

The following is the text of a report set out on pages I-1 to I-77, received from the Company's reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.



ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF PATEO CONNECT TECHNOLOGY (SHANGHAI) CORPORATION, CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED, GUOTAI JUNAN CAPITAL LIMITED, CMB INTERNATIONAL CAPITAL LIMITED, HUATAI FINANCIAL HOLDINGS (HONG KONG) LIMITED AND CITIC SECURITIES (HONG KONG) LIMITED

Introduction

We report on the historical financial information of PATEO CONNECT Technology (Shanghai) Corporation* (“博泰車聯網科技(上海)股份有限公司”) (previously known as Shanghai PATEO Electronic Equipment Manufacturing Co., Ltd.* (上海博泰悅臻電子設備製造有限公司) prior to December 2, 2021) (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages I-4 to I-77, which comprises the consolidated statements of financial position of the Group as at December 31, 2022, 2023 and 2024 and May 31, 2025, the statements of financial position of the Company as at December 31, 2022, 2023 and 2024 and May 31, 2025 and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the three years ended December 31, 2024 and the five months ended May 31, 2025 (the “Track Record Period”) and material accounting policy information and other explanatory information (together, the “Historical Financial Information”). The Historical Financial Information set out on pages I-4 to I-77 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated September 22, 2025 (the “Document”) in connection with the initial listing of 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 Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information, and for such internal control as the directors of the Company determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

* English name for identification purpose only.

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' judgment, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors of the Company, 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 Group's financial position as at December 31, 2022, 2023 and 2024 and May 31, 2025, of the Company's financial position as at December 31, 2022, 2023 and 2024 and May 31, 2025, and of the Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Group which comprises the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows of the Group for the five months ended May 31, 2024 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of the Company are responsible for the preparation of the Stub Period Comparative Financial Information in accordance with the basis of preparation set out in note 2 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our

review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purpose of the accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2 to the Historical Financial Information.

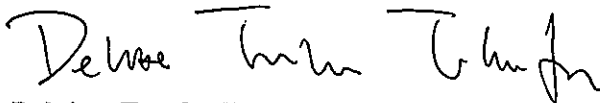
Report on matters under the Rules Governing the Listing of Securities on the Stock Exchange and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

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

Dividends

We refer to Note 14 to the Historical Financial Information which states that no dividend was declared or paid by the Company in respect of the Track Record Period.



Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
September 22, 2025

HISTORICAL FINANCIAL INFORMATION OF THE GROUP**Preparation of Historical Financial Information**

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

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with IFRS Accounting Standards issued by the International Accounting Standards Board ("IASB") and were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "Underlying Financial Statements").

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

APPENDIX I

ACCOUNTANTS' REPORT

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	NOTES	Year ended December 31,			Five months ended May 31,	
		2022	2023	2024	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Revenue	6	1,217,757	1,495,817	2,557,003	560,855	753,576
Cost of sales		(1,046,635)	(1,264,729)	(2,256,001)	(532,486)	(654,921)
Gross profit		171,122	231,088	301,002	28,369	98,655
Other income	7	46,949	30,820	59,884	20,950	35,843
Impairment losses under expected credit loss model, net of reversal	10	(5,400)	(14,170)	(149,945)	4,341	19,025
Other gains and losses	8	(178)	108,431	50,853	9,718	(43,697)
Selling expenses		(109,709)	(116,838)	(148,891)	(49,477)	(48,569)
Administrative expenses		(250,397)	(259,797)	(370,379)	(137,404)	(145,067)
Research and development expenses		(277,424)	(235,440)	(207,279)	(90,985)	(98,011)
Share of result of associates		—	—	(733)	(86)	(5,682)
Share of result of a joint venture		—	—	(10)	—	(4)
Listing expenses		—	—	(31,221)	(13,033)	(9,244)
Finance costs	9	(27,113)	(27,788)	(44,074)	(17,165)	(23,170)
Loss before tax	12	(452,150)	(283,694)	(540,793)	(244,772)	(219,921)
Income tax	11	(3)	(67)	(27)	—	—
Loss for the year/period		(452,153)	(283,761)	(540,820)	(244,772)	(219,921)
Other comprehensive income (expense)						
<i>Item that may be reclassified subsequently to profit or loss:</i>						
Exchange differences arising on translation of foreign operations		56	42	(7)	(19)	(337)
		56	42	(7)	(19)	(337)
<i>Item that will not be reclassified to profit or loss:</i>						
Fair value gains or losses on equity instrument at fair value through other comprehensive income ("FVTOCI")		(32,689)	—	—	—	—
		(32,689)	—	—	—	—
Other comprehensive (expense) income for the year/period		(32,633)	42	(7)	(19)	(337)
Total comprehensive expense for the year/period		(484,786)	(283,719)	(540,827)	(244,791)	(220,258)
(Loss) profit attributable to:						
– Owners of the Company		(452,095)	(283,891)	(541,238)	(244,826)	(219,725)
– Non-controlling interests		(58)	130	418	54	(196)
		(452,153)	(283,761)	(540,820)	(244,772)	(219,921)
Total comprehensive (expense) income attributable to:						
– Owners of the Company		(484,728)	(283,849)	(541,245)	(244,845)	(220,062)
– Non-controlling interests		(58)	130	418	54	(196)
		(484,786)	(283,719)	(540,827)	(244,791)	(220,258)
Loss per share						
– Basic (RMB yuan)	15	(4.28)	(2.41)	(4.11)	(1.97)	(1.57)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	NOTES	As at December 31,			As at May 31,
		2022	2023	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets					
Property, plant and equipment . .	16	187,949	312,414	433,229	526,365
Deposits for rental		7,705	6,354	13,872	10,254
Prepayment for acquisition of property, plant and equipment.		—	—	—	8,000
Right-of-use assets	17	89,405	145,619	167,170	126,580
Pledged bank deposits	27	3,300	—	—	—
Interest in a joint venture		—	—	9,993	9,989
Interests in associates	20	—	—	102,267	96,585
		<u>288,359</u>	<u>464,387</u>	<u>726,531</u>	<u>777,773</u>
Current assets					
Inventories and contract costs . .	21	467,276	488,097	503,915	591,599
Trade and other receivables	22	497,341	690,721	1,435,432	916,748
Contract assets	24	3,221	2,826	8,684	4,875
Financial assets at fair value through profit or loss ("FVTPL")	25	165,281	457,139	487,785	591,659
Bills receivables at FVTOCI . . .	26	171,441	84,263	95,266	136,494
Restricted bank deposits	27	734	51,250	1,424	9,091
Pledged bank deposits	27	105,385	85,030	71,707	198,812
Cash and cash equivalents	27	587,863	257,038	977,006	900,734
		<u>1,998,542</u>	<u>2,116,364</u>	<u>3,581,219</u>	<u>3,350,012</u>
Current liabilities					
Bill, trade and other payables . . .	28	673,535	830,898	891,887	772,060
Bank borrowings	29	560,984	838,539	1,348,159	1,430,637
Lease liabilities	32	30,291	34,164	57,076	33,089
Contract liabilities	30	48,764	12,078	34,647	36,144
		<u>1,313,574</u>	<u>1,715,679</u>	<u>2,331,769</u>	<u>2,271,930</u>
Net current assets		<u>684,968</u>	<u>400,685</u>	<u>1,249,450</u>	<u>1,078,082</u>
Total assets less current liabilities		<u>973,327</u>	<u>865,072</u>	<u>1,975,981</u>	<u>1,855,855</u>
Non-current liabilities					
Bank borrowings	29	30,000	169,319	247,292	328,615
Lease liabilities	32	46,762	60,483	59,859	30,776
Provision		31,426	33,681	39,181	40,907
Deferred income	31	47,877	2,685	83,593	83,631
		<u>156,065</u>	<u>266,168</u>	<u>429,925</u>	<u>483,929</u>
Net assets		<u>817,262</u>	<u>598,904</u>	<u>1,546,056</u>	<u>1,371,926</u>
Capital and reserves					
Share capital	33	117,968	117,968	139,554	139,554
Reserves		698,561	480,075	1,405,223	1,231,289
Equity attributable to owners of the Company		816,529	598,043	1,544,777	1,370,843
Non-controlling interests		733	861	1,279	1,083
Total equity		<u>817,262</u>	<u>598,904</u>	<u>1,546,056</u>	<u>1,371,926</u>

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	NOTES	As at December 31,			As at May 31,
		2022	2023	2024	2025
		RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets					
Property, plant and equipment . .	16	45,065	45,588	40,653	35,713
Deposits for rental		1,663	4,597	6,694	3,825
Right-of-use assets	17	9,157	36,661	62,616	28,306
Interests in subsidiaries	19	1,387,981	1,595,955	2,038,575	2,297,587
Pledged bank deposits	27	3,300	—	—	—
Interest in a joint venture		—	—	9,993	9,989
Interest in an associate	20	—	—	2,267	1,301
		<u>1,447,166</u>	<u>1,682,801</u>	<u>2,160,798</u>	<u>2,376,721</u>
Current assets					
Inventories and contract costs . .	21	258,643	238,428	257,601	345,783
Trade and other receivables . . .	22	446,527	639,785	1,325,416	808,048
Contract assets	24	3,221	2,609	7,934	4,875
Financial assets at FVTPL	25	13,281	222,233	174,196	310,946
Bills receivables at FVTOCI . . .	26	165,746	83,147	95,198	132,995
Restricted bank deposits	27	—	50,000	1,424	8,718
Pledged bank deposits	27	105,350	85,029	67,040	94,652
Cash and cash equivalents	27	373,389	119,207	685,800	651,496
		<u>1,366,157</u>	<u>1,440,438</u>	<u>2,614,609</u>	<u>2,357,513</u>
Current liabilities					
Bill, trade and other payables . .	28	504,147	566,513	598,980	457,689
Amounts due to subsidiaries . . .	23	77,865	238,899	575,219	691,677
Bank borrowings	29	560,984	734,530	882,900	972,223
Lease liabilities	32	7,350	4,033	12,818	8,851
Contract liabilities	30	43,332	5,716	25,049	27,842
		<u>1,193,678</u>	<u>1,549,691</u>	<u>2,094,966</u>	<u>2,158,282</u>
Net current assets (liabilities) . .		<u>172,479</u>	<u>(109,253)</u>	<u>519,643</u>	<u>199,231</u>
Total assets less current liabilities		<u>1,619,645</u>	<u>1,573,548</u>	<u>2,680,441</u>	<u>2,575,952</u>
Non-current liabilities					
Bank borrowings	29	30,000	18,000	—	11,778
Lease liabilities	32	2,047	32,193	53,748	24,484
Provision		31,426	33,681	39,181	40,907
Deferred income	31	1,479	921	11,721	12,521
		<u>64,952</u>	<u>84,795</u>	<u>104,650</u>	<u>89,690</u>
Net assets		<u>1,554,693</u>	<u>1,488,753</u>	<u>2,575,791</u>	<u>2,486,262</u>
Capital and reserves					
Share capital	33	117,968	117,968	139,554	139,554
Reserves	43	1,436,725	1,370,785	2,436,237	2,346,708
Total equity		<u>1,554,693</u>	<u>1,488,753</u>	<u>2,575,791</u>	<u>2,486,262</u>

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company							Non-controlling interests	Total
	Share capital	Share premium	Share-based payments reserve	FVTOCI reserve	Other reserves	Accumulated losses	Subtotal		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		
At January 1, 2022.	94,868	97,534	20,945	(41,676)	6	(277,488)	(105,811)	(219)	(106,030)
Loss for the year.	-	-	-	-	-	(452,095)	(452,095)	(58)	(452,153)
Other comprehensive (expense) income	-	-	-	(32,689)	56	-	(32,633)	-	(32,633)
Total comprehensive (expense) income for the year	-	-	-	(32,689)	56	(452,095)	(484,728)	(58)	(484,786)
Issuance of ordinary shares (<i>Note 33</i>)	23,100	1,322,330	-	-	-	-	1,345,430	-	1,345,430
Equity-settled share-based payments	-	-	61,638	-	-	-	61,638	-	61,638
Capital contribution from a non-controlling shareholder	-	-	-	-	-	-	-	1,010	1,010
At December 31, 2022.	117,968	1,419,864	82,583	(74,365)	62	(729,583)	816,529	733	817,262
(Loss) profit for the year.	-	-	-	-	-	(283,891)	(283,891)	130	(283,761)
Other comprehensive income.	-	-	-	-	42	-	42	-	42
Total comprehensive income (expense) for the year	-	-	-	-	42	(283,891)	(283,849)	130	(283,719)
Equity-settled share-based payments	-	-	65,363	-	-	-	65,363	-	65,363
Capital contribution from a non-controlling shareholder	-	-	-	-	-	-	-	1,000	1,000
Deregistration of a subsidiary	-	-	-	-	-	-	-	(1,002)	(1,002)
At December 31, 2023.	117,968	1,419,864	147,946	(74,365)	104	(1,013,474)	598,043	861	598,904
(Loss) profit for the year.	-	-	-	-	-	(541,238)	(541,238)	418	(540,820)
Other comprehensive expense	-	-	-	-	(7)	-	(7)	-	(7)
Total comprehensive (expense) income for the year	-	-	-	-	(7)	(541,238)	(541,245)	418	(540,827)
Equity-settled share-based payments	-	-	157,186	-	-	-	157,186	-	157,186
Issuance of ordinary shares (<i>Note 33</i>)	21,586	1,309,207	-	-	-	-	1,330,793	-	1,330,793

	Attributable to owners of the Company											
	Share capital	Share premium	Share-based payments reserve		FVTOCI reserve	Other reserves	Accumulated losses	Subtotal	Non-controlling interests			
			RMB'000	RMB'000					RMB'000	RMB'000	RMB'000	RMB'000
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	Total	RMB'000	
At December 31, 2024	139,554	2,729,071	305,132	(74,365)	97	(1,554,712)	1,544,777	1,279	1,546,056			
Loss for the period.	-	-	-	-	-	(219,725)	(219,725)	(196)	(219,921)			
Other comprehensive expense	-	-	-	-	(337)	-	(337)	-	(337)			
Total comprehensive expense for the period	-	-	-	-	(337)	(219,725)	(220,062)	(196)	(220,258)			
Equity-settled share-based payments	-	-	46,128	-	-	-	46,128	-	46,128			
At May 31, 2025.	139,554	2,729,071	351,260	(74,365)	(240)	(1,774,437)	1,370,843	1,083	1,371,926			
At January 1, 2024	117,968	1,419,864	147,946	(74,365)	104	(1,013,474)	598,043	861	598,904			
(Loss) profit for the period (unaudited)	-	-	-	-	-	(244,826)	(244,826)	54	(244,772)			
Other comprehensive expense (unaudited)	-	-	-	-	(19)	-	(19)	-	(19)			
Total comprehensive (expense) income for the period (unaudited)	-	-	-	-	(19)	(244,826)	(244,845)	54	(244,791)			
Equity-settled share-based payments (unaudited)	-	-	64,092	-	-	-	64,092	-	64,092			
Issuance of ordinary shares (unaudited)	12,143	733,989	-	-	-	-	746,132	-	746,132			
At May 31, 2024 (unaudited)	130,111	2,153,853	212,038	(74,365)	85	(1,258,300)	1,163,422	915	1,164,337			

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31,			Five months ended May 31,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
OPERATING ACTIVITIES					
Loss before tax	(452,150)	(283,694)	(540,793)	(244,772)	(219,921)
Adjustments for:					
Finance costs	27,113	27,788	44,074	17,165	23,170
Interest income	(4,596)	(1,756)	(1,956)	(331)	(538)
(Gains) losses from changes in fair value of financial assets at FVTPL	(417)	(111,758)	(65,646)	(16,723)	36,126
Share of result of associates	–	–	733	86	5,682
Share of result of a joint venture.	–	–	10	–	4
Depreciation of property, plant and equipment.	20,524	25,025	35,407	7,445	11,677
Depreciation of right-of-use assets.	24,855	35,415	44,536	17,186	12,827
Impairment losses under expected credit loss model, net of reversal	5,400	14,170	149,945	(4,341)	(19,025)
Losses (gains) on disposals of property, plant and equipment.	–	147	16	(34)	–
Loss on early termination of lease.	–	–	3,307	–	4,167
Equity-settled share-based payment	61,638	65,363	157,186	64,092	46,128
Provision for warranty	12,520	14,010	20,195	4,941	7,106
Net foreign exchange losses	636	3,566	12,005	5,943	3,923
Write-down of inventories	34,894	30,825	50,227	11,489	12,419
Operating cash flow before movements in working capital.	(269,583)	(180,899)	(90,754)	(137,854)	(76,255)
Increase in inventories and contract costs . .	(191,575)	(46,395)	(51,019)	(244,773)	(83,458)
(Increase) decrease in trade and other receivables	(248,468)	(207,550)	(769,462)	(1,480)	416,332
Decrease (increase) in bills receivables at FVTOCI.	14,683	109,968	(59,801)	(46,896)	(38,040)
Increase (decrease) in bill, trade and other payables	224,260	105,018	182,350	(21,230)	(128,139)
(Increase) decrease in contract assets	(90)	395	(5,858)	(161)	3,809
Increase (decrease) in contract liabilities . . .	25,902	(36,686)	22,569	40,342	1,497
Decrease in provision	(10,381)	(11,755)	(14,695)	(2,671)	(5,380)
(Decrease) increase in deferred income	(8,470)	(2,600)	80,908	200	38
Cash (used in) from operations	(463,722)	(270,504)	(705,762)	(414,523)	90,404
Income tax paid	(3)	(67)	(27)	–	–
Net cash (used in) from operating activities.	(463,725)	(270,571)	(705,789)	(414,523)	90,404

