant and equipment | 2023 RMB'000 | 2024 RMB'000 | 2025 RMB'000 |
| DFM and its subsidiaries | 1,424,723 | 68,200 | 191,832 |
| DFM's joint ventures and associates | 215,551 | 108,950 | 388,906 |
| Total | 1,640,274 | 177,150 | 580,738 |
| Purchases of logistics and warehousing services | 2023 RMB'000 | 2024 RMB'000 | 2025 RMB'000 |
| DFM and its subsidiaries | 165,151 | 219,886 | 486,737 |
| Purchases of travel booking service | 2023 RMB'000 | 2024 RMB'000 | 2025 RMB'000 |
| DFM's joint ventures and associates | 21,226 | 28,822 | 38,092 |
| Purchases of market development services | 2023 RMB'000 | 2024 RMB'000 | 2025 RMB'000 |
| DFM and its subsidiaries | 27,541 | 51,041 | 90,658 |
| DFM's joint ventures and associates | - | 260 | 11,049 |
| Total | 27,541 | 51,301 | 101,707 |

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

36. RELATED PARTY TRANSACTIONS (continued)

(a) Purchase and sales (continued)

| Purchases of employee dispatch services | 2023 RMB'000 | 2024 RMB'000 | 2025 RMB'000 |
|---|-------------------------|-------------------------|-------------------------|
| DFM and its subsidiaries | 14,174 | 11,226 | 61 |
| DFM's joint ventures and associates | 2,729 | 14,165 | 257 |
| Total | 16,903 | 25,391 | 318 |
| Purchases of human resources and training services | 2023 RMB'000 | 2024 RMB'000 | 2025 RMB'000 |
| DFM and its subsidiaries | 9,060 | 11,314 | 12,156 |
| Purchases of engineering consulting services | 2023 RMB'000 | 2024 RMB'000 | 2025 RMB'000 |
| DFM's joint ventures and associates | - | 1,249 | 130 |
| Purchases of technical development services | 2023 RMB'000 | 2024 RMB'000 | 2025 RMB'000 |
| DFM and its subsidiaries | 120,049 | 120,225 | 213,953 |
| DFM's joint ventures and associates | 34,906 | 51,072 | 112,355 |
| Total | 154,955 | 171,297 | 326,308 |
| Sales of goods | 2023 RMB'000 | 2024 RMB'000 | 2025 RMB'000 |
| DFM and its subsidiaries | 1,922,427 | 2,572,738 | 5,372,797 |
| DFM's joint ventures and associates | 883 | 106,622 | 164,507 |
| Total | 1,923,310 | 2,679,360 | 5,537,304 |
| Provision of technical development services | 2023 RMB'000 | 2024 RMB'000 | 2025 RMB'000 |
| DFM and its subsidiaries | 4,478 | 37,566 | 328,656 |
| DFM's joint ventures and associates | 390 | 3,547 | - |
| Total | 4,868 | 41,113 | 328,656 |
| Sales of new energy credits | 2023 RMB'000 | 2024 RMB'000 | 2025 RMB'000 |
| DFM's joint ventures and associates | 14,541 | - | 4,865 |

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

36. RELATED PARTY TRANSACTIONS (continued)

(b) Other related party transactions

(i) Automobile financing subsidies to DFM's subsidiary on behalf of the Group's customers

The Group entered into an automobile financing cooperation agreement (the "Automobile Financing Cooperation Agreement") with DFM Group, pursuant to which the Group will recommend its retail customers to use retail financing from DFM Group. The Group will pay automobile financing subsidies to DFM Group on behalf of its customers to subsidy interest rates for the purpose of promoting the whole vehicles sales of the Group. The automobile financing subsidies to DFM's subsidiary on behalf of the Group's customers for the Relevant Periods amounted to RMB155,583,000, RMB241,263,000 and RMB544,466,000, respectively.

(ii) During the Relevant Periods, the Group obtained a loan from DF Auto Finance amounting to RMB500,000,000 for daily operating purposes with maturity period of 3 years commencing on 26 June 2024. Up to 31 December 2025, the Group has repaid RMB6,000,000 in principal. The remaining amount of RMB2,000,000, RMB2,000,000, and RMB490,000,000 will be repaid on 21 June 2026, 21 December 2026, and 25 June 2027, respectively. The loan is unsecured, bears interest at 2.4% per annum initially and was adjusted to 2.1% per annum subsequently in May 2025. The interest rate is subject to further adjustment in accordance with terms of the loan contract.

The interests for the above loan paid/payable for the year ended 31 December 2024 and 2025 were RMB6,299,000 and RMB11,345,000, respectively.

The above transactions were conducted in accordance with the terms and conditions agreed between the Group and its related parties.

(c) Outstanding balances with related parties:

The Group

| | 2023 RMB'000 | 2024 RMB'000 | 2025 RMB'000 |
|---------------------------------------|-----------------|-----------------|-----------------|
| Trade receivable | | | |
| DFM and its subsidiaries | 2475 | 970 | 112,006 |
| DFM's joint ventures and associates | 12,700 | 12,700 | 13,194 |
| | 15,175 | 13,670 | 125,200 |
| Impairment | (12,701) | (12,700) | (12,846) |
| Net carrying amount | 2,474 | 970 | 112,354 |
| Bill receivable | | | |
| DFM and its subsidiaries | 396,185 | 417,214 | 1,390,616 |
| DFM's joint ventures and associates | - | - | 4,283 |
| Total | 396,185 | 417,214 | 1,394,899 |
| Prepayments, other receivables | | | |
| DFM and its subsidiaries | 14,706 | 20,253 | 9,962 |
| DFM's joint ventures and associates | 3,800 | 10,279 | 17,499 |
| Total | 18,506 | 30,532 | 27,461 |
| Contract assets | | | |
| DFM and its subsidiaries | - | - | 240,000 |
| Impairment | - | - | (3,817) |
| Net carrying amount | - | - | 236,183 |

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

36. RELATED PARTY TRANSACTIONS (continued)

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

The Group (continued)

| | 2023 RMB'000 | 2024 RMB'000 | 2025 RMB'000 |
|-------------------------------------|------------------|-----------------|------------------|
| Trade payables | | | |
| DFM and its subsidiaries | 810,512 | 532,783 | 1,555,535 |
| DFM's joint ventures and associates | 195,900 | 263,846 | 613,943 |
| Total | 1,006,412 | 796,629 | 2,169,478 |
| Bills payables | | | |
| DFM and its subsidiaries | 226,209 | 273,073 | 367,193 |
| DFM's joint ventures and associates | 47,350 | 34,003 | 123,075 |
| Total | 273,559 | 307,076 | 490,268 |
| Other payables and accruals | | | |
| DFM and its subsidiaries | 2,016 | 2,432 | 5,119 |
| DFM's joint ventures and associates | 10,281 | 10,363 | 9,882 |
| Total | 12,297 | 12,795 | 15,001 |
| Contract liabilities | | | |
| DFM and its subsidiaries | 165,889 | 242,747 | 296,397 |
| DFM's joint ventures and associates | - | 5,590 | 3,161 |
| Total | 165,889 | 248,337 | 299,558 |
| Other borrowings due to | | | |
| DFM and its subsidiaries | - | 498,000 | 494,000 |

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

36. RELATED PARTY TRANSACTIONS (continued)

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

The Company

| Trade receivable | 2023 RMB'000 | 2024 RMB'000 | 2025 RMB'000 |
|--|-----------------|-----------------|-----------------|
| VOYAH Automobile Sales & Service Co., Ltd. | 5,428,257 | 2,860,880 | 6,210,586 |
| DFM and its subsidiaries | 180 | 926 | - |
| DFM's joint ventures and associates | 12,700 | 12,700 | 12,700 |
| Trade receivables | 5,441,137 | 2,874,506 | 6,223,286 |
| Impairment | (38,757) | (22,144) | (12,700) |
| Net carrying amount | 5,402,380 | 2,852,362 | 6,210,586 |
| Bill receivable | 2023 RMB'000 | 2024 RMB'000 | 2025 RMB'000 |
| DFM and its subsidiaries | - | 417,214 | 1,390,616 |
| DFM's joint ventures and associates | - | - | 4,283 |
| Total | - | 417,214 | 1,394,899 |
| Prepayments, other receivables and other assets | 2023 RMB'000 | 2024 RMB'000 | 2025 RMB'000 |
| VOYAH Automobile Sales & Service Co., Ltd. | 43,319 | 140,396 | 317,825 |
| DFM and its subsidiaries | 10,536 | 15,511 | 6,092 |
| DFM's joint ventures and associates | 3,800 | 10,022 | 13,656 |
| Total | 57,655 | 165,929 | 337,573 |
| Contract assets | 2023 RMB'000 | 2024 RMB'000 | 2025 RMB'000 |
| DFM and its subsidiaries | - | - | 240,000 |
| Impairment | - | - | (3,817) |
| Total | - | - | 236,183 |
| Trade payables | 2023 RMB'000 | 2024 RMB'000 | 2025 RMB'000 |
| VOYAH Automobile Sales & Service Co., Ltd. | 2,141 | 3,993 | 62,766 |
| DFM and its subsidiaries | 767,978 | 421,983 | 1,672,256 |
| DFM's joint ventures and associates | 192,304 | 252,753 | 334,182 |
| Total | 962,423 | 678,729 | 2,069,204 |
| Bills payables | 2023 RMB'000 | 2024 RMB'000 | 2025 RMB'000 |
| DFM and its subsidiaries | 225,635 | 270,895 | 335,479 |
| DFM's joint ventures and associates | 46,982 | 32,582 | 119,645 |
| Total | 272,617 | 303,477 | 455,124 |

I. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

36. RELATED PARTY TRANSACTIONS (continued)

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

The Company (continued)

| Other payables and accruals | 2023 RMB'000 | 2024 RMB'000 | 2025 RMB'000 |
|--|-----------------|-----------------|-----------------|
| VOYAH Automobile Sales & Service Co., Ltd. | 3,871 | 160,065 | 355,515 |
| DFM and its subsidiaries | 1,181 | 1,514 | 2,311 |
| DFM's joint ventures and associates | 8,337 | 3,377 | 3,013 |
| Total | 13,389 | 164,956 | 360,839 |
| Contract liabilities | 2023 RMB'000 | 2024 RMB'000 | 2025 RMB'000 |
| VOYAH Automobile Sales & Service Co., Ltd. | - | - | - |
| DFM and its subsidiaries | 2,808 | 5,590 | 285,851 |
| DFM's joint ventures and associates | 163,081 | 242,747 | 20,020 |
| Total | 165,889 | 248,337 | 305,871 |

Other than the other borrowings due to a related company, the above balances due from/to related companies are all trade in nature, unsecured, interest-free.

Trade receivables due from related parties are repayable on credit terms similar to those offered to the major customers of the Group and trade payables due to related parties are payable on credit terms similar to those offered by its related parties to their major customers.

(d) Compensation of key management personnel of the Group:

| | 2023 RMB'000 | 2024 RMB'000 | 2025 RMB'000 |
|---|-----------------|-----------------|-----------------|
| Salaries, allowances and benefits in kind | 3,437 | 4,443 | 4,160 |
| Performance-based bonuses | 7,126 | 7,878 | 5,216 |
| Equity-settled share award expenses | 10,348 | 13,783 | 14,928 |
| Pension scheme contributions | 521 | 563 | 609 |
| Total | 21,432 | 26,667 | 24,913 |

Further details of directors' and the chief executive's emoluments are included in note 8 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 the Relevant Periods are as follows:

As at 31 December 2023

Financial assets

| | Financial assets at amortised cost RMB'000 | Financial assets at fair value through other comprehensive income RMB'000 | Total RMB'000 |
|--|--|---|------------------|
| Trade and bills receivables | 27,328 | 809,581 | 836,909 |
| Financial assets included in prepayments, other receivables and other assets | 117,871 | - | 117,871 |
| Pledged deposits | 78,791 | - | 78,791 |
| Cash and cash equivalents | 5,603,666 | - | 5,603,666 |
| Total | 5,827,656 | 809,581 | 6,637,237 |

Financial liabilities

| | Financial liabilities at amortised cost RMB'000 |
|---|---|
| Interest-bearing bank and other borrowings | 2,975,453 |
| Trade and bills payables | 7,283,796 |
| Financial liabilities included in other payables and accruals | 2,749,320 |
| Lease liabilities | 272,035 |
| Total | 13,280,604 |

As at 31 December 2024

Financial assets

| | Financial assets at amortised cost RMB'000 | Financial assets at fair value through other comprehensive income RMB'000 | Total RMB'000 |
|--|--|---|------------------|
| Trade and bills receivables | 81,412 | 728,355 | 809,767 |
| Financial assets included in prepayments, other receivables and other assets | 138,064 | - | 138,064 |
| Pledged deposits | 64,241 | - | 64,241 |
| Cash and cash equivalents | 5,797,073 | - | 5,797,073 |
| Total | 6,080,790 | 728,355 | 6,809,145 |

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 the Relevant Periods are as follows: (continued)

As at 31 December 2024(continued)