APPENDIX I
ACCOUNTANTS' REPORT

	Year ended December 31,			Five months ended May 31,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
INVESTING ACTIVITIES					
Interest received.	4,596	1,756	1,956	331	538
Proceeds from disposal of property, plant and equipment	12	174	730	262	–
Purchase of property, plant and equipment. .	(157,161)	(150,365)	(161,934)	(62,565)	(107,032)
Purchase of right-of-use assets.	(20,294)	(32,580)	(13,678)	–	–
Placement of restricted bank deposits	(734)	(106,411)	(2,833)	–	(7,682)
Withdrawal of restricted bank deposits	–	55,895	52,659	51,250	15
Payments for pledged bank deposits	(108,685)	(85,030)	(91,396)	(28,756)	(262,365)
Withdrawal of pledged bank deposits	60,317	108,685	104,719	66,272	135,260
Purchase of financial assets at FVTPL	(158,000)	(182,100)	(85,000)	–	(140,000)
Purchase of equity instrument at FVTOCI . .	–	(24,365)	–	–	–
Payments for rental deposits	(1,239)	(3,314)	(10,213)	(4,313)	(982)
Refund of rental deposits	2,059	4,665	2,695	14	4,600
Prepayment for acquisition of property, plant and equipment	–	–	–	–	(8,000)
Repayments from related parties.	1,000	–	–	–	–
Withdrawal of financial assets at FVTPL. . .	–	2,000	–	–	120,000
Investment in a joint venture	–	–	(10,003)	–	–
Investment in associates	–	–	(103,000)	(3,000)	–
Net cash (used in) from investing activities .	(378,129)	(410,990)	(315,298)	19,495	(265,648)
FINANCING ACTIVITIES					
Interest paid	(24,137)	(23,756)	(38,118)	(15,648)	(15,882)
Repayment of lease liabilities	(18,297)	(45,487)	(48,507)	(21,997)	(36,801)
Bank borrowings raised.	711,862	1,072,828	1,642,345	420,507	913,156
Repayment of bank borrowings	(674,227)	(652,823)	(1,141,039)	(233,483)	(759,355)
Capital contribution from a non-controlling shareholder.	1,010	1,000	–	–	–
Distribution to a non-controlling shareholder.	–	(1,002)	–	–	–
Proceeds from issuance of ordinary shares. .	1,345,430	–	1,330,793	746,132	–
Issue costs paid	–	–	(4,409)	(684)	(1,853)
Net cash from financing activities	1,341,641	350,760	1,741,065	894,827	99,265
Net increase (decrease) in cash and cash equivalents.	499,787	(330,801)	719,978	499,799	(75,979)
Cash and cash equivalents at the beginning of the year/period	88,018	587,863	257,038	257,038	977,006
Effects of change in foreign exchange rate .	58	(24)	(10)	(17)	(293)
Cash and cash equivalents at the end of the year/period	587,863	257,038	977,006	756,820	900,734

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Company formerly known as “Shanghai PATEO Electronic Equipment Manufacturing Co., Ltd. (上海博泰悅臻電子設備製造有限公司)” was established as a company with limited liability in Shanghai, the PRC on October 20, 2009, under the Company Law of the PRC. On December 2, 2021, the Company was converted into a joint stock company with limited liability. The address of the registered office and the principal place of business of the Company is disclosed in the section headed “Corporate Information” in the Document. The founder of the Company is Mr. Ying Zhenkai (應臻愷) (“Mr. Ying”) who is the controlling shareholder of the Company (the “Controlling Shareholder”). Mr. Ying is also the general manager, executive director and chairman of the Board of the Company.

The Company and its subsidiaries (collectively referred to as the “Group”) are principally engaged in the provision of smart cockpit and vehicle connectivity support services in the PRC throughout the Track Record Period. Details of the subsidiaries are disclosed in Note 41.

The Historical Financial Information is presented in Renminbi (“RMB”), which is also the functional currency of the Company.

2. BASIS OF PREPARATION OF HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information has been prepared based on the accounting policies set out in Note 4 which conform with IFRS Accounting Standards issued by the IASB.

No statutory financial statements of the Company have been prepared for the years ended December 31, 2022, 2023 and 2024 as there is no statutory audit requirement.

3. ADOPTION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

For the purpose of preparing and presenting the Historical Financial Information for the Track Record Period, the Group has consistently applied the accounting policies which conform with IFRS Accounting Standards, which are effective for the accounting periods beginning on January 1, 2025, throughout the Track Record Period.

New and amendments to IFRS Accounting Standards in issue but not yet effective

At the date of this report, the following new and amendments to IFRS Accounting Standards have been issued which are not yet effective:

Amendments to IFRS 9 and IFRS 7 . . .	Amendments to the Classification and Measurement of Financial Instruments ²
Amendments to IFRS 9 and IFRS 7 . . .	Contracts Referencing Nature – dependent Electricity ²
Amendments to IFRS 10 and IAS 28 . . .	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to IFRS Accounting Standards	Annual Improvements to IFRS Accounting Standards – Volume 11 ²
IFRS 18	Presentation and Disclosure in Financial Statements ³

1 Effective for annual periods beginning on or after a date to be determined.

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

3 Effective for annual periods beginning on or after January 1, 2027.

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

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after January 1, 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements.

Except for the IFRS 18, the directors of the Company anticipate that the application of these amendments to IFRS Accounting Standards will have no material impact on the Group's consolidated financial statements in the foreseeable future.

4. MATERIAL ACCOUNTING POLICY INFORMATION

The Historical Financial Information has been prepared in accordance with the following accounting policies which conform with IFRS Accounting Standards issued by the IASB. For the purpose of preparation of the Historical Financial Information, information is considered material if such information is reasonably expected to influence decisions made by primary users. In addition, the Historical Financial Information include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

Basis of consolidation

The Historical Financial Information incorporates the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

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

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

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

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

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

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

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

Interests in subsidiaries

Interests in subsidiaries are stated in the statements of financial position of the Company at cost less any identified impairment loss.

Interests in associates and a joint venture

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and joint ventures are incorporated in the Historical Financial Information using the equity method of accounting. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. Changes in net assets of the associate/joint venture other than profit or loss and other comprehensive income are not accounted for unless such changes resulted in changes in ownership interest held by the Group. When the Group's share of losses of an associate or joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The Group assess whether there is an objective evidence that the interest in an associate or a joint venture may be impaired. When any objective evidence exists, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's Historical Financial Information only to the extent of interests in the associate or joint venture that are not related to the Group.

Revenue from contracts with customers

Information about the Group's accounting policies relating to revenue from contracts with customers is provided in notes 6, 24 and 30.

Leases

The Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception of the contract. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee***Allocation of consideration to components of a contract***

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Non-lease components are separated from lease component and are accounted for by applying other applicable standards.

Short-term leases

The Group applies the short-term lease recognition exemption to leases of staff apartments that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use assets includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received; and
- any initial direct costs incurred by the Group.

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

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

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

Refundable rental deposits

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

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments are fixed payments (including in-substance fixed payments) less any lease incentives receivable.

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

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment;
- a lease contract is modified and the lease modification is not accounted for as a separate lease (see below for the accounting policy for “— lease modifications”).

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

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability, less any lease incentives receivable, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset.

When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purposes of presenting the Historical Financial Information, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of other reserves.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

All other borrowings costs are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under "other income".

Employee benefits***Retirement benefit costs***

Payments to defined contribution retirement schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another IFRS Accounting Standards requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries) after deducting any amount already paid.

Share-based payments***Equity-settled share-based payment transactions******Restricted share units granted to employees***

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share-based payments reserve).

At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payments reserve.

When shares granted are vested, the amount previously recognised in share-based payments reserve will be transferred to share premium.

Taxation

Income tax expense represents the sum of current and deferred income tax expense.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from loss before tax because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with interests in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of each reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 requirements to the lease liabilities and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized and a deferred tax liability for all taxable temporary differences.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Property, plant and equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress). Property, plant and equipment are stated in the consolidated statements of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets is functioning properly and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets other than construction in progress less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Intangible assets***Internally-generated intangible assets — research and development expenditure***

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria. Where no internally generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses (if any).

Impairment on property, plant and equipment, right-of-use assets and contract costs

At the end of the reporting period, the Group reviews the carrying amounts of property, plant and equipment, right-of-use assets and contract costs to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of property, plant and equipment and right-of-use assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Before the Group recognises an impairment loss for assets capitalised as contract costs under IFRS 15, the Group assesses and recognises any impairment loss on other assets related to the relevant contracts in accordance with applicable standards. Then, impairment loss, if any, for assets capitalised as contract costs is recognised to the extent the carrying amounts exceeds the remaining amount of consideration that the Group expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services that have not been recognised as expenses. The assets capitalised as contract costs are then included in the carrying amount of the cash generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

Recoverable amount is the higher of fair value less costs of disposal and value in use. 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 (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or the group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or the group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Cash and cash equivalents

Cash and cash equivalents presented on the consolidated statements of financial position include:

- (a) cash, which comprises of cash on hand and demand deposits, excluding bank balances that are subject to regulatory restrictions that result in such balances no longer meeting the definition of cash; and
- (b) cash equivalents, which comprises of short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

For the purposes of the consolidated statements of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories are determined on the weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

Contract fulfilment cost

The Group incurs costs to fulfil a contract in the smart cockpit solutions. The Group first assesses whether these costs qualify for recognition as an asset in terms of other relevant standards, failing which it recognises an asset for these costs only if they meet all of the following criteria:

- (a) the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;
- (b) the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- (c) the costs are expected to be recovered.

The asset is subsequently recognised to profit or loss at a point in time when solutions are accepted by the customers.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Provisions for the expected cost of assurance-type warranty obligations under the relevant contracts with customers for sales of smart cockpit solutions are recognised at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the Group's obligation.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets*Classification and subsequent measurement of financial assets*

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 *Business Combinations* applies.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and bill receivables subsequently measured at FVTOCI. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit-impaired.

(ii) Bills receivables classified as at FVTOCI

Subsequent changes in the carrying amounts for bills receivables classified as at FVTOCI as a result of interest income calculated using the effective interest method are recognised in profit or loss. All other changes in the carrying amount of these bills receivables are recognised in other comprehensive income and accumulated under the heading of other reserves. Impairment allowances are recognised in profit or loss with corresponding adjustment to other comprehensive income without reducing the carrying amounts of these bills receivables. When these bills receivables are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

(iii) Equity instruments designated as at FVTOCI

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the FVTOCI reserve; and are not subject to impairment assessment. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, and will be transferred to accumulated losses.

Dividends from these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the "other income" line item in profit or loss.

(iv) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss. The net gain or loss recognised in profit or loss excludes any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

Impairment of financial assets and other items subject to impairment assessment under IFRS 9

The Group performs impairment assessment under expected credit loss ("ECL") model on financial assets (including trade and other receivables, cash and cash equivalents, deposits for rental and pledged/restricted bank deposits) and contract assets which are subject to impairment assessment under IFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessments are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables and contract assets.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless there has been a significant increase in credit risk since initial recognition, in which case the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, 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. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A debt instrument is determined to have low credit risk if (i) it has a low risk of default, (ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and (iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfill its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definition.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights. The Group uses a practical expedient in estimating ECL on trade receivables using a provision matrix taking into consideration historical credit loss experience and forward looking information that is available without undue cost or effort.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

For trade receivables and contract costs with different credit characteristics, the Group performs impairment assessment under ECL model individually. Except for items that are assessed for impairment individually, the lifetime ECL for the remaining trade receivables and contract assets are considered on a collective basis taking into consideration past due information and relevant credit information such as forward looking macroeconomic information.

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on amortised cost of the financial asset.

Except for bills receivables that are measured at FVTOCI, the Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade and other receivables and contract assets where the corresponding adjustment is recognised through a loss allowance account. For bills receivables that are measured at FVTOCI, the loss allowance is recognised in other comprehensive income and accumulated in the other reserves without reducing the carrying amount of these receivables. Such amount represents the changes in the other reserves in relation to accumulated loss allowance.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of bills receivables classified as at FVTOCI, the cumulative gain or loss previously accumulated in the other reserves is reclassified to profit or loss.

On derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the FVTOCI reserve is not reclassified to profit or loss, but is transferred to accumulated losses.

Financial liabilities and equity

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at amortized cost

Financial liabilities including bill, trade and other payables, bank borrowings and amounts due to subsidiaries are subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, canceled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 4, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next twelve months.

ECL for trade receivables

Trade receivables and contract assets with different credit risk characteristics are assessed for ECL individually.

In addition, the Group uses practical expedient in estimating ECL on trade receivables which are not assessed individually using a provision matrix. The provision rates are based on ageing of debtors as groupings of various debtors taking into consideration the Group's historical default rates and forward-looking information that is reasonable and supportable available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered.

The provision of ECL is sensitive to change in estimates. The information about the ECL and the Group's trade receivables are disclosed in Note 36.

Estimated impairment of property, plant and equipment and right-of-use assets

Property, plant and equipment and right-of-use assets are stated at costs less accumulated depreciation and impairment, if any. In determining whether property, plant and equipment and right-of-use assets are impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amount including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the assets belong, which is the higher of the value in use or fair value less costs of disposal. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash flows or upward revision of discount rate, a material impairment loss or further loss may arise.

Detail of the carrying amounts of property, plant and equipment and right-of-use assets are disclosed in Notes 16 and 17 respectively, and no impairment loss was recognised by the management of the Group during the Track Record Period.

Fair value measurements and valuation process

Some of the Group's financial assets are measured at fair value for financial reporting purposes. In estimating the fair value of an asset, the Group uses market-observable data to the extent it is available. Where market-observable data is not available, judgement and estimation are required in establishing the relevant valuation techniques and the relevant inputs thereof. Changes in the inputs could result in material adjustments to the fair value of these financial assets.

Information about the valuation techniques and inputs used in determining the fair value of various assets are disclosed in Note 36.

6. REVENUE AND SEGMENT INFORMATION

(i) Disaggregation of revenue from contracts with customers

	Year ended December 31			Five months ended May 31,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Types of solutions/products lines					
Smart cockpit solutions	1,078,549	1,352,398	2,441,408	531,564	723,718
Vehicle connectivity support services	89,326	122,370	110,228	27,036	27,535
Others	49,882	21,049	5,367	2,255	2,323
	<u>1,217,757</u>	<u>1,495,817</u>	<u>2,557,003</u>	<u>560,855</u>	<u>753,576</u>
Timing of revenue recognition					
A point in time.	1,128,431	1,373,447	2,446,775	533,819	726,041
Overtime	89,326	122,370	110,228	27,036	27,535
	<u>1,217,757</u>	<u>1,495,817</u>	<u>2,557,003</u>	<u>560,855</u>	<u>753,576</u>

(ii) Performance obligations for contracts with customers and revenue recognition policies

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

The Group sells smart cockpit solutions and provides vehicle connectivity support services, and sells materials and components to original equipment manufacturers, which designs, develops, and manufactures vehicles ("OEMs") and Tier-1 suppliers in connection with their production of passenger vehicles.

Smart cockpit solutions provide integrate software, hardware and cloud-based vehicle connectivity to enhance driving safety, convenience and connectivity, ultimately offering a more intelligent driving experience;

Vehicle connectivity support services provide a wide range of user support services and platform maintenance services to OEMs.

Smart cockpit solutions

Smart cockpit solutions is recognised at a point in time when the products or solutions are accepted by the customers.

The Group required an advance payment or granted the customers a credit period from 60 days to 180 days based on the assessed credit worthiness of the customers. Contract liabilities are recognised when advance payments are received but revenue has yet been recognised.

Retention receivables, prior to expiration of defect liability period, are classified as contract assets, which range from six months to 1 year from the date of the acceptance of the products or solutions. The contract assets are transferred to trade receivables when the collection rights become unconditional, which is the defect liability period expires.

Sales-related warranties cannot be purchased separately and they serve as an assurance that the products sold comply with agreed-upon specifications. Accordingly, the Group accounts for warranties in accordance with IAS 37.

Vehicle connectivity support services

Vehicle connectivity support services are recognised over time on a straight-line basis, since the customers simultaneously receive and consume the benefits provided by the Group as the Group performs. Advance consideration received in these services is recognised as a contract liability and is released on a straight-line basis over the period of services.

(iii) Transaction price allocated to the remaining performance obligation for contracts with customers

The majority of the contracts for provision of smart cockpit solutions and others are for periods of one year or less. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts is not disclosed.

Contracts for vehicle connectivity support services are typically have a 1 to 10 years non-cancellable term in which the Group bills a fixed amount for each hour or each item of service provided.

(iv) Segment Information

Information reported to the executive directors of the Company, being the chief operating decision maker ("CODM"), for the purposes of resource allocation and assessment focuses on revenue analysis by products. No other discrete financial information is provided to the CODM other than the Group's results and financial position as a whole. Accordingly, only entity-wide disclosures, major customers and geographical information are presented.

Geographical information

All revenue was generated in the PRC during the Track Record Period. The Group's non-current assets are all located in the PRC.

Information about major customers

During the Track Record Period, revenue from customers of the corresponding year/period contributing over 10% of the total revenue of the Group are as follows:

	Year ended December 31,			Five months ended May 31,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Customer A	404,432	428,223	365,502	120,739	N/A ¹
Customer B	310,143	167,366	265,786	N/A ¹	N/A ¹
Customer C	N/A ¹	N/A ¹	998,548	205,600	375,402

¹ The corresponding revenue did not contribute over 10% of total revenue of the Group for the relevant year/period.

7. OTHER INCOME

	Year ended December 31,			Five months ended May 31,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Government grants and value-added tax additional deduction (Note)	40,351	26,973	56,623	19,642	34,969
Interest income from bank deposits	4,596	1,756	1,956	331	538
Rental income	1,742	2,091	69	29	94
Others	260	—	1,236	948	242
	<u>46,949</u>	<u>30,820</u>	<u>59,884</u>	<u>20,950</u>	<u>35,843</u>

Note: The amount mainly represents various subsidies received from the PRC local government authorities as incentives for the Group's research and development activities and value-added tax additional deduction.

Unconditional government grants are recognised in profit and loss when received while conditional government grants are recognised in profit or loss when the Group fulfilled the conditions.

Save for the unconditional government grants, the Group also received certain government grants as incentive for assets acquisition. The relevant government grants were recognised in profit or loss over the useful lives of the relevant assets. Further details of the asset-related government grants are set out in Note 31.

8. OTHER GAINS AND LOSSES

	Year ended December 31,			Five months ended May 31,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Gains (losses) from changes in fair value of financial assets at FVTPL	417	111,758	65,646	16,723	(36,126)
Net foreign exchange losses. . . .	(638)	(3,500)	(12,002)	(5,945)	(3,967)
Donations	(17)	—	(500)	(500)	—
(Losses) gains on disposal of property, plant and equipment and early termination of lease . .	—	(147)	(3,323)	34	(4,167)
Others	60	320	1,032	(594)	563
	<u>(178)</u>	<u>108,431</u>	<u>50,853</u>	<u>9,718</u>	<u>(43,697)</u>

9. FINANCE COSTS

	Year ended December 31,			Five months ended May 31,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Interest expense on bank borrowings	24,137	23,756	39,889	15,648	21,415
Interest expense on lease liabilities	2,976	4,032	4,185	1,517	1,755
	<u>27,113</u>	<u>27,788</u>	<u>44,074</u>	<u>17,165</u>	<u>23,170</u>

10. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

	Year ended December 31,			Five months ended May 31,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Impairment losses (recognised) reversed, net:					
– trade receivables	(5,033)	(14,394)	(149,232)	4,410	19,159
– other receivables	(367)	224	(713)	(69)	(134)
	<u>(5,400)</u>	<u>(14,170)</u>	<u>(149,945)</u>	<u>4,341</u>	<u>19,025</u>

Details of impairment assessment are set out in Note 36.

11. INCOME TAX

	Year ended December 31,			Five months ended May 31,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Current tax	3	67	27	–	–
	<u>3</u>	<u>67</u>	<u>27</u>	<u>–</u>	<u>–</u>

Under the Law of the PRC on enterprise income tax (“EIT”) and Implementation Regulation of the EIT Law, the PRC EIT rate of subsidiaries of the Group operating in the PRC was 25%, except for certain subsidiaries entitled to different preferential tax rates.

Under the relevant tax laws and implementation regulations in German and Hong Kong, the applicable tax rate of the Group’s subsidiaries were 30.7% and 16.5% for the Track Record Period. Neither provision for Germany Profits Tax nor Hong Kong income tax has been made in the consolidated statements of profit or loss and other comprehensive income as the Group had no assessable profit arising in these jurisdictions for the Track Record Period.

Both the Company and Shanghai PATEO Network Technology Service Co., Ltd. were qualified as a high and new technology enterprise (“HNTE”) in 2020 and renewed their HNTE in 2023 respectively, and were entitled to a preferential tax rate of 15% from 2020 to 2025. PATEO CONNECT (Nanjing) Co., Ltd. (“PATEO Nanjing”) was qualified as a HNTE in 2023, and entitled to a preferential tax rate of 15% from 2023 to 2025. In 2023, PATEO Nanjing was qualified as a software enterprise and was entitled to the two years’ exemption from income tax followed by three years of 50% tax reduction commencing from its first profit making year, and no assessable profit was generated during the Track Record Period.

According to the relevant laws and regulations promulgated by the State Administration of Taxation of the PRC that have been effective from 2018 onwards, enterprise engaging in research and development activities are entitled to claim 175% and 200% of their research and development expenditures incurred as tax deductible expenses when determining their assessable profits for the period from January 1, 2022 to September 30, 2022 and for the period from October 1, 2022 to May 31, 2025, respectively.

Certain subsidiaries of the Group that are subject to “small and thin-profit enterprises” were entitled a preferential tax rate of 20% under the EIT Law. For the year ended December 31, 2022, the qualifying group entities enjoyed 87.5% reduction on annual taxable income. For the years ended December 31, 2023 and 2024 and the five months ended May 31, 2024 and 2025, the qualifying group entities enjoyed 75% reduction on annual taxable income.

APPENDIX I

ACCOUNTANTS' REPORT

The income tax credit for the Track Record Period can be reconciled to the loss before tax as follows:

	Year ended December 31,			Five months ended May 31,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Loss before tax	(452,150)	(283,694)	(540,793)	(244,772)	(219,921)
Tax at PRC EIT of 25%	(113,037)	(70,924)	(135,198)	(61,193)	(54,980)
Tax effect of share of result of an associate	—	—	183	22	1,421
Tax effect of share of result of a joint venture	—	—	3	—	1
Tax effect of expenses not deductible for tax purpose	2,012	3,049	2,303	895	662
Tax effect of temporary differences not recognised	25,176	24,322	85,793	16,171	7,086
Tax effect of tax losses not recognised	136,721	87,552	92,439	60,198	67,819
Utilisation of tax losses previously not recognised	(4,878)	(2,372)	(10,856)	(45)	(86)
Additional deduction of research and development expenses	(45,991)	(41,560)	(34,640)	(16,048)	(21,923)
Income tax for the year/period . . .	<u>3</u>	<u>67</u>	<u>27</u>	<u>—</u>	<u>—</u>

12. LOSS BEFORE TAX

Loss before tax for the year/period has been arrived at after charging:

	Year ended December 31,			Five months ended May 31,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Directors' and supervisors' remuneration (<i>Note 13</i>)	23,475	23,776	45,858	25,348	15,485
Other staff costs:					
Salaries and other benefits	418,032	417,889	448,169	150,621	199,446
Discretionary bonus	48,533	47,626	49,267	16,936	19,896
Retirement benefit scheme contributions	44,487	45,862	47,354	18,961	21,318
Equity-settled share-based payments	<u>56,286</u>	<u>58,840</u>	<u>130,707</u>	<u>47,541</u>	<u>38,773</u>
Total staff costs	590,813	593,993	721,355	259,407	294,918
Capitalised in inventories and contract costs	<u>122,160</u>	<u>180,827</u>	<u>121,367</u>	<u>70,320</u>	<u>80,978</u>
	<u>468,653</u>	<u>413,166</u>	<u>599,988</u>	<u>189,087</u>	<u>213,940</u>
Listing expenses	—	—	31,221	13,033	9,244
Depreciation of property, plant and equipment	25,517	30,276	39,539	11,629	17,203
Depreciation of right-of-use assets .	<u>24,855</u>	<u>35,415</u>	<u>55,430</u>	<u>24,245</u>	<u>23,946</u>
Total depreciation and amortisation	50,372	65,691	94,969	35,874	41,149
Capitalised in inventories and contract costs	<u>4,993</u>	<u>5,251</u>	<u>15,026</u>	<u>11,243</u>	<u>16,645</u>
	<u>45,379</u>	<u>60,440</u>	<u>79,943</u>	<u>24,631</u>	<u>24,504</u>

	Year ended December 31,			Five months ended May 31,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Auditor's remunerations	875	1,285	439	266	455
Cost of inventories and contract costs recognised as expenses (including write-down of inventories and contract costs amounting to RMB34,894,000, RMB30,825,000, RMB50,227,000, RMB11,489,000 (unaudited) and RMB12,419,000 in 2022, 2023 and 2024 and the five months ended May 31, 2024 and 2025, respectively)	<u>1,042,429</u>	<u>1,260,762</u>	<u>2,248,105</u>	<u>530,517</u>	<u>652,863</u>

13. DIRECTORS', SUPERVISORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

Executive and non-executive directors and supervisors

Names	Positions	Dates of appointment
Mr. Ying Zhenkai	Executive director and the general manager	October 15, 2009
Mr. Zhang Fukai	Executive director	May 1, 2016
Ms. Xu Zhenhui	Executive director	May 15, 2018
Mr. Lai Weilin	Executive director	July 30, 2021
Mr. Gao Yinghui	Executive director	June 18, 2017
Mr. Ye Tian	Non-executive director	February 26, 2024 ³
Mr. Wang Yue	Non-executive director	June 7, 2022
Mr. Ma Xiaoyong	Non-executive director	September 21, 2022
Mr. Wang Bihui	Non-executive director	August 16, 2024
Ms. Xu Lili	Independent non-executive director	June 24, 2024 ¹
Mr. Li Yuanpeng	Independent non-executive director	October 27, 2021
Mr. Wang Yanfeng	Independent non-executive director	October 27, 2021
Mr. Pang Chunlin	Independent non-executive director	October 27, 2021
Mr. Zhang Xiaoliang	Independent non-executive director	October 27, 2021
Mr. Liu Gongshen	Independent non-executive director	June 7, 2022
Mr. Liang Chen	Supervisor	October 27, 2021
Ms. Xu Tingting	Supervisor	October 27, 2021
Ms. Wu Yunyun	Supervisor	October 27, 2021
Mr. Shi Wan	Supervisor	September 21, 2022
Mr. Huang Baogang	Supervisor	August 23, 2023 ²
Ms. Li Zijie	Supervisor	June 24, 2024

1 The appointment will become effective upon the Listing Date.

2 In June 2024, the supervisor resigned from the Group.

3 In August 2024, the non-executive director resigned from the Group.

APPENDIX I

ACCOUNTANTS' REPORT

Details of the emoluments paid or payable by the entities comprising the Group to the directors, supervisors and general manager of the Company during the Track Record Period are as follows:

	Directors' fee	Salaries and other benefits	Discretionary bonus	Retirement benefit scheme contributions	Equity-settled share-based payments	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
For the year ended						
December 31, 2022						
Executive directors:						
Mr. Ying Zhenkai.	–	5,398	429	63	–	5,890
Mr. Zhang Fukai	–	2,754	111	63	1,878	4,806
Ms. Xu Zhenhui	–	1,489	121	63	955	2,628
Mr. Lai Weilin	–	2,004	156	63	861	3,084
Mr. Gao Yinghui	–	1,572	131	63	652	2,418
Non-executive directors:						
Mr. Ye Tian	–	–	–	–	–	–
Mr. Wang Yue.	–	–	–	–	–	–
Mr. Ma Xiaoyong	–	–	–	–	–	–
Independent non-executive directors:						
Mr. Li Yuanpeng	150	–	–	–	–	150
Mr. Wang Yanfeng	150	–	–	–	–	150
Mr. Pang Chunlin.	150	–	–	–	–	150
Mr. Zhang Xiaoliang.	150	–	–	–	–	150
Mr. Liu Gongshen	83	–	–	–	–	83
Supervisors:						
Mr. Liang Chen.	–	1,568	121	63	652	2,404
Ms. Xu Tingting	–	891	61	63	271	1,286
Ms. Wu Yunyun.	–	153	12	28	83	276
Mr. Shi Wan.	–	–	–	–	–	–
	683	15,829	1,142	469	5,352	23,475

	Directors' fee	Salaries and other benefits	Discretionary bonus	Retirement benefit scheme contributions	Equity-settled share-based payments	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
For the year ended						
December 31, 2023						
Executive directors:						
Mr. Ying Zhenkai.	–	5,233	429	68	–	5,730
Mr. Zhang Fukai	–	1,404	89	66	1,878	3,437
Ms. Xu Zhenhui	–	1,736	196	68	2,126	4,126
Mr. Lai Weilin	–	1,991	156	68	861	3,076
Mr. Gao Yinghui	–	1,765	94	68	652	2,579
Non-executive directors:						
Mr. Ye Tian	–	–	–	–	–	–
Mr. Wang Yue.	–	–	–	–	–	–
Mr. Ma Xiaoyong	–	–	–	–	–	–
Independent non-executive directors:						
Mr. Li Yuanpeng	150	–	–	–	–	150
Mr. Wang Yanfeng	150	–	–	–	–	150
Mr. Pang Chunlin.	150	–	–	–	–	150
Mr. Zhang Xiaoliang.	150	–	–	–	–	150
Mr. Liu Gongshen	150	–	–	–	–	150

APPENDIX I

ACCOUNTANTS' REPORT

	Directors' fee	Salaries and other benefits	Discretionary bonus	Retirement benefit scheme contributions	Equity-settled share-based payments	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Supervisors:						
Mr. Liang Chen	–	1,730	108	50	652	2,540
Ms. Xu Tingting	–	829	55	68	271	1,223
Ms. Wu Yunyun	–	189	14	29	83	315
Mr. Shi Wan	–	–	–	–	–	–
Mr. Huang Baogang	–	–	–	–	–	–
	<u>750</u>	<u>14,877</u>	<u>1,141</u>	<u>485</u>	<u>6,523</u>	<u>23,776</u>

	Directors' fee	Salaries and other benefits	Discretionary bonus	Retirement benefit scheme contributions	Equity-settled share-based payments	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000

For the year ended
December 31, 2024

Executive directors:						
Mr. Ying Zhenkai	–	5,220	429	71	–	5,720
Mr. Zhang Fukai	–	1,529	200	71	9,902	11,702
Ms. Xu Zhenhui	–	1,958	241	71	12,295	14,565
Mr. Lai Weilin	–	2,063	699	71	793	3,626
Mr. Gao Yinghui	–	1,651	118	71	2,523	4,363
Non-executive directors:						
Mr. Ye Tian	–	–	–	–	–	–
Mr. Wang Yue	–	–	–	–	–	–
Mr. Ma Xiaoyong	–	–	–	–	–	–
Mr. Wang Bihui	–	–	–	–	–	–
Independent Non-executive Directors:						
Mr. Li Yuanpeng	150	–	–	–	–	150
Mr. Wang Yanfeng	150	–	–	–	–	150
Mr. Pang Chunlin	150	–	–	–	–	150
Mr. Zhang Xiaoliang	150	–	–	–	–	150
Mr. Liu Gongshen	150	–	–	–	–	150
Ms. Xu Lili	–	–	–	–	–	–
Supervisors:						
Mr. Liang Chen	–	1,959	241	71	613	2,884
Ms. Xu Tingting	–	823	55	71	259	1,208
Ms. Wu Yunyun	–	308	613	25	94	1,040
Mr. Shi Wan	–	–	–	–	–	–
Ms. Li Zijie	–	–	–	–	–	–
	<u>750</u>	<u>15,511</u>	<u>2,596</u>	<u>522</u>	<u>26,479</u>	<u>45,858</u>

APPENDIX I

ACCOUNTANTS' REPORT

	Directors' fee	Salaries and other benefits	Discretionary bonus	Retirement benefit scheme contributions	Equity-settled share-based payments	Total
	RMB'000 (unaudited)	RMB'000 (unaudited)	RMB'000 (unaudited)	RMB'000 (unaudited)	RMB'000 (unaudited)	RMB'000 (unaudited)
For five months ended May 31, 2024						
Executive directors:						
Mr. Ying Zhenkai	—	2,175	178	29	—	2,382
Mr. Zhang Fukai	—	708	142	29	6,189	7,068
Ms. Xu Zhenhui	—	816	100	29	7,684	8,629
Mr. Lai Weilin	—	820	563	29	496	1,908
Mr. Gao Yinghui	—	689	49	29	1,577	2,344
Non-executive directors:						
Mr. Ye Tian	—	—	—	—	—	—
Mr. Wang Yue	—	—	—	—	—	—
Mr. Ma Xiaoyong	—	—	—	—	—	—
Independent Non-executive Directors:						
Mr. Li Yuanpeng	63	—	—	—	—	63
Mr. Wang Yanfeng	63	—	—	—	—	63
Mr. Pang Chunlin	63	—	—	—	—	63
Mr. Zhang Xiaoliang	63	—	—	—	—	63
Mr. Liu Gongshen	63	—	—	—	—	63
Ms. Xu Lili	—	—	—	—	—	—
Supervisors:						
Mr. Liang Chen	—	818	159	30	384	1,391
Ms. Xu Tingting	—	341	23	30	162	556
Ms. Wu Yunyun	—	80	606	10	59	755
Mr. Shi Wan	—	—	—	—	—	—
Mr. Huang Baogang	—	—	—	—	—	—
	<u>315</u>	<u>6,447</u>	<u>1,820</u>	<u>215</u>	<u>16,551</u>	<u>25,348</u>

	Directors' fee	Salaries and other benefits	Discretionary bonus	Retirement benefit scheme contributions	Equity-settled share-based payments	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000

For five months ended
May 31, 2025

Executive directors:						
Mr. Ying Zhenkai	—	2,175	179	30	—	2,384
Mr. Zhang Fukai	—	616	81	30	2,751	3,478
Ms. Xu Zhenhui	—	816	59	30	3,415	4,320
Mr. Lai Weilin	—	988	288	30	220	1,526
Mr. Gao Yinghui	—	688	49	30	701	1,468
Non-executive directors:						
Mr. Wang Yue	—	—	—	—	—	—
Mr. Ma Xiaoyong	—	—	—	—	—	—
Mr. Wang Bihui	—	—	—	—	—	—

APPENDIX I

ACCOUNTANTS' REPORT

	Directors' fee	Salaries and other benefits	Discretionary bonus	Retirement benefit scheme contributions	Equity-settled share-based payments	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Independent Non-executive Directors:						
Mr. Li Yuanpeng	63	—	—	—	—	63
Mr. Wang Yanfeng	63	—	—	—	—	63
Mr. Pang Chunlin	63	—	—	—	—	63
Mr. Zhang Xiaoliang	63	—	—	—	—	63
Mr. Liu Gongshen	63	—	—	—	—	63
Ms. Xu Lili	—	—	—	—	—	—
Supervisors:						
Mr. Liang Chen	—	816	270	30	170	1,286
Ms. Xu Tingting	—	367	28	30	72	497
Ms. Wu Yunyun	—	113	61	11	26	211
Mr. Shi Wan	—	—	—	—	—	—
Ms. Li Zijie	—	—	—	—	—	—
	<u>315</u>	<u>6,579</u>	<u>1,015</u>	<u>221</u>	<u>7,355</u>	<u>15,485</u>

The executive directors' emoluments shown above were paid for their services in connection with the management of affairs of the Group and the Company during the Track Record Period. The non-executive directors' and supervisors' emoluments shown above were for their services as directors and supervisors of the Company and the Group, respectively. The discretionary bonuses are determined based on the Group's performance, performance of the relevant individual within the Group and comparable market statistics.

During the Track Record Period, certain directors were granted restricted shares, in respect of their services to the Group under the share incentive plan of the Company. Details of the share incentive plan are set out in note 34 to the Historical Financial Information.

Five highest paid employees

The five highest paid individuals of the Group included three, three, three, two (unaudited) and three directors of the Company during the years ended December 31, 2022, 2023 and 2024 and the five months ended May 31, 2024 and 2025, respectively, details of whose remuneration are set out above. Details of the remuneration for the remaining two, two, two, three (unaudited) and two highest paid individuals during the years ended December 31, 2022, 2023 and 2024 and the five months ended May 31, 2024 and 2025, respectively, are as follows:

	Year ended December 31,			Five months ended May 31,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Salaries and other benefits.	6,099	6,063	5,252	2,769	1,928
Discretionary bonus.	413	685	1,040	503	293
Retirement benefit scheme contributions.	126	136	142	87	50
Equity-settled share-based payments	<u>2,792</u>	<u>3,052</u>	<u>13,581</u>	<u>10,403</u>	<u>6,018</u>
	<u>9,430</u>	<u>9,936</u>	<u>20,015</u>	<u>13,762</u>	<u>8,289</u>

The number of the highest paid employees fell within the following bands is as follows:

	Year ended 31 December			Five months ended May 31,	
	2022	2023	2024	2024	2025
	<i>No. of employees</i>	<i>No. of employees</i>	<i>No. of employees</i>	<i>No. of employees</i>	<i>No. of employees</i>
Hong Kong Dollar ("HKD")					
HKD2,500,001 to HKD3,000,000	–	–	–	1	1
HKD3,000,001 to HKD3,500,000	1	–	–	–	–
HKD3,500,001 to HKD4,000,000	–	2	–	1	1
HKD4,000,001 to HKD4,500,000	–	–	–	–	1
HKD4,500,001 to HKD5,000,000	1	1	–	–	2
HKD5,000,001 to HKD5,500,000	1	–	–	–	–
HKD5,500,001 to HKD6,000,000	1	–	–	–	–
HKD6,000,001 to HKD6,500,000	–	1	1	–	–
HKD6,500,001 to HKD7,000,000	1	–	1	–	–
HKD7,500,001 to HKD8,000,000	–	1	–	1	–
HKD8,000,001 to HKD8,500,000	–	–	–	1	–
HKD9,000,001 to HKD9,500,000	–	–	–	1	–
HKD12,500,001 to HKD13,000,000	–	–	1	–	–
HKD14,500,001 to HKD15,000,000	–	–	1	–	–
HKD15,500,001 to HKD16,000,000	–	–	1	–	–
	5	5	5	5	5
	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>	<u>5</u>

During the Track Record Period, no emoluments were paid by the Group to any of the executive director, non-executive directors, independent non-executive directors, or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors or supervisors of the Company waived or agreed to waive any emoluments during the Track Record Period.

14. DIVIDENDS

No dividend was paid or declared by the Company during the Track Record Period.

15. LOSS PER SHARE

The calculation of the basic loss per share attributable to owners of the Company is based on the following data:

	Year ended December 31,			Five months ended May 31,	
	2022	2023	2024	2024	2025
				<i>(unaudited)</i>	
Loss:					
Loss for the purposes of					
calculating basic loss per share					
attributable to owners of the					
Company (RMB'000)	<u>(452,095)</u>	<u>(283,891)</u>	<u>(541,238)</u>	<u>(244,826)</u>	<u>(219,725)</u>
Number of shares ('000):					
Weighted average number of					
ordinary shares for the purpose					
of basic loss per share					
calculation	<u>105,563</u>	<u>117,968</u>	<u>131,818</u>	<u>124,313</u>	<u>139,554</u>

No diluted earnings per share for the Track Record Period as there were no potential ordinary shares in issue for each of the three years ended December 31, 2024 or the five months ended May 31, 2024 and 2025.

16. PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings	Furniture and electronic equipment	Machinery	Leasehold improvement	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
COST						
At January 1, 2022	–	61,060	31,066	13,994	2,348	108,468
Additions	–	7,675	2,110	–	147,169	156,954
Transfers	–	1,820	1,381	8,738	(11,939)	–
Disposals	–	(144)	–	–	–	(144)
At December 31, 2022	–	70,411	34,557	22,732	137,578	265,278
Additions	–	12,093	20,713	–	122,256	155,062
Transfers	12,315	36,112	10,364	9,364	(68,155)	–
Disposals	–	(6,236)	(479)	–	–	(6,715)
At December 31, 2023	12,315	112,380	65,155	32,096	191,679	413,625
Additions	–	9,254	17,160	–	134,686	161,100
Transfers	–	461	20,498	18,282	(39,241)	–
Disposals	–	(6,875)	(779)	–	–	(7,654)
At December 31, 2024	12,315	115,220	102,034	50,378	287,124	567,071
Additions	–	2,274	57,678	–	52,717	112,669
Transfers	127,656	1,718	3,431	2,294	(135,099)	–
Disposals	–	(206)	–	–	(2,330)	(2,536)
At May 31, 2025	139,971	119,006	163,143	52,672	202,412	677,204
DEPRECIATION						
At January 1, 2022	–	39,705	5,975	6,264	–	51,944
Provided for the year	–	13,524	5,319	6,674	–	25,517
Eliminated on disposals	–	(132)	–	–	–	(132)
At December 31, 2022	–	53,097	11,294	12,938	–	77,329
Provided for the year	682	15,471	6,239	7,884	–	30,276
Eliminated on disposals	–	(5,937)	(457)	–	–	(6,394)
At December 31, 2023	682	62,631	17,076	20,822	–	101,211
Provided for the year	585	19,184	10,125	9,645	–	39,539
Eliminated on disposals	–	(6,375)	(533)	–	–	(6,908)
At December 31, 2024	1,267	75,440	26,668	30,467	–	133,842
Provided for the period	666	7,571	6,121	2,845	–	17,203
Eliminated on disposals	–	(206)	–	–	–	(206)
At May 31, 2025	1,933	82,805	32,789	33,312	–	150,839

APPENDIX I

ACCOUNTANTS' REPORT

	Buildings	Furniture and electronic equipment	Machinery	Leasehold improvement	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
CARRYING VALUES						
At January 1, 2022	—	21,355	25,091	7,730	2,348	56,524
At December 31, 2022	—	17,314	23,263	9,794	137,578	187,949
At December 31, 2023	11,633	49,749	48,079	11,274	191,679	312,414
At December 31, 2024	11,048	39,780	75,366	19,911	287,124	433,229
At May 31, 2025	138,038	36,201	130,354	19,360	202,412	526,365

The Company

	Furniture and electronic equipment	Machinery	Leasehold improvement	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
COST					
At January 1, 2022	44,562	13,303	4,938	—	62,803
Additions	3,794	18	—	27,150	30,962
Transfers	—	—	27	(27)	—
Disposals	(116)	—	—	—	(116)
At December 31, 2022	48,240	13,321	4,965	27,123	93,649
Additions	1,845	—	—	9,106	10,951
Transfers	34,380	—	1,849	(36,229)	—
Disposals	(3,442)	(465)	—	—	(3,907)
At December 31, 2023	81,023	12,856	6,814	—	100,693
Additions	3,852	—	—	6,129	9,981
Transfers	—	—	6,129	(6,129)	—
Disposals	(5,315)	(438)	—	—	(5,753)
At December 31, 2024	79,560	12,418	12,943	—	104,921
Additions	1,399	—	—	2,330	3,729
Disposals	(199)	—	—	(2,330)	(2,529)
At May 31, 2025	80,760	12,418	12,943	—	106,121
DEPRECIATION					
At January 1, 2022	30,828	2,157	4,662	—	37,647
Provided for the year	9,400	1,452	192	—	11,044
Eliminated on disposals	(107)	—	—	—	(107)
At December 31, 2022	40,121	3,609	4,854	—	48,584
Provided for the year	8,889	1,432	71	—	10,392
Eliminated on disposals	(3,419)	(452)	—	—	(3,871)
At December 31, 2023	45,591	4,589	4,925	—	55,105
Provided for the year	11,477	1,756	1,331	—	14,564
Eliminated on disposals	(5,060)	(341)	—	—	(5,401)
At December 31, 2024	52,008	6,004	6,256	—	64,268
Provided for the period	4,531	1,019	789	—	6,339
Eliminated on disposals	(199)	—	—	—	(199)
At May 31, 2025	56,340	7,023	7,045	—	70,408

APPENDIX I

ACCOUNTANTS' REPORT

	Furniture and electronic equipment	Machinery	Leasehold improvement	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
CARRYING VALUES					
At January 1, 2022	13,734	11,146	276	–	25,156
At December 31, 2022	8,119	9,712	111	27,123	45,065
At December 31, 2023	35,432	8,267	1,889	–	45,588
At December 31, 2024	27,552	6,414	6,687	–	40,653
At May 31, 2025	24,420	5,395	5,898	–	35,713

The above items other than construction in progress are depreciated after taking into account the estimated residual value on a straight-line basis over the following periods:

Buildings	20 years
Furniture and electronic equipment	3-5 years
Machinery	5-10 years
Leasehold improvement	Over the shorter of term of the relevant leases or 5 years

As at December 31, 2022, 2023 and 2024 and May 31, 2025, the Group has pledged buildings with carrying amounts of nil, RMB11,633,000, RMB11,048,000 and RMB138,038,000 respectively, machinery with carrying amounts of nil, nil, RMB64,556,000 and RMB24,808,000 respectively and construction in progress with carrying amounts of nil, RMB93,263,000, RMB184,222,000 and RMB188,704,000 respectively to secure bank borrowing to the Group.

Impairment tests for property, plant and equipment and right-of-use assets

	As at December 31,			As at May 31,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Property, plant and equipment	187,949	312,414	433,229	526,365
Right-of-use assets	89,405	145,619	167,170	126,580
	277,354	458,033	600,399	652,945

The Group focuses on providing smart cockpit and vehicle connectivity support services, which the Group operates as a whole. As at December 31, 2022, 2023 and 2024 and May 31, 2025, the Group was identified as a single cash-generating unit (“CGU”), which property, plant and equipment and right-of-use assets belong to, for the purpose of impairment testing.

Due to the loss of the CGU throughout the year ended December 31, 2022, 2023 and 2024 and the five months ended May 31, 2025, the management of the Group concluded there was indication of impairment loss and conducted impairment assessment on property, plant and equipment and right-of-use assets with carrying amounts of RMB277,354,000, RMB458,033,000, RMB600,399,000 and RMB652,945,000 as at December 31, 2022, 2023, 2024 and May 31, 2025 respectively.

The recoverable amount of the CGU was determined based on a value in use calculation (“VIU”) by using the discounted cashflow method, based on the CGU’s financial budget approved by the Group covering a five-year period. The CGU’s cash flows beyond the five-year period were extrapolated by using a steady 2.0% growth rate, which was based on the relevant industry growth forecasts and did not exceed the average long-term growth rate for the relevant industry. The values to the assigned key assumptions were based on the past performance of the CGU and the management’s expectation of future market development. Pre-tax discount rate of 13.65%, 14.57%, 14.45% and 14.06% were used to reflect market assessment of time value and the specific risks relating to the CGU for the impairment review as at December 31, 2022, 2023 and 2024 and May 31, 2025 respectively.

As at December 31, 2022, 2023 and 2024 and May 31, 2025, management of the Group determines that there is no impairment on the property, plant and equipment and right-of-use assets. The recoverable amount is significantly above the carrying amount of the CGU as at December 31, 2022, 2023 and 2024 and May 31, 2025 respectively. Management believes that any reasonably possible change in any of these assumptions would not result in impairment.

17. RIGHT-OF-USE ASSETS

The Group

	Leasehold lands	Leased properties	Leased machineries	Total	
	RMB'000	RMB'000	RMB'000	RMB'000	
As at December 31, 2022					
Carrying amounts	28,051	61,354	—	89,405	
As at December 31, 2023					
Carrying amounts	59,331	86,288	—	145,619	
As at December 31, 2024					
Carrying amounts	71,395	82,743	13,032	167,170	
As at May 31, 2025					
Carrying amounts	70,694	44,533	11,353	126,580	
For the year ended December 31, 2022					
Depreciation charge	(312)	(24,543)	—	(24,855)	
For the year ended December 31, 2023					
Depreciation charge	(1,300)	(34,115)	—	(35,415)	
For the year ended December 31, 2024					
Depreciation charge	(1,614)	(33,298)	(20,518)	(55,430)	
For the five months ended May 31, 2025					
Depreciation charge	(701)	(16,538)	(6,707)	(23,946)	
	As at December 31,			As at May 31,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	(unaudited) RMB'000	RMB'000
Expense relating to short-term leases	9,624	4,949	4,513	1,952	2,613
Total cash outflow for leases	48,215	83,016	66,698	23,949	39,414
Additions to leasehold lands	20,294	32,580	13,678	—	—
Additions to leasehold properties .	21,291	59,257	50,775	8,838	6,996
Additions to leasehold machineries	—	—	33,550	26,469	5,216

For the Track Record Period, the Group leases various offices and properties for its operations. Lease contracts are entered into for fixed term of 1 to 6 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. In determining the lease term and assessing the length of the non-cancellable period, the Group applies the definition of a contract and determines the period for which the contract is enforceable.

The Group has obtained the land use right certificates for the leasehold lands. The directors of the Company are of the opinion that the Group is entitled to lawfully and validly occupy or use the land use right.

As at December 31, 2022, 2023 and 2024 and May 31, 2025, the Group has pledged leasehold lands with carrying amounts of nil, RMB27,294,000, RMB57,922,000 and RMB57,335,000 respectively to secure bank borrowing to the Group.

The Group regularly entered into short-term leases for staff apartments. As at 31 December 2022, 2023 and 2024 and May 31, 2025, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense disclosed above.

Restrictions or covenants on leases

In addition, lease liabilities of RMB77,053,000, RMB94,647,000, RMB116,935,000 and RMB63,865,000 are recognised with related right-of-use assets of RMB61,354,000, RMB86,288,000, RMB95,775,000 and RMB55,886,000 as at December 31, 2022, 2023 and 2024 and May 31, 2025. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased properties and machineries may not be used as security for borrowing purposes.

Details of the lease maturity analysis of lease liabilities are set out in Note 32.

The Company

	Leased properties
	<i>RMB'000</i>
As at December 31, 2022	
Carrying amounts	9,157
As at December 31, 2023	
Carrying amounts	36,661
As at December 31, 2024	
Carrying amounts	62,616
As at May 31, 2025	
Carrying amounts	28,306
For the year ended December 31, 2022	
Depreciation charge	(6,962)
For the year ended December 31, 2023	
Depreciation charge	(7,505)
For the year ended December 31, 2024	
Depreciation charge	(12,901)
For the five months ended May 31, 2025	
Depreciation charge	(7,576)

18. DEFERRED TAX

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

	The Group				The Company			
	As at December 31,			As at May 31,	As at December 31,			As at May 31,
	2022	2023	2024	2025	2022	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Deferred tax assets	—	—	—	—	—	—	—	—
Deferred tax liabilities . .	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—

APPENDIX I

ACCOUNTANTS' REPORT

The Group

	Fair value change of FVTPL	Right-of-use assets	Lease liabilities	Tax losses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2022	—	(14,843)	14,748	95	—
(Charge) Credit to profit or loss .	(63)	421	(326)	(32)	—
At December 31, 2022	(63)	(14,422)	14,422	63	—
(Charge) Credit to profit or loss .	(16,763)	(3,483)	3,418	16,828	—
At December 31, 2023	(16,826)	(17,905)	17,840	16,891	—
(Charge) Credit to profit or loss .	(9,360)	223	(158)	9,295	—
At December 31, 2024	(26,186)	(17,682)	17,682	26,186	—
Credit (Charge) to profit or loss .	11,566	6,540	(6,540)	(11,566)	—
At May 31, 2025.	(14,620)	(11,142)	11,142	14,620	—
At January 1, 2024	(16,826)	(17,905)	17,840	16,891	—
(Charge) Credit to profit or loss (unaudited)	(2,509)	680	(615)	2,444	—
At May 31, 2024 (unaudited) . . .	(19,335)	(17,225)	17,225	19,335	—

As at 31 December 2022, 2023 and 2024 and May 31, 2025, the Group has unused tax losses of RMB2,203,999,000, RMB2,657,332,000, RMB2,979,474,000 and RMB3,174,393,000 available for offset against future profits. A deferred tax asset has been recognised in respect of RMB417,000, RMB112,609,000, RMB174,572,000 and RMB98,559,000 of such losses as at December 31, 2022, 2023 and 2024 and May 31, 2025. No deferred tax asset has been recognised in respect of the remaining RMB2,203,582,000, RMB2,544,723,000, RMB2,804,902,000 and RMB3,075,834,000 due to the unpredictability of future profit streams.

The unrecognised tax losses will be expired as follows:

	As at December 31,			As at May 31,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
2023	53,969	—	—	—
2024	66,153	66,153	—	—
2025	107,342	103,812	87,101	87,097
2026	213,263	207,307	180,594	180,262
2027	268,640	268,640	268,640	268,632
2028	99,653	163,213	163,213	163,213
2029	253,101	253,101	484,613	484,613
2030	459,207	459,207	459,207	517,709
2031	308,876	308,876	308,876	308,876
2032	373,378	373,378	373,378	373,378
2033	—	341,036	341,036	341,036
2034	—	—	138,244	138,244
2035	—	—	—	212,774
	<u>2,203,582</u>	<u>2,544,723</u>	<u>2,804,902</u>	<u>3,075,834</u>

APPENDIX I

ACCOUNTANTS' REPORT

As at December 31, 2022, 2023 and 2024 and May 31, 2025, the Group has deductible temporary differences of RMB244,734,000, RMB342,024,000, RMB685,194,000 and RMB713,537,000. No deferred tax asset has been recognised in relation to such deductible temporary difference as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

The Company

	Fair value change of FVTPL	Right-of-use assets	Lease liabilities	Tax losses	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2022	—	(2,027)	1,932	95	—
(Charge) Credit to profit or loss	(63)	653	(558)	(32)	—
At December 31, 2022	(63)	(1,374)	1,374	63	—
(Charge) Credit to profit or loss	(16,763)	(4,125)	4,060	16,828	—
At December 31, 2023	(16,826)	(5,499)	5,434	16,891	—
(Charge) Credit to profit or loss	(9,360)	(3,893)	3,958	9,295	—
At December 31, 2024	(26,186)	(9,392)	9,392	26,186	—
Credit (Charge) to profit or loss	11,156	5,147	(5,147)	(11,156)	—
At May 31, 2025.	(15,030)	(4,245)	4,245	15,030	—
At January 1, 2024	(16,826)	(5,499)	5,434	16,891	—
(Charge) Credit to profit or loss (unaudited)	(2,509)	1,252	(1,187)	2,444	—
At May 31, 2024 (unaudited)	(19,335)	(4,247)	4,247	19,335	—

19. INTERESTS IN SUBSIDIARIES

The Company

	As at December 31,			As at May 31,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Cost of investments	634,705	634,705	1,008,306	1,038,306
Amounts due from subsidiaries (Note)	753,276	961,250	1,030,269	1,259,281
	<u>1,387,981</u>	<u>1,595,955</u>	<u>2,038,575</u>	<u>2,297,587</u>

ACCOUNTANTS' REPORT

[illegible]

20. INTERESTS IN ASSOCIATES/AN ASSOCIATE

	The Group				The Company			
	As at December 31,			As at May 31,	As at December 31,			As at May 31,
	2022	2023	2024	2025	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Interests in associates under equity method . .	—	—	102,267	96,585	—	—	2,267	1,301
	—	—	<u>102,267</u>	<u>96,585</u>	—	—	<u>2,267</u>	<u>1,301</u>

APPENDIX I

ACCOUNTANTS' REPORT

Details of each of the Group's associates during the Track Record Period are as follows:

Name of associates	Country of incorporation	Principal place of business	Cost of interest in associates	Proportion of ownership interest and voting rights held by the Group/Company				Principal activities
				As at December 31,			As at May 31,	
				2022	2023	2024	2025	
Guojing Computational (Beijing) Data Technology Co., Ltd. ("Guojing") (Note i)	China	Beijing	100,000	–	–	40.00%	40.00%	Sales of R&D services in relation to AI.
Shanghai Anzhixin Automotive Integrated Circuit Co., Ltd ("Anzhixin") (Note ii).	China	Shanghai	2,267	–	–	25.00%	25.00%	Sales of Integrated Circuit

Notes:

- i. The Group is able to exercise significant influence over Guojing because it has the power to appoint one out of the three directors of Guojing under the articles of association of Guojing.
- ii. The Group/the Company is able to exercise significant influence over Anzhixin because it has the power to appoint one out of the five directors of Anzhixin under the articles of association of Anzhixin.

All of these associates are accounted for using the equity method in these consolidated financial statements.

21. INVENTORIES AND CONTRACT COSTS

	The Group				The Company			
	As at December 31,			As at May 31,	As at December 31,			As at May 31,
	2022	2023	2024	2025	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Materials and components (Note a)	368,277	420,861	415,574	460,753	177,462	195,794	205,847	253,284
Contract fulfillment costs (Note b)	98,999	67,236	88,341	130,846	81,181	42,634	51,754	92,499
	<u>467,276</u>	<u>488,097</u>	<u>503,915</u>	<u>591,599</u>	<u>258,643</u>	<u>238,428</u>	<u>257,601</u>	<u>345,783</u>

Notes:

- a. Materials and components include finish goods, chips and others.
- b. The costs directly relate to the contracts in the smart cockpit solutions, generate resources that will be used in satisfying the contract and are expected to be recovered.

APPENDIX I

ACCOUNTANTS' REPORT

22. TRADE AND OTHER RECEIVABLES

	The Group				The Company			
	As at December 31,			As at	As at December 31,			As at
	2022	2023	2024	May 31,	2022	2023	2024	May 31,
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables	436,237	650,690	1,298,471	835,947	414,451	637,100	1,260,602	793,075
Less: allowance for credit losses	(17,558)	(30,996)	(173,469)	(154,310)	(16,367)	(29,394)	(172,319)	(152,507)
	418,679	619,694	1,125,002	681,637	398,084	607,706	1,088,283	640,568
Prepayments for service	14,246	11,330	13,944	12,081	498	811	6,157	5,460
Prepayments for consumables	4,189	1,429	1,911	651	4,189	1,429	416	476
Refundable deposits	2,742	2,720	1,742	1,908	1,619	1,527	1,491	1,483
Advance to staff	1,376	307	516	1,329	290	130	417	1,110
Prepayments to suppliers	27,331	18,275	83,139	100,471	18,232	8,885	75,600	90,859
Prepayments for rental expense	1,045	1,485	890	239	78	121	76	96
Value-added tax recoverable	24,456	31,223	74,879	102,228	20,161	16,835	23,173	53,618
Deferred issue costs	–	–	5,194	7,034	–	–	5,194	7,034
Prepayments for listing expenses	–	–	3,527	7,128	–	–	3,527	7,128
Receivable for disposal of a financial asset at FVTPL	–	–	120,000	–	–	–	120,000	–
Others	3,885	4,468	5,611	3,099	3,487	2,472	1,844	920
Less: allowance for credit losses	(608)	(210)	(923)	(1,057)	(111)	(131)	(762)	(704)
	497,341	690,721	1,435,432	916,748	446,527	639,785	1,325,416	808,048

As at January 1, 2022, the Group's and the Company's trade receivables amounted to RMB191,124,000 and RMB178,116,000.

The following is an aged analysis of trade receivables net of allowance for credit losses presented based on invoice dates:

	The Group				The Company			
	As at December 31,			As at	As at December 31,			As at
	2022	2023	2024	May 31,	2022	2023	2024	May 31,
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
0-90 days	378,432	544,987	910,424	487,596	362,244	533,935	875,640	463,022
91-180 days	22,512	43,832	175,670	146,615	18,296	43,609	175,241	144,711
181-365 days	17,069	22,695	21,669	37,645	16,913	22,406	20,212	23,054
1-2 years	666	8,180	17,239	9,781	631	7,756	17,190	9,781
	418,679	619,694	1,125,002	681,637	398,084	607,706	1,088,283	640,568

As at December 31, 2022, 2023 and 2024 and May 31, 2025, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB40,247,000, RMB74,707,000, RMB106,977,000 and RMB154,900,000 respectively, which are past due as at the reporting date. Out of the past due balances, RMB17,069,000, RMB22,695,000, RMB21,669,000 and RMB37,645,000, has been past due 90 days or more and is not considered as in default considering the historical and expected subsequent repayment from the trade debtors.

Details of impairment assessment of trade and other receivables are set out in Note 36.

23. AMOUNTS DUE FROM (TO) A RELATED PARTY/SUBSIDIARIES

The Group and the Company

Amounts due from a related party

	As at January 1,	As at December 31,			As at May 31,
	2022	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<i>Non trade-related</i>					
Shanghai Bojia Enterprise Management Limited ("Shanghai Bojia")	1,000	—	—	—	—

Shanghai Bojia is controlled by Mr. Ying and the balances are non-trade nature, which are unsecured, non-interest bearing and repayable on demand.

Maximum amount outstanding during the Track Record Period of amount due from related parties of non-trade nature disclosed pursuant to section 383 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

	Year ended December 31,			Five months ended May 31,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Shanghai Bojia	<u>1,000</u>	<u>—</u>	<u>—</u>	<u>—</u>

The Company

Amounts due to subsidiaries

	As at December 31,			As at May 31,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Shanghai PATEO Yuezhen Network Technology Service Co., Ltd. . . .	—	143,522	438,572	428,338
PATEO CONNECT (Wuhan) Co., Ltd.	55,911	90,143	116,376	116,148
PATEO CONNECT (Nanjing) Co., Ltd.	21,954	—	—	—
PATEO CONNECT (Rui'an) Co., Ltd.	—	—	8,140	55,630
Shenyang One Drive Jingyi Zhijia Technology Co., Ltd.	—	—	4,307	54,627
PATEO CONNECT Technology (Xinchang) Co., Ltd.	—	—	—	23,633
Others	<u>—</u>	<u>5,234</u>	<u>7,824</u>	<u>13,301</u>
	<u>77,865</u>	<u>238,899</u>	<u>575,219</u>	<u>691,677</u>

As at December 31, 2022, 2023 and 2024 and May 31, 2025, the balances of trade nature with amount of RMB21,954,000, nil, nil and nil, are unsecured, non-interest bearing, repayable on demand and with ageing within 365 days. As at December 31, 2022, 2023 and 2024 and May 31, 2025, the balances with amount of RMB55,911,000, RMB238,899,000, RMB575,219,000 and RMB691,677,000 are non-trade nature, which are unsecured, non-interest bearing and repayable on demand.

24. CONTRACT ASSETS

	The Group				The Company			
	As at December 31,			As at May 31,	As at December 31,			As at May 31,
	2022	2023	2024	2025	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Contract assets . .	3,221	2,826	8,684	4,875	3,221	2,609	7,934	4,875
	<u>3,221</u>	<u>2,826</u>	<u>8,684</u>	<u>4,875</u>	<u>3,221</u>	<u>2,609</u>	<u>7,934</u>	<u>4,875</u>

As at January 1, 2022, both of the Group's and the Company's contract assets amounted to RMB3,131,000.

Contract assets of the Group and the Company are expected to be settled within the Group's normal operating cycle.

The Group typically agrees to a retention period ranging from six months to one year for 5%~10% of the contract value with certain customers in accordance with the terms specified in the relevant contracts. The Group reclassifies its recognised contract assets to trade receivables upon maturity of retention period.

25. FINANCIAL ASSETS AT FVTPL

	The Group				The Company			
	As at December 31,			As at May 31,	As at December 31,			As at May 31,
	2022	2023	2024	2025	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets at FVTPL								
Unlisted equity/fund investments (Notes i and ii)	165,281	364,376	487,785	591,659	13,281	129,470	174,196	310,946
Unlisted convertible bonds (Notes i and iii)	—	92,763	—	—	—	92,763	—	—
	<u>165,281</u>	<u>457,139</u>	<u>487,785</u>	<u>591,659</u>	<u>13,281</u>	<u>222,233</u>	<u>174,196</u>	<u>310,946</u>

(Note i) The Group has engaged an independent professional valuer, ValueLink Management Consultants Limited ("Valuelink") (藍策亞洲(北京)企業管理諮詢有限公司) (Room 511, SOHO Jiasheng Center, No. 19, North East Third Ring Road, Chaoyang District, Beijing, the PRC), to assess the fair values of the financial assets at FVTPL as at December 31, 2022, 2023 and 2024 and May 31, 2025, respectively. The independent professional valuer and the management of the Group held meetings periodically to discuss the valuation techniques and changes in market information to ensure the valuation was performed properly. The valuation techniques used in the determination of fair values as well as the key inputs used in the valuation models are disclosed in Note 36.

(Note ii) These investments represent equity/fund investments in unlisted entities and subsequent fair value change of these investments are recognised as "investment gains or losses" in Note 8.

(Note iii) The Group subscribed for convertible bonds from a private entity in 2023. The Group was entitled to convert the convertible bond into paid-in capital of the entity after three months of the subscription date. The relevant convertible bonds carried at a fixed annual coupon rate at 10% and are convertible into the shares of the convertible bonds issuer at a pre-determined conversion price in accordance with the relevant agreements, which are measured at fair value. In March 2024, all convertible bonds were converted as the paid-in capital of the private entity at the pre-determined conversion price. In June 2024, the Group entered into an investment agreement with the entity to further acquire its 0.79% equity interests at an aggregate consideration of RMB20 million.

In December 2024, the Group entered into a share transfer agreement with a third party to dispose of its equity interests in the entity at the consideration of RMB120 million (the "Consideration"). The Consideration was fully settled in March 2025.

26. BILLS RECEIVABLES AT FVTOCI

As at December 31, 2022, 2023 and 2024 and May 31, 2025, the balance represents bills receivables held by the Group which is measured at FVTOCI since the bills are held within the business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets, and the contractual cash flows are solely payments of principal and interest on the principal amount outstanding.

The following is an ageing analysis of bill receivables at FVTOCI at the end of the reporting period:

	The Group				The Company			
	As at December 31,			As at	As at December 31,			As at
	2022	2023	2024	May 31,	2022	2023	2024	May 31,
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
0 to 180 days. . .	171,441	84,263	95,266	136,494	165,746	83,147	95,198	132,995
	<u>171,441</u>	<u>84,263</u>	<u>95,266</u>	<u>136,494</u>	<u>165,746</u>	<u>83,147</u>	<u>95,198</u>	<u>132,995</u>

Loss allowance for bills receivables at FVTOCI is measured at an amount equal to 12m ECL. The credit risk on bills receivables at FVTOCI is limited because the counterparties are banks with high credit-ratings assigned by credit rating agencies. In the view of the directors of the Company, the credit risk of bills receivables at FVTOCI was minimal and no impairment was provided.

Transferred financial assets that were derecognised in their entirety:

The Group has discounted certain bills receivables to banks and endorsed to certain suppliers for settlement of trade payables. These bills are issued or guaranteed by reputable PRC banks with high credit ratings, therefore the Directors of the Company consider the substantial risks in relation to these bills are interest risk as the credit risk arising from these bills are minimal. Upon the discount/endorsement of these bills, the Group has transferred substantially all the risks of these bills to relevant banks/suppliers, hence the Group has derecognised these bills receivables. As at December 31, 2022, 2023 and 2024 and May 31, 2025, the Group's bills receivables at FVTOCI are amounting to RMB50,493,000, RMB139,153,000, RMB177,180,000 and RMB200,303,000, respectively, which are endorsed to certain suppliers for settlement of trade payables but not mature that are derecognised in their entirety. As at December 31, 2022, 2023 and 2024 and May 31, 2025, the Group's bills receivables at FVTOCI are amounting to RMB49,720,000, RMB63,170,000, RMB55,000,000 and RMB158,611,000, respectively, which are discounted to the banks but not mature that are derecognised in their entirety.

Transferred financial assets that were not derecognised in their entirety:

As at December 31, 2022, 2023 and 2024 and May 31, 2025, included in the Group's bills receivables at FVTOCI are amounting to RMB4,783,000, RMB14,851,000, RMB13,775,000 and RMB16,963,000, respectively, which are endorsed to certain suppliers for settlement of trade payables on a full recourse basis that are not derecognised in their entirety. As the Group has not transferred the significant risks and rewards relating to the bill receivables to its suppliers upon endorsement, it continues to recognize the full carrying amount of bill receivables and trade payables from the endorsement of the bills with full recourse. As at December 31, 2022, 2023 and 2024 and May 31, 2025, included in the Group's bills receivables at FVTOCI are amounting to RMB35,000,000, RMB47,722,000, nil and nil, respectively, which are discounted to the banks on a full recourse basis that are not derecognised in their entirety. As the Group has not transferred the substantial risks and rewards, it continues to recognise the bills receivables and has recognised the cash received on the transfer as a pledged borrowing. Details of pledge of bills receivables for the Group's secured bank borrowings are set out in Note 29.

27. CASH AND CASH EQUIVALENTS/PLEDGED/RESTRICTED BANK DEPOSITS

Cash and cash equivalents include demand deposits and short term deposits for the purpose of meeting the Group's short term cash commitments, which carry interest at market rates at 0.25%, 0.20%, 0.10% and 0.05% per annum as at December 31, 2022, 2023 and 2024 and May 31, 2025 respectively.

Pledged bank deposits represent bank deposits pledged to banks to secure bills payable and banking facilities granted to the Group. The pledged bank deposits will be released to the Group in next one to two years from December 31, 2022. The pledged bank deposits carry interest at market rates which ranged from 0.25% to 1.50%, 0.20% to 2.45%, 0.10% to 2.45% and 0.05% to 1.80% per annum as at December 31, 2022, 2023 and 2024 and May 31, 2025, respectively.

Restricted bank deposits represent deposits being frozen. The restricted bank deposits carry interest at market rates with 0.25%, 0.20%, 0.10% and 0.05% per annum as at December 31, 2022, 2023 and 2024 and May 31, 2025, respectively.

The Group's bank balances and cash that were denominated in foreign currencies other than the functional currencies of the relevant group entities are set out below:

	As at December 31,			As at May 31,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
European Dollar ("EUR")	2,868	558	78	10,609
HKD	60	388	63	174
United State Dollar ("USD")	8	1	10	2,282
	<u>2,936</u>	<u>947</u>	<u>151</u>	<u>13,065</u>

28. BILL, TRADE AND OTHER PAYABLES

	The Group				The Company			
	As at December 31,			As at May 31,	As at December 31,			As at May 31,
	2022	2023	2024	2025	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables . .	447,017	586,029	603,352	430,766	432,588	522,945	536,597	409,524
Bills payables . .	—	—	—	100,000	—	—	—	—
	<u>447,017</u>	<u>586,029</u>	<u>603,352</u>	<u>530,766</u>	<u>432,588</u>	<u>522,945</u>	<u>536,597</u>	<u>409,524</u>
Payroll payables .	67,555	61,613	72,876	58,290	20,770	20,018	20,300	22,909
Value added tax and other tax payables	24,899	6,896	7,941	4,216	1,810	3,135	3,596	2,036
Listing expenses and issue costs payable	—	—	5,297	5,329	—	—	5,297	5,329
Payables for property, plant and equipment .	7,344	12,041	11,207	16,844	4,949	43	26	—
Payables for acquisition of equity instrument at FVTOCI	24,365	—	—	—	24,365	—	—	—
Accruals	22,866	34,369	49,391	28,486	18,077	18,751	32,171	15,264
Refundable government grants (note i) .	75,000	117,592	117,592	92,592	—	—	—	—
Others	4,489	12,358	24,231	35,537	1,588	1,621	993	2,627
	<u>673,535</u>	<u>830,898</u>	<u>891,887</u>	<u>772,060</u>	<u>504,147</u>	<u>566,513</u>	<u>598,980</u>	<u>457,689</u>

APPENDIX I

ACCOUNTANTS' REPORT

The credit period of trade creditors is generally from 30 days to 90 days. The following is an aged analysis of trade payables presented based on invoice dates:

	The Group				The Company			
	As at December 31,			As at May 31,	As at December 31,			As at May 31,
	2022	2023	2024	2025	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
0-60 days	365,513	531,078	471,894	319,892	353,550	478,703	411,701	303,943
61-120 days	69,775	37,504	98,965	95,884	67,361	29,810	96,234	92,539
121-180 days	8,545	8,147	17,243	2,770	8,541	5,629	15,873	2,046
181-365 days	265	3,449	7,598	2,807	264	3,011	6,980	2,712
1-2 years	1,727	2,936	3,105	6,305	1,718	2,920	1,294	6,202
2-3 years	184	1,723	2,903	1,053	181	1,718	2,900	144
Over 3 years	1,008	1,192	1,644	2,055	973	1,154	1,615	1,938
	<u>447,017</u>	<u>586,029</u>	<u>603,352</u>	<u>430,766</u>	<u>432,588</u>	<u>522,945</u>	<u>536,597</u>	<u>409,524</u>

As at May 31, 2025, the credit period of the bills payables is generally 180 days from the respective bill issuance dates.

The Group's trade payables that were denominated in foreign currencies other than the functional currencies of the relevant group entities are set out below:

	As at December 31,			As at May 31,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
USD		<u>58,852</u>	<u>61,929</u>	<u>110,191</u>
				<u>124,727</u>

(Note i) The amounts were government grants attached with conditions about the revenue and profit criteria. The Group did not fulfill the criteria attached to those government grants at December 31, 2022, 2023 and 2024 and May 31, 2025. Therefore, the amounts were refundable to the respective PRC government authority on demand. In March 2025, the Group entered into an agreement with the authority to release and override all obligations under one of the original agreements, and the related amount of RMB25 million was credited into profit or loss in March 2025.

29. BANK BORROWINGS

The Group

	As at December 31,			As at May 31,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Secured and guaranteed (Note iii) . .	101,661	98,530	—	—
Secured and unguaranteed (Note ii) .	—	185,328	296,560	371,251
Unsecured and guaranteed (Note i) .	469,323	704,000	—	—
Unsecured and unguaranteed	20,000	20,000	1,298,891	1,388,001
	<u>590,984</u>	<u>1,007,858</u>	<u>1,595,451</u>	<u>1,759,252</u>
The carrying amounts of the above borrowings are repayable (Note iv):				
Within one year	560,984	838,539	1,348,159	1,430,637
Within a period of more than one year but not exceeding two years	30,000	18,000	21,583	39,325
Within a period of more than two years but not exceeding five years	—	119,092	94,269	123,256
Over five years	—	32,227	131,440	166,034
	<u>590,984</u>	<u>1,007,858</u>	<u>1,595,451</u>	<u>1,759,252</u>
Less: Amounts due within one year shown under current liabilities . .	<u>(560,984)</u>	<u>(838,539)</u>	<u>(1,348,159)</u>	<u>(1,430,637)</u>
Amounts shown under non-current liabilities	<u>30,000</u>	<u>169,319</u>	<u>247,292</u>	<u>328,615</u>

APPENDIX I

ACCOUNTANTS' REPORT

	As at December 31,			As at May 31,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Fixed-rate borrowings	102,923	373,700	1,043,930	1,259,276
Variable-rate borrowings	488,061	634,158	551,521	499,976
	<u>590,984</u>	<u>1,007,858</u>	<u>1,595,451</u>	<u>1,759,252</u>
Effective interest rate:				
Fixed rates	3.85%-3.90%	3.20%-4.00% Loan Prime Rate ("LPR")- 0.45% to	3.00%-3.85%	1.36%-3.60%
Variable rates	LPR+0.25%	LPR+0.35%	LPR-0.45% to LPR+0.5%	LPR-0.55% to LPR+0.5%

The Company

	As at December 31,			As at May 31,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Secured and guaranteed	101,661	98,530	—	—
Secured and unguaranteed	—	—	9,009	5,000
Unsecured and guaranteed	469,323	654,000	493,891	521,001
Unsecured and unguaranteed	20,000	—	380,000	458,000
	<u>590,984</u>	<u>752,530</u>	<u>882,900</u>	<u>984,001</u>
The carrying amounts of the above borrowings are repayable (Note iv):				
Within one year	560,984	734,530	882,900	972,223
Within a period of more than one year but not exceeding two years .	<u>30,000</u>	<u>18,000</u>	—	<u>11,778</u>
	590,984	752,530	882,900	984,001
Less: Amounts due within one year shown under current liabilities . .	<u>(560,984)</u>	<u>(734,530)</u>	<u>(882,900)</u>	<u>(972,223)</u>
Amounts shown under non-current liabilities	<u>30,000</u>	<u>18,000</u>	—	<u>11,778</u>
Fixed-rate borrowings	102,923	202,000	672,900	746,001
Variable-rate borrowings	488,061	550,530	210,000	238,000
	<u>590,984</u>	<u>752,530</u>	<u>882,900</u>	<u>984,001</u>
Effective interest rate:				
Fixed rates	3.85%-3.90%	3.20%-3.80% LPR-0.45% to	3.00%-3.80% LPR to	2.95%-3.40% LPR-0.15% to
Variable rates	LPR+0.25%	LPR+0.35%	LPR+0.35%	LPR

Notes:

- As at December 31, 2022 and 2023 respectively, the Group's borrowings of RMB469,323,000 and RMB704,000,000 were guaranteed by Mr. Ying.

- ii. As at December 31, 2023, 2024 and May 31, 2025 respectively, the Group's borrowings of RMB185,328,000, RMB287,551,000 and RMB366,251,000 were pledged by buildings, machineries, construction in progress and leasehold lands as disclosed in Note 16 and Note 17. As at December 31, 2024 and May 31, 2025, the Group's borrowing of RMB9,009,000 and RMB5,000,000 were secured by pledged bank deposits.
- iii. As at December 31, 2022 and 2023 respectively, the Group's borrowings of RMB35,000,000 and RMB47,722,000 were secured by bills receivables and guaranteed by Mr. Ying, and borrowings of RMB66,661,000 and RMB50,808,000 were secured by pledged bank deposits and guaranteed by Mr. Ying.
- iv. The amounts due are based on scheduled repayment dates set out in the loan agreements.
- v. The Group has entered into certain supplier finance arrangements with banks. Under these arrangements, the banks pay suppliers directly the amounts owed by the Group. The Group's obligations to suppliers are legally extinguished on settlement by the relevant banks. The Group then settles with the banks around 180 days after settlement by the banks. These arrangements have extended the payment terms, which may be extended beyond the original due dates of respective invoices. Taking into consideration of the nature and substance of the above arrangements, the Group presents payables to the banks under these arrangements as "borrowings" in the consolidated statements of financial position. In the consolidated statements of cash flows, repayments to the banks are included in financing cash flows based on the nature of the arrangements, and payments to the suppliers by the banks are treated as non-cash transactions. As at December 31, 2022, 2023 and 2024 and May 31, 2025, the balances of bank borrowings under supplier finance arrangements were RMB74,970,000, RMB50,808,000, RMB9,009,000 and RMB10,000,000 respectively. The range of payment due dates of borrowings that are part of supplier finance arrangements is from 210 to 270 days, while range of payment due dates of the comparable trade payables that are not part of supplier finance arrangements is from 30 to 90 days. Changes in liabilities that are subject to supplier finance arrangements are primarily attributable to additions resulting from purchases of goods and services and subsequent cash settlements.

30. CONTRACT LIABILITIES

	The Group				The Company			
	As at December 31,			As at May 31,	As at December 31,			As at May 31,
	2022	2023	2024	2025	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Smart cockpit solutions	44,025	7,329	28,791	28,833	43,143	5,716	25,049	27,842
Vehicle connectivity support services	4,739	4,749	5,856	7,311	189	—	—	—
	<u>48,764</u>	<u>12,078</u>	<u>34,647</u>	<u>36,144</u>	<u>43,332</u>	<u>5,716</u>	<u>25,049</u>	<u>27,842</u>

At January 1, 2022, the Group's and the Company's contract liabilities amounted to RMB22,862,000 and RMB20,162,000.

Included in contract liabilities balance of the Group as at January 1, 2022, 2023, 2024 and 2025, RMB19,371,000, RMB46,342,000, RMB9,216,000 and RMB8,374,000 were recognised as revenue during the years ended December 31, 2022, 2023 and 2024 and the five months ended May 31, 2025, respectively.

Included in contract liabilities balance of the Company as at January 1, 2022, 2023, 2024 and 2025, RMB18,362,000, RMB41,793,000, RMB4,765,000 and RMB3,342,000 were recognised as revenue during the years ended December 31, 2022, 2023 and 2024 and the five months ended May 31, 2025, respectively.

APPENDIX I

ACCOUNTANTS' REPORT

31. DEFERRED INCOME

	The Group				The Company			
	2022	2023	2024	2025	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, . . .	56,347	47,877	2,685	83,593	3,862	1,479	921	11,721
Additions	2,870	140	83,297	1,000	920	140	11,300	800
Reclassified to other payables (note 28)	–	(42,592)	–	–	–	–	–	–
Released to other income (note 7)	(11,340)	(2,740)	(2,389)	(962)	(3,303)	(698)	(500)	–
At December 31,/ May 31,	<u>47,877</u>	<u>2,685</u>	<u>83,593</u>	<u>83,631</u>	<u>1,479</u>	<u>921</u>	<u>11,721</u>	<u>12,521</u>

32. LEASE LIABILITIES

The Group

	As at December 31,			As at May 31,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Lease liabilities payable:				
Within one year	30,291	34,164	57,076	33,089
Within a period of more than one year but not exceeding two years	22,025	22,261	16,357	11,031
Within a period of more than two years but not exceeding five years	24,737	31,185	41,646	19,745
More than five years	–	7,037	1,856	–
	<u>77,053</u>	<u>94,647</u>	<u>116,935</u>	<u>63,865</u>
Less: Amount due for settlement within one year shown under current liabilities	<u>(30,291)</u>	<u>(34,164)</u>	<u>(57,076)</u>	<u>(33,089)</u>
Amount shown under non-current liabilities	<u>46,762</u>	<u>60,483</u>	<u>59,859</u>	<u>30,776</u>

The Company

	As at December 31,			As at May 31,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Lease liabilities payable:				
Within one year	7,350	4,033	12,818	8,851
Within a period of more than one year but not exceeding two years	2,047	3,289	13,563	8,120
Within a period of more than two years but not exceeding five years	–	21,867	38,329	16,364
More than five years	–	7,037	1,856	–
	<u>9,397</u>	<u>36,226</u>	<u>66,566</u>	<u>33,335</u>
Less: Amount due for settlement within one year shown under current liabilities	<u>(7,350)</u>	<u>(4,033)</u>	<u>(12,818)</u>	<u>(8,851)</u>
Amount shown under non-current liabilities	<u>2,047</u>	<u>32,193</u>	<u>53,748</u>	<u>24,484</u>

During the Track Record Period, the weighted average incremental borrowing rates applied to lease liabilities range from 4.28% to 4.64%.

33. SHARE CAPITAL

The Group and the Company

Share Capital

	Number of ordinary shares	Share capital
	'000	RMB'000
Ordinary shares of RMB1 each		
Authorized and issued		
At January 1, 2022 (<i>Note ii</i>)	94,868	94,868
Issue of ordinary shares (<i>Note i</i>)	23,100	23,100
At December 31, 2022 and 2023	117,968	117,968
Issue of ordinary shares (<i>Note iii</i>)	21,586	21,586
At December 31, 2024 and May 31, 2025	139,554	139,554

Notes:

- i. In February 2022, the Company issued 5,246,553 ordinary shares at the consideration of RMB291,423,000 to an investor. RMB5,246,553 was credited to the Company's share capital and the remaining balance was credited as share premium. In June 2022, the Company issued 11,680,034 ordinary shares at the consideration of RMB688,017,000 to investors. RMB11,680,034 was credited to the Company's share capital and the remaining balance was credited as share premium. In December 2022, the Company issued 6,173,733 ordinary shares at the consideration of RMB365,990,000 to investors. RMB6,173,733 was credited to the Company's share capital and the remaining balance was credited as share premium.
- ii. In December 2021, the Company converted into a joint stock company with limited liability under the Company Law of the PRC. The net assets of the Company as of July 31, 2021, including paid-in capital, capital reserve, share-based payments reserve and accumulated losses, amounting to approximately RMB192,402,000 were converted into 94,868,000 ordinary shares of RMB1.00 each. The excess of the net assets converted over the nominal value of the ordinary shares was credited to the Company's share premium.
- iii. For the year ended December 31, 2024, the Company issued 21,586,005 ordinary shares at the consideration of RMB1,330,793,000 to Series D investors. RMB21,586,005 was credited to the Company's share capital and the remaining balance was credited as share premium. As at December 31, 2024, all consideration was received from the investors.
- iv. As set out in the session headed "— Pre-IPO Investments — Rights of the Pre-IPO Investors" in "History, Development and Corporate Structure" to the prospectus. In connection with the Pre-IPO investments, the Controlling Shareholders, the Company and the Pre-IPO investors are the contract parties. Certain of our Pre-IPO Investors (as defined in the prospectus) were granted certain special rights, including but not limited to co-sale right, redemption right, and right of first refusal by the Controlling Shareholders (as defined in the prospectus), and the Company is not the obligor to such special rights. Therefore, the investments from the Pre-IPO Investors were recognised as equity but not financial liability. Each of the Pre-IPO investors, the Company and the Controlling Shareholder Mr. Ying Zhenkai entered into a confirmation letter to confirm the termination of the special rights granted (including the redemption right). Each of the confirmation letters was duly signed prior to the Company's submission of the initial listing application to the Stock Exchange on June 28, 2024. As represented by the management of the Group, all of the special rights were terminated on or before the date of our first submission of the listing application form to the Stock Exchange in relation to the Listing.

34. SHARE-BASED PAYMENT TRANSACTIONS

Restricted Share Unit Plan

The purpose of the Employee Share Incentive Plan (“Restricted Share Unit/RSU Plan”) was to provide incentives to employees and directors (the “Restricted Person”) in order to promote the success of the business of the Group. To implement the RSU Plan, the Company used employee stock ownership platforms (the “Shareholding Platforms”), namely Shanghai Rujia Enterprise Management Partnership (Limited Partnership) (上海汝佳企業管理合夥企業(有限合夥)), Shanghai Jinlin Enterprise Management Partnership (Limited Partnership) (上海晉鄰企業管理合夥企業(有限合夥)), Shanghai Chu Shui Yan Guan Enterprise Management Partnership Enterprise (Limited Partnership) (上海楚水燕關企業管理合夥企業(有限合夥)), Shanghai Fengwulin Enterprise Management Partnership (Limited Partnership) (上海鳳麟企業管理合夥企業(有限合夥)), Shanghai Yingzhi Enterprise Management Partnership (Limited Partnership) (上海應知企業管理合夥企業(有限合夥)), Shanghai Yehe Enterprise Management Partnership (Limited Partnership) (上海葉赫企業管理合夥企業(有限合夥)) and Shanghai Miaolong Enterprise Management Partnership (Limited Partnership) (上海妙瀧企業管理合夥企業(有限合夥)) which were established from 2016 and directly held 15,350,000 ordinary shares of the Company. Under the RSU Plan, eligible employees and directors shall be nominated as the beneficiary owner of the Shareholding Platforms.

The Restricted Person are required to dispose the unvested shares at the initial issuance price plus interest at rate of LPR of similar period upon termination of the Restricted Person’s employment or upon his voluntary termination of his employment with the Company until the qualified initial public offering (the “Repurchase Right”).

Restricted share scheme	Number of restricted share awards	Grant date	Fair value of each restricted share at grant date	Grant Price of each restricted share
	('000)		RMB	RMB
Restricted share scheme in 2016	2,825	December 2016	9.75	3
Restricted share scheme in 2019	1,920	January 2019	22.16	4
Restricted share scheme in 2020	10,274	August 2020	22.78	4
Restricted share scheme in 2021	2,104	November – December 2021	27.05	4
Restricted share scheme in 2022	360	August 2022	59.93	4
Restricted share scheme in 2023	3,025	April – December 2023	63.58	5
Restricted share scheme in 2024	1,660	July 2024	63.58	5

None of the restricted ordinary shares may be sold, transferred, pledged, hypothecated, or otherwise disposed of, directly or indirectly, by the Restricted Person prior to the termination of the Repurchase Right. The aforesaid arrangement has been accounted for as share-based payment transactions. Accordingly, the Group measured the fair value of the unvested restricted ordinary shares as of the grant date and is recognising the amount as compensation expense over the vesting period for each separately vesting portion of the unvested restricted ordinary shares. The total expenses recognised in the consolidated profit or loss and other comprehensive expenses for the restricted ordinary shares granted are approximately RMB61,638,000, RMB65,363,000, RMB157,186,000, RMB64,092,000 (unaudited) and RMB46,128,000 during the years ended December 31, 2022, 2023 and 2024 and the five months ended May 31, 2024 and 2025.

The following table summarized the Group's restricted ordinary shares movement during the Track Record Period.

	Number of unvested restricted ordinary shares
Restricted ordinary shares	
At January 1, 2022	14,932,900
Granted	360,000
Forfeited	(1,361,700)
At December 31, 2022	13,931,200
Granted	3,025,000
Forfeited	(2,921,200)
At December 31, 2023	14,035,000
Granted	1,660,000
Forfeited	(560,000)
At December 31, 2024 and May 31, 2025	15,135,000

Fair Value of restricted ordinary shares granted

Back-solve method was used to determine the underlying equity fair value of the Company and option price model ("OPM model") was used to determine the fair value of the restricted share granted before 2022. After 2022, recent transaction price was used to determine the fair value of the restricted share granted. The fair value of restricted shares at grant date before 2022 was valued by directors of the Company with reference to valuation reports carried out by an independent qualified professional valuer, ValueLink, whose address is disclosed in Note 25.

The key inputs into the OPM model other than the underlying equity fair value of the Company at the date of grant were as follows:

	December 2016	January 2019	June 2020	November- December 2021
Risk-free interest rate.	3.67%	3.00%	2.45%	2.10%
Expected Volatility	70.00%	63.00%	57.00%	52.00%

35. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged throughout the Track Record Period.

The capital structure of the Group consists of net debt balance, which includes bank borrowings disclosed in note 29 and lease liabilities in note 32, net of cash and cash equivalents in note 27, and equity attributable to owners of the Company, comprising issued share capital, accumulated losses and other reserves.

The management of the Group reviews the capital structure on an on-going annual basis. As part of this review, the management of the Group considers the cost of capital and the risks associated with each class of capital. Based on recommendations of the management of the Group, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debt.

36. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The Group

	As at December 31,			As at May 31,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets:				
Amortized cost	1,129,685	1,026,344	2,315,441	1,804,478
Bill receivables at FVTOCI	171,441	84,263	95,266	136,494
Financial assets at FVTPL	165,281	457,139	487,785	591,659
	<u>1,466,407</u>	<u>1,567,746</u>	<u>2,898,492</u>	<u>2,532,631</u>
Financial liabilities:				
Amortized cost	<u>1,149,199</u>	<u>1,735,878</u>	<u>2,351,833</u>	<u>2,434,991</u>

The Company

	As at December 31,			As at May 31,
	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets:				
Amortized cost	1,640,057	1,831,657	3,002,083	2,660,239
Bill receivables at FVTOCI	165,746	83,147	95,198	132,995
Financial assets at FVTPL	13,281	222,233	174,196	310,946
	<u>1,819,084</u>	<u>2,137,037</u>	<u>3,271,477</u>	<u>3,104,180</u>
Financial liabilities:				
Amortized cost	<u>1,132,339</u>	<u>1,516,038</u>	<u>1,995,735</u>	<u>2,087,829</u>

(b) Financial risk management objectives and policies

The Group's major financial instruments include pledged bank deposits, restricted bank deposits, cash and cash equivalents, financial assets at FVTPL, trade and other receivables, bills receivables at FVTOCI, deposits for rental, bill, trade and other payables and bank borrowings. The Company's major financial instruments include pledged bank deposits, restricted bank deposits, cash and cash equivalents, financial assets at FVTPL, trade and other receivables, bills receivables at FVTOCI, amounts due from subsidiaries, deposits for rental, bill, trade and other payables, amounts due to subsidiaries and bank borrowings. Details of the financial instruments are disclosed in respective notes.

The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk*Currency risk*

Most of the Group's revenue, expenditures as well as capital expenditures are also denominated in RMB, which is the functional currency of the Company and relevant subsidiaries. The Group's exposure to foreign currency risk is arising mainly from certain bank balances and certain trade payables which are denominated in foreign currencies. Except for the below items denominated in foreign currencies, the group entities did not have any other monetary assets or liabilities denominated in foreign currencies as at the end of the reporting period.

APPENDIX I

ACCOUNTANTS' REPORT

The carrying amounts of the Group's foreign currencies denominated monetary assets and monetary liabilities at the end of reporting date are as follows:

	Assets				Liabilities			
	As at December 31,			As at May 31,	As at December 31,			As at May 31,
	2022	2023	2024	2025	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
EUR	2,868	558	78	21,110	—	—	—	—
HKD	60	388	63	174	—	—	—	—
USD	8	1	10	2,282	58,852	61,929	110,191	124,727
	<u>2,936</u>	<u>947</u>	<u>151</u>	<u>23,566</u>	<u>58,852</u>	<u>61,929</u>	<u>110,191</u>	<u>124,727</u>

Sensitivity analysis

The following table details the Group's sensitivity to a 5% increase and decrease in RMB against the relevant foreign currencies. 5% represents management's assessment of the reasonably possible change in foreign exchange rate. The sensitivity analysis includes only outstanding foreign currency denominated monetary items as a base and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. A positive number below indicates a decrease in loss where RMB strengthens 5% against the relevant currency. For a 5% weakening of RMB against relevant currency, there would be an equal and opposite impact on pre-tax loss for the year/period.

	Impact of EUR				Impact of HKD				Impact of USD			
	As at December 31,			As at May 31,	As at December 31,			As at May 31,	As at December 31,			As at May 31,
	2022	2023	2024	2025	2022	2023	2024	2025	2022	2023	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Impact on profit or loss	(143)	(28)	(4)	(1,056)	(3)	(19)	(3)	(9)	2,942	3,096	5,509	6,122

Interest rate risk

The Group and the Company are primarily exposed to fair value interest rate risk in relation to pledged/restricted bank deposits (Note 27), fixed-rate bank borrowings (Note 29) and lease liabilities (Note 32) and cash flow interest risk in relation to variable-rate bank borrowings (Note 29) and cash and cash equivalents (Note 27). The Group currently does not have an interest rate hedging policy. The management monitors interest rate risk exposure and will consider hedging significant interest rate exposure should the need arises. The Group manages its interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook. The management will review the proportion of borrowings in fixed rates and ensure they are within reasonable range.

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 50 basis point increase or decrease in interest rate of variable-rate bank borrowings are used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. Cash and cash equivalents are excluded from sensitivity analysis as the management considers that the exposure of cash flow interest rate risk arising from variable-rate bank balances is insignificant.

If interest rate had been 50 basis points higher and all other variables were held constant, the Group's post-tax loss for the year/period would increase RMB2,440,000, RMB3,171,000, RMB2,758,000 and RMB1,042,000 for the years ended December 31, 2022, 2023 and 2024 and the five months ended May 31, 2025. This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank borrowings.

Other price risk

The Group is exposed to equity price risk through its investments in both unlisted equity investments and unlisted convertible bond measured at FVTPL. The equity price risk of these financial assets may arise due to changes in market price. The change may be caused by factors relating to the financial instrument itself or the issuer, and it may also be caused by market factors.

To manage its equity price risk arising from those investments, the management establish relevant internal control systems for the flow of investment project research, project approval. The management regularly reviews the portfolio structure, taking into account the risks that the Group and the Company can afford to take and the liquidity it requires, with a view to achieving long-term investment return.

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's and the Company's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to trade and other receivables, contract assets, deposits for rental, bills receivables at FVTOCI, pledged/restricted bank deposits and cash and cash equivalents. The Company's credit risk exposures are primarily attributable to trade and other receivables, contract assets, amounts due from subsidiaries, deposits for rental, bills receivables at FVTOCI, pledged/restricted bank deposits and cash and cash equivalents. Both the Group and the Company do not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

Trade receivables and contract assets

In order to minimize the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In this regard, the management of the Group consider that the Group's credit risk is significantly reduced.

The Group's concentration of credit risk by geographical locations is mainly in the PRC, which are all trade receivables and contract assets as at December 31, 2022, 2023 and 2024 and May 31, 2025. The Group has concentration of credit risk as 37%, 33%, 46% and 45% of the total trade receivables and contract assets was due from the Group's largest customer as at December 31, 2022, 2023 and 2024 and May 31, 2025, respectively. The Group has concentration of credit risk as 82%, 66%, 71% and 69% of the total trade receivables and contract assets was due from the Group's five largest customers as at December 31, 2022, 2023 and 2024 and May 31, 2025, respectively.

The Group performs impairment assessment under ECL model on trade receivables and contract assets which with different credit characteristics individually. Except for items that are assessed for impairment individually, the remaining all trade receivables and contract assets are grouped based on shared credit risk characteristics by reference to past due exposure for the customers. For the years ended December 31, 2022, 2023 and 2024 and the five months ended May 31, 2024 and 2025, the Group recognised credit loss of approximately RMB5,033,000, RMB14,394,000, RMB31,644,000 and reversed approximately RMB4,410,000 (unaudited) and RMB19,159,000 for trade receivables and contract assets based on collective assessment, no credit loss recognised for the years ended December 31, 2022, 2023 and the five months ended May 31, 2025, and recognised credit loss of approximately RMB117,588,000 under individual assessment for the year ended December 31, 2024. Details of the quantitative disclosures are set out below in this note.

Other receivables (including deposits for rental and amounts due from subsidiaries — non-trade nature)

For other receivables, management makes periodic individual assessment on the recoverability of other receivables based on historical settlement records, past experience, and also quantitative and qualitative information that is reasonable and supportive forward-looking information.

The management believes that there was no significant increase in credit risk of these amounts since initial recognition and the Group provided impairment based on 12m ECL. For the years ended December 31, 2022 and 2024 and the five months ended May 31, 2024 and 2025, the Group provided credit loss of approximately RMB367,000, RMB713,000, RMB69,000 (unaudited) and RMB134,000 respectively, and for the year ended December 31, 2023, the Group reversed approximately RMB224,000.

Bills receivables at FVTOCI

Bills receivables at FVTOCI were all bank-issued notes. Since the issuers were reputable banks of good credit quality, the management of the Group considered the credit risk of these bank issued bills is insignificant and no impairment was provided on them at the end of the year/period.

Pledged/restricted bank deposits and cash and cash equivalents

The credit risk on pledged/restricted bank deposits and cash and cash equivalents are limited because the counterparties are reputable banks with high credit ratings assigned by credit-rating agencies.

The 12m ECL on pledged/restricted bank deposits and bank balances is considered to be insignificant and therefore no loss allowance was recognised.

The Group's internal credit risk grading assessment comprises the following categories:

Internal credit rating	Description	Trade receivables	Other financial assets/other items
Low risk.	The counterparty has a low risk of default	Lifetime ECL – not credit-impaired	12m ECL
Watch list	Debtor frequently repays after due dates but usually settle the amounts	Lifetime ECL – not credit-impaired	12m ECL
Doubtful.	There have been significant increases in credit risk since initial recognition through information developed internally or external resources	Lifetime ECL – not credit-impaired	Lifetime ECL – not credit-impaired
Loss	There is evidence indicating the asset is credit-impaired	Lifetime ECL – credit-impaired	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery	Amount is written off	Amount is written off

APPENDIX I

ACCOUNTANTS' REPORT

The tables below detail the credit risk exposures of the Group's and the Company's financial assets, which are subject to ECL assessment:

The Group

As at May 31, 2025	Notes	Internal credit rating	12m or lifetime ECL	Gross carrying amount
RMB'000				
Financial assets at FVTOCI				
Bills receivables at FVTOCI	26	Low risk	12m ECL	136,494
Financial assets at amortised cost				
Cash and cash equivalents	27	Note 1	12m ECL	900,734
Restricted bank deposits	27	Note 1	12m ECL	9,091
Pledged bank deposits	27	Note 1	12m ECL	198,812
Other receivables	22	Low risk	12m ECL	5,007
Deposits for rental		Low risk	12m ECL	10,254
Trade receivables	22	Note 2	Lifetime ECL – not credit-impaired (provision matrix)	690,978
		Loss	Lifetime ECL – credit-impaired (provision matrix)	27,381
		Loss (Note 3)	Lifetime ECL – credit-impaired (individually assessed)	117,588
Other item				
Contract assets	24	Note 2	Lifetime ECL (provision matrix)	4,875
As at December 31, 2024				
RMB'000				
Financial assets at FVTOCI				
Bills receivables at FVTOCI	26	Low risk	12m ECL	95,266
Financial assets at amortised cost				
Cash and cash equivalents	27	Note 1	12m ECL	977,006
Restricted bank deposits	27	Note 1	12m ECL	1,424
Pledged bank deposits	27	Note 1	12m ECL	71,707
Other receivables	22	Low risk	12m ECL	127,353
Deposits for rental		Low risk	12m ECL	13,872
Trade receivables	22	Note 2	Lifetime ECL – not credit-impaired (provision matrix)	1,140,571
		Loss	Lifetime ECL – credit-impaired (provision matrix)	40,312
		Loss (Note 3)	Lifetime ECL – credit-impaired (individually assessed)	117,588
Other item				
Contract assets	24	Note 2	Lifetime ECL (provision matrix)	8,684

APPENDIX I

ACCOUNTANTS' REPORT

As at December 31, 2023	Notes	Internal credit rating	12m or lifetime ECL	Gross carrying amount
RMB'000				
Financial assets at FVTOCI				
Bills receivables at FVTOCI	26	Low risk	12m ECL	84,263
Financial assets at amortised cost				
Cash and cash equivalents	27	Note 1	12m ECL	257,038
Restricted bank deposits	27	Note 1	12m ECL	51,250
Pledged bank deposits	27	Note 1	12m ECL	85,030
Other receivables	22	Low risk	12m ECL	7,188
Deposits for rental		Low risk	12m ECL	6,354
Trade receivables	22	Note 2	Lifetime ECL – not credit-impaired (provision matrix)	625,322
		Loss	Lifetime ECL – credit-impaired (provision matrix)	17,974
		Loss	Lifetime ECL – credit-impaired (individually assessed)	7,394
Other item				
Contract assets	24	Note 2	Lifetime ECL (provision matrix)	2,826
As at December 31, 2022	Notes	Internal credit rating	12m or lifetime ECL	Gross carrying amount
RMB'000				
Financial assets at FVTOCI				
Bills receivables at FVTOCI	26	Low risk	12m ECL	171,441
Financial assets at amortised cost				
Cash and cash equivalents	27	Note 1	12m ECL	587,863
Restricted bank deposits	27	Note 1	12m ECL	734
Pledged bank deposits	27	Note 1	12m ECL	108,685
Other receivables	22	Low risk	12m ECL	6,627
Deposits for rental		Low risk	12m ECL	7,705
Trade receivables	22	Note 2	Lifetime ECL – not credit-impaired (provision matrix)	427,395
		Loss	Lifetime ECL – credit-impaired (provision matrix)	1,448
		Loss	Lifetime ECL – credit-impaired (individually assessed)	7,394
Other item				
Contract assets	24	Note 2	Lifetime ECL (provision matrix)	3,221

APPENDIX I

ACCOUNTANTS' REPORT

The Company

As at May 31, 2025	Notes	Internal credit rating	12m or lifetime ECL	Gross carrying amount
<i>RMB'000</i>				
Financial assets at FVTOCI				
Bills receivables at FVTOCI	26	Low risk	12m ECL	132,995
Financial assets at amortised cost				
Cash and cash equivalents	27	<i>Note 1</i>	12m ECL	651,496
Pledged bank deposits	27	<i>Note 1</i>	12m ECL	94,652
Restricted bank deposits	27	<i>Note 1</i>	12m ECL	8,718
Other receivables	22	Low risk	12m ECL	2,403
Deposits for rental		Low risk	12m ECL	3,825
Amounts due from subsidiaries – non-trade nature	19	Low risk	12m ECL	1,259,281
Trade receivables	22	<i>Note 2</i>	Lifetime ECL – not credit-impaired (provision matrix)	648,393
		Loss	Lifetime ECL – credit-impaired (provision matrix)	27,094
		Loss	Lifetime ECL – credit-impaired (individually assessed)	117,588
Other item				
Contract assets	24	<i>Note 2</i>	Lifetime ECL (provision matrix)	4,875
As at December 31, 2024				
<i>RMB'000</i>				
Financial assets at FVTOCI				
Bills receivables at FVTOCI	26	Low risk	12m ECL	95,198
Financial assets at amortised cost				
Cash and cash equivalents	27	<i>Note 1</i>	12m ECL	685,800
Restricted bank deposits	27	<i>Note 1</i>	12m ECL	1,424
Pledged bank deposits	27	<i>Note 1</i>	12m ECL	67,040
Other receivables	22	Low risk	12m ECL	123,335
Deposits for rental		Low risk	12m ECL	6,694
Amounts due from subsidiaries – non-trade nature	19	Low risk	12m ECL	1,030,269
Trade receivables	22	<i>Note 2</i>	Lifetime ECL – not credit-impaired (provision matrix)	1,102,818
		Loss	Lifetime ECL – credit-impaired (provision matrix)	40,196
		Loss	Lifetime ECL – credit-impaired (individually assessed)	117,588
Other item				
Contract assets	24	<i>Note 2</i>	Lifetime ECL (provision matrix)	7,934

APPENDIX I

ACCOUNTANTS' REPORT

As at December 31, 2023	Notes	Internal credit rating	12m or lifetime ECL	Gross carrying amount
				<i>RMB'000</i>
Financial assets at FVTOCI				
Bills receivables at FVTOCI	26	Low risk	12m ECL	83,147
Financial assets at amortised cost				
Cash and cash equivalents	27	<i>Note 1</i>	12m ECL	119,207
Restricted bank deposits	27	<i>Note 1</i>	12m ECL	50,000
Pledged bank deposits	27	<i>Note 1</i>	12m ECL	85,029
Other receivables	22	Low risk	12m ECL	3,999
Deposits for rental		Low risk	12m ECL	4,597
Amounts due from subsidiaries – non-trade nature	19	Low risk	12m ECL	961,250
Trade receivables	22	<i>Note 2</i>	Lifetime ECL – not credit-impaired (provision matrix)	613,213
		Loss	Lifetime ECL – credit-impaired (provision matrix)	16,976
		Loss	Lifetime ECL – credit-impaired (individually assessed)	6,911
Other item				
Contract assets	24	<i>Note 2</i>	Lifetime ECL (provision matrix)	2,609
As at December 31, 2022	Notes	Internal credit rating	12m or lifetime ECL	Gross carrying amount
				<i>RMB'000</i>
Financial assets at FVTOCI				
Bills receivables at FVTOCI	26	Low risk	12m ECL	165,746
Financial assets at amortised cost				
Cash and cash equivalents	27	<i>Note 1</i>	12m ECL	373,389
Pledged bank deposits	27	<i>Note 1</i>	12m ECL	108,650
Other receivables	22	Low risk	12m ECL	5,106
Deposits for rental		Low risk	12m ECL	1,663
Amounts due from subsidiaries – non-trade nature	19	Low risk	12m ECL	753,276
Trade receivables	22	<i>Note 2</i>	Lifetime ECL – not credit-impaired (provision matrix)	406,201
		Loss	Lifetime ECL – credit-impaired (provision matrix)	1,339
		Loss	Lifetime ECL – credit-impaired (individually assessed)	6,911
Other item				
Contract assets	24	<i>Note 2</i>	Lifetime ECL (provision matrix)	3,221

Notes:

1. The counterparties are reputable banks with high credit ratings and the risk of default on liquid funds is limited.
2. For trade receivables and contract assets, the Group applied the simplified approach in IFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors with different credit risk characteristics, the Group determines the ECL on those items on a collective basis, grouped by ageing.
3. The amount represented the trade receivable from a customer who was under significant financial difficulty as at December 31, 2024. Full provision of the trade receivable was made during the year ended December 31, 2024.

Provision matrix – debtors' ageing

As part of the Group's credit risk management, the Group uses debtors' ageing to assess the impairment for its customers in relation to its operation because these customers have common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The following table provides information about the exposure to credit risk for trade receivables which are assessed based on provision matrix as at December 31, 2022, 2023 and 2024 and May 31, 2025 within lifetime ECL. Debtors with gross carrying amounts of approximately RMB7,394,000, RMB7,394,000, RMB117,588,000 and RMB117,588,000 as at December 31, 2022, 2023 and 2024 and May 31, 2025 were assessed individually.

Gross carrying amount

Gross carrying amount as at								
December 31, 2022			December 31, 2023		December 31, 2024		May 31, 2025	
Average loss rate	Trade receivables		Average loss rate	Trade receivables	Average loss rate	Trade receivables	Average loss rate	Trade receivables
	RMB'000			RMB'000		RMB'000		RMB'000
Within one year . . .	2%	427,395	2%	625,322	3%	1,140,571	3%	690,978
One to two years . .	53%	1,415	54%	17,734	54%	38,567	57%	22,505
Over two years . . .	100%	33	100%	240	100%	1,745	100%	4,876

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information, which included the Gross Domestic Product, the Consumer Price Index of the PRC and the annual issuer-weighted corporate default rates, that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

The following table shows the movement in lifetime ECL that has been recognised for trade receivables under the simplified approach.

	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit impaired)	Total
	RMB'000	RMB'000	RMB'000
As at January 1, 2022	4,798	7,727	12,525
Transfer to credit-impaired	(32)	32	–
Impairment loss recognised	8,907	865	9,772
Impairment loss reversed	(4,440)	(299)	(4,739)
As at December 31, 2022	9,233	8,325	17,558
Transfer to credit-impaired	(398)	398	–
Impairment loss recognised	15,408	9,958	25,366
Impairment loss reversed	(10,755)	(217)	(10,972)
Write-off	–	(956)	(956)
As at December 31, 2023	13,488	17,508	30,996

	Lifetime ECL (not credit-impaired)	Lifetime ECL (credit impaired)	Total
	RMB'000	RMB'000	RMB'000
Transfer to credit-impaired	(862)	862	–
Impairment loss recognised	24,989	135,152	160,141
Impairment loss reversed	(4,807)	(6,102)	(10,909)
Write-off	–	(6,759)	(6,759)
As at December 31, 2024	<u>32,808</u>	<u>140,661</u>	<u>173,469</u>
Transfer to credit-impaired	(1,417)	1,417	–
Impairment loss recognised	3,395	7,038	10,433
Impairment loss reversed	(15,665)	(13,927)	(29,592)
As at May 31, 2025.	<u>19,121</u>	<u>135,189</u>	<u>154,310</u>

The following tables show reconciliation of loss allowance that has been recognised for other receivables.

	Other receivables 12m ECL
	RMB'000
As at January 1, 2022	<u>244</u>
Impairment loss recognised	406
Impairment loss reversed	(39)
Write-off	(3)
As at December 31, 2022	<u>608</u>
Impairment loss recognised	201
Impairment loss reversed	(425)
Write-off	(174)
As at December 31, 2023	<u>210</u>
Impairment loss recognised	713
Impairment loss reversed	–
As at December 31, 2024	<u>923</u>
Impairment loss recognised	151
Impairment loss reversed	(17)
As at May 31, 2025.	<u>1,057</u>

Liquidity risk

In the management of the liquidity risk, the Group and the Company monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's and the Company's operations and mitigate the effects of fluctuations in cash flows.

The Group entered into supplier finance arrangement to ease access to credit for its suppliers and facilitate settlement to the suppliers. Only small portion of the Group's bank borrowings is subject to supplier finance arrangements. Therefore, the management does not consider the supplier finance arrangement result in significant liquidity risk of the Group. Details of the arrangements are set out in Note 29.

The following table details the Group's and the Company's remaining contractual maturity for its financial liabilities and lease liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

APPENDIX I

ACCOUNTANTS' REPORT

The table includes both interest and principal cash flows.

The Group

	Weighted average effective interest rate	On demand or within 1 year	1-2 years	2-5 years	Over 5 years	Total undiscounted cash flows	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At December 31, 2022							
Bill, trade and other payables	N/A	558,215	–	–	–	558,215	558,215
Bank borrowings	3.90%	573,767	30,048	–	–	603,815	590,984
Lease liabilities	4.64%	31,709	22,539	25,491	–	79,739	77,053
		<u>1,163,691</u>	<u>52,587</u>	<u>25,491</u>	<u>–</u>	<u>1,241,769</u>	<u>1,226,252</u>
At December 31, 2023							
Bill, trade and other payables	N/A	728,020	–	–	–	728,020	728,020
Bank borrowings	3.74%	849,161	34,447	135,852	34,282	1,053,742	1,007,858
Lease liabilities	4.48%	35,708	24,304	32,419	9,059	101,490	94,647
		<u>1,612,889</u>	<u>58,751</u>	<u>168,271</u>	<u>43,341</u>	<u>1,883,252</u>	<u>1,830,525</u>
At December 31, 2024							
Bill, trade and other payables	N/A	756,382	–	–	–	756,382	756,382
Bank borrowings	3.28%	1,374,811	29,741	113,457	140,381	1,658,390	1,595,451
Lease liabilities	4.53%	57,718	17,536	48,738	2,359	126,351	116,935
		<u>2,188,911</u>	<u>47,277</u>	<u>162,195</u>	<u>142,740</u>	<u>2,541,123</u>	<u>2,468,768</u>
At May 31, 2025							
Bill, trade and other payables	N/A	675,739	–	–	–	675,739	675,739
Bank borrowings	3.10%	1,458,157	49,710	146,766	174,938	1,829,571	1,759,252
Lease liabilities	4.28%	33,573	11,771	22,577	–	67,921	63,865
		<u>2,167,469</u>	<u>61,481</u>	<u>169,343</u>	<u>174,938</u>	<u>2,573,231</u>	<u>2,498,856</u>

The Company

	Weighted average effective interest rate	On demand or within 1 year	1-2 years	2-5 years	Over 5 years	Total undiscounted cash flows	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At December 31, 2022							
Bill, trade and other payables	N/A	463,490	–	–	–	463,490	463,490
Bank borrowings	3.90%	573,767	30,048	–	–	603,815	590,984
Amounts due to subsidiaries	N/A	77,865	–	–	–	77,865	77,865
Lease liabilities	4.64%	7,703	2,559	–	–	10,262	9,397
		<u>1,122,825</u>	<u>32,607</u>	<u>–</u>	<u>–</u>	<u>1,155,432</u>	<u>1,141,736</u>
At December 31, 2023							
Bill, trade and other payables	N/A	524,609	–	–	–	524,609	524,609
Bank borrowings	3.67%	740,717	28,485	–	–	769,202	752,530
Amounts due to subsidiaries	N/A	238,899	–	–	–	238,899	238,899
Lease liabilities	4.36%	4,209	3,578	25,225	9,059	42,071	36,226
		<u>1,508,434</u>	<u>32,063</u>	<u>25,225</u>	<u>9,059</u>	<u>1,574,781</u>	<u>1,552,264</u>

	Weighted average effective interest rate	On demand or within 1 year	1-2 years	2-5 years	Over 5 years	Total undiscounted cash flows	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At December 31, 2024							
Bill, trade and other							
payables	N/A	537,616	–	–	–	537,616	537,616
Bank borrowings	3.33%	897,296	–	–	–	897,296	882,900
Amounts due to							
subsidiaries	N/A	575,219	–	–	–	575,219	575,219
Lease liabilities	4.49%	13,109	14,516	44,833	2,359	74,817	66,566
		<u>2,023,240</u>	<u>14,516</u>	<u>44,833</u>	<u>2,359</u>	<u>2,084,948</u>	<u>2,062,301</u>
At May 31, 2025							
Bill, trade and other							
payables	N/A	412,151	–	–	–	412,151	412,151
Bank borrowings	3.14%	985,342	11,849	–	–	997,191	984,001
Amounts due to							
subsidiaries	N/A	691,677	–	–	–	691,677	691,677
Lease liabilities	4.29%	9,074	8,672	18,672	–	36,418	33,335
		<u>2,098,244</u>	<u>20,521</u>	<u>18,672</u>	<u>–</u>	<u>2,137,437</u>	<u>2,121,164</u>

(c) Fair value measurement of financial instruments

(i) Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Certain of the Group's and the Company's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

The Group

Financial assets	31/12/2022	31/12/2023	31/12/2024	31/05/2025	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)
	RMB'000	RMB'000	RMB'000	RMB'000			
Bills receivables at FVTOCI	171,441	84,263	95,266	136,494	Level 2	Discounted cash flow method. Future cash flows are estimated based on discount rate observed in the available market.	N/A
Financial assets at FVTPL							
– Unlisted equity/fund investments	150,000	275,506	313,589	280,713	Level 2	Recent transaction price	N/A
	13,281	9,387	53,064	50,742	Level 3	Comparable companies analysis valuation. (note a)	Liquidity discount.
	2,000	79,483	81,132	260,204	Level 3	The net asset value based on the fair value of the underlying investments. (note b)	The fair value of underlying assets.
	–	–	40,000	–	Level 3	Asset-based approach	The fair value of underlying assets.
– Convertible bonds	–	92,763	–	–	Level 2	Recent transaction price	N/A

The Company

Financial assets	31/12/2022	31/12/2023	31/12/2024	31/05/2025	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)
	RMB'000	RMB'000	RMB'000	RMB'000			
Bills receivables at FVTOCI	165,746	83,147	95,198	132,995	Level 2	Discounted cash flow method. Future cash flows are estimated based on discount rate observed in the available market.	N/A
Financial assets at FVTPL							
– Unlisted equity/fund investments	–	40,600	–	–	Level 2	Recent transaction price	N/A
	13,281	9,387	53,064	50,742	Level 3	Comparable companies analysis valuation.	Liquidity discount.
	–	79,483	81,132	260,204	Level 3	The net asset value based on the fair value of the underlying investments.	The fair value of underlying assets.
	–	–	40,000	–	Level 3	Asset-based approach	The fair value of underlying assets.
– Convertible bonds	–	92,763	–	–	Level 2	Recent transaction price	N/A

Notes:

- (a) A slight increase in the liquidity discount used in isolation would result in a decrease in the fair value measurement of the unlisted equity investments under comparable companies analysis valuation, and vice versa. A 5% decrease in the liquidity discount holding all other variables constant would increase the carrying amount of the unlisted equity investments by RMB530,000, RMB407,000, RMB2,903,000 and RMB2,698,000 for December 31, 2022, 2023 and 2024 and May 31, 2025 respectively. A 5% increase in the liquidity discount holding all other variables constant would decrease the carrying amount of the unlisted equity investments by RMB545,000, RMB414,000, RMB2,901,000 and RMB2,701,000 for December 31, 2022, 2023 and 2024 and May 31, 2025.
- (b) A slight increase in the net value of assets used in isolation would result in an increase in the fair value measurement of the unlisted fund investment measured at fair value under net asset value based on the fair value of the underlying investments and vice versa. A 5% increase/decrease in the fair value of the underlying investments holding all other variables constant would increase/decrease the carrying amount of the unlisted fund investment by RMB100,000, RMB3,974,000, RMB4,057,000 and RMB13,010,000 for December 31, 2022, 2023 and 2024 and May 31, 2025 respectively.

The management of the Group considers that the carrying amounts of financial assets and financial liabilities recorded at amortized cost in the Historical Financial Information approximate to their fair values.

(ii) Reconciliation of Level 3 fair