Financial liabilities

| | Financial liabilities at amortised cost RMB'000 |
|---|---|
| Interest-bearing bank and other borrowings | 2,876,106 |
| Trade and bills payables | 9,689,016 |
| Financial liabilities included in other payables and accruals | 3,294,767 |
| Lease liabilities | 403,815 |
| Total | 16,263,704 |

As At 31 December 2025

Financial assets

| | Financial assets at fair value through other comprehensive income RMB'000 | |
|--|---|-------------------|
| | Financial assets at amortised cost RMB'000 | |
| Trade and bills receivables | 132,358 | 2,883,645 |
| Financial assets included in prepayments, other receivables and other assets | 185,278 | - 185,278 |
| Pledged deposits | 3,823 | - 3,823 |
| Cash and cash equivalents | 7,971,928 | - 7,971,928 |
| Total | 8,293,387 | 2,883,645 |
| | | 11,177,032 |

Financial liabilities

| | Financial liabilities at amortised cost RMB'000 |
|---|---|
| Interest-bearing bank and other borrowings | 3,603,047 |
| Trade and bills payables | 16,990,297 |
| Financial liabilities included in other payables and accruals | 4,369,098 |
| Lease liabilities | 967,549 |
| Total | 25,929,991 |

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

38. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At the end of each of the Relevant Periods, the finance department 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 valuation process and results are discussed with the audit committee at the end of each of the Relevant Periods for interim and annual financial reporting.

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

The fair value of the bills receivable classified as financial assets at fair value through other comprehensive income have been calculated by discounting the expected future cash flows. In addition, the bills receivable will mature within one year, and thus their fair value approximate to their carrying values.

The fair values of the non-current portion of interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The fair values of the non-current portion of interest-bearing bank and other borrowings are assessed to be approximate to its carrying amount. The fair values of the non-current portion of interest-bearing bank and other borrowings approximated to their carrying value.

Fair value hierarchy

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

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 inputs (Level 3) RMB'000 | Total RMB'000 |
| Bills receivable | - | 809,581 | - | 809,581 |

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 inputs (Level 3) RMB'000 | Total RMB'000 |
| Bills receivable | - | 728,355 | - | 728,355 |

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 inputs (Level 3) RMB'000 | Total RMB'000 |
| Bills receivable | - | 2,883,645 | - | 2,883,645 |

There were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for financial assets during each of the Relevant Periods.

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank and other borrowings, cash and cash equivalents, and pledged 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 and bills payables, which arise directly from its operations.

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

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term interest-bearing bank and other borrowings with a floating interest rate. 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 approximately 33.6%, 17.4% and nil of the Group's interest-bearing borrowings bore interest at fixed rates.

If the interest rate of bank and other borrowings had increased/decreased by 10 basis points and all other variables were held constant, the profit before tax of the Group, through the impact on floating rate borrowings, would have decreased/increased by approximately RMB2.0 million, RMB2.4million, and RMB3.6 million for the years ended 31 December 2023, 2024, and 2025, respectively.

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 and the Group's exposure to bad debts is not significant.

As at 31 December 2023, and 2024 and 2025, the Group had certain concentrations of credit risk as 6.1%, 1.0% and 77.0% of the Group's trade receivables were due from the Group's largest customer, and 11.4%, 1.6% and 93.1% of the Group's trade receivables were due from the Group's five largest customers, respectively. The Group seeks to maintain strict control over its outstanding receivables to minimize credit risk.

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 | | Simplified approach RMB'000 | Total RMB'000 |
|--|-----------------|-----------------|-----------------|--------|-----------------------------|---------------|
| | Stage 1 RMB'000 | Stage 2 RMB'000 | Stage 3 RMB'000 | | | |
| Trade receivables | - | - | - | 40,395 | 40,395 | |
| Financial assets included in prepayments, other receivables and other assets | 119,141 | - | - | - | 119,141 | |
| Pledged deposits | | | | | | |
| - Not yet past due | 78,791 | - | - | - | 78,791 | |
| Cash and cash equivalents | | | | | | |
| - Not yet past due | 5,603,666 | - | - | - | 5,603,666 | |
| Total | 5,801,598 | - | - | 40,395 | 5,841,993 | |

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

As at 31 December 2024

| | 12-month ECLs | | | Lifetime ECLs | |
|--|--------------------|--------------------|--------------------|-----------------------------------|------------------|
| | Stage 1 RMB'000 | Stage 2 RMB'000 | Stage 3 RMB'000 | Simplified approach RMB'000 | Total RMB'000 |
| Trade receivables | - | - | - | 95,167 | 95,167 |
| Financial assets included in prepayments, other receivables and other assets | 139,352 | - | - | - | 139,352 |
| Pledged deposits | 64,241 | - | - | - | 64,241 |
| - Not yet past due | | | | | |
| Cash and cash equivalents | 5,797,073 | - | - | - | 5,797,073 |
| - Not yet past due | | | | | |
| Total | 6,000,666 | - | - | 95,167 | 6,095,833 |

As At 31 December 2025

| | 12-month ECLs | | | Lifetime ECLs | |
|--|--------------------|--------------------|--------------------|-----------------------------------|------------------|
| | Stage 1 RMB'000 | Stage 2 RMB'000 | Stage 3 RMB'000 | Simplified approach RMB'000 | Total RMB'000 |
| Contract assets | - | - | - | 236,183 | 236,183 |
| Trade receivables | - | - | - | 145,513 | 145,513 |
| Financial assets included in prepayments, other receivables and other assets | 187,191 | - | - | - | 187,191 |
| Pledged deposits | 3,823 | - | - | - | 3,823 |
| - Not yet past due | | | | | |
| Cash and cash equivalents | 7,971,928 | - | - | - | 7,971,928 |
| - Not yet past due | | | | | |
| Total | 8,162,942 | - | - | 381,696 | 8,544,638 |

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

39. 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 in cash flows.

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

As at 31 December 2023

| | Within one year or on demand RMB'000 | In the second year RMB'000 | In the third to fifth year RMB'000 | Beyond five years RMB'000 | Total RMB'000 |
|--|--|----------------------------------|--|---------------------------------|-------------------|
| Lease Liabilities | 133,594 | 74,893 | 77,937 | 1,089 | 287,513 |
| Interest-bearing bank and other borrowings | 223,683 | 219,741 | 2,735,596 | - | 3,179,020 |
| Trade and bills payables | 7,283,796 | - | - | - | 7,283,796 |
| Financial liabilities included in other payables and accruals | 2,749,320 | - | - | - | 2,749,320 |
| Total | 10,390,393 | 294,634 | 2,813,533 | 1,089 | 13,499,649 |

As at 31 December 2024

| | Within one year or on demand RMB'000 | In the second year RMB'000 | In the third to fifth year RMB'000 | Beyond five years RMB'000 | Total RMB'000 |
|--|--|----------------------------------|--|---------------------------------|-------------------|
| Lease Liabilities | 148,462 | 106,776 | 170,543 | 14,451 | 440,232 |
| Interest-bearing bank and other borrowings | 211,337 | 1,642,281 | 1,176,208 | - | 3,029,826 |
| Trade and bills payables | 9,689,016 | - | - | - | 9,689,016 |
| Financial liabilities included in other payables and accruals | 3,294,767 | - | - | - | 3,294,767 |
| Total | 13,343,582 | 1,749,057 | 1,346,751 | 14,451 | 16,453,841 |

As At 31 December 2025

| | Within one year or on demand RMB'000 | In the second year RMB'000 | In the third to fifth year RMB'000 | Beyond five years RMB'000 | Total RMB'000 |
|--|--|----------------------------------|--|---------------------------------|-------------------|
| Lease Liabilities | 394,083 | 276,783 | 359,747 | 64,713 | 1,095,326 |
| Interest-bearing bank and other borrowings | 139,188 | 779,098 | 2,914,969 | - | 3,833,255 |
| Trade and bills payables | 16,990,297 | - | - | - | 16,990,297 |
| Financial liabilities included in other payables and accruals | 5,169,413 | - | - | - | 5,169,413 |
| Total | 22,692,981 | 1,055,881 | 3,274,716 | 64,713 | 27,088,291 |

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION (continued)

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

Capital management

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

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

The Group monitors its capital structure on the basis of asset-liability ratio. The asset-liability ratios as at the end of the reporting periods were as follows:

| | 2023 RMB'000 | 2024 RMB'000 | 2025 RMB'000 |
|-----------------------|-----------------|-----------------|-----------------|
| Total assets | 18,581,637 | 21,949,366 | 39,880,853 |
| Total liabilities | 15,274,454 | 18,666,805 | 29,320,212 |
| Asset-liability ratio | 82% | 85% | 74% |

40. EVENTS AFTER THE REPORTING PERIOD

The Group has no significant events subsequent to the end of the Relevant Periods.

41. SUBSEQUENT FINANCIAL STATEMENTS

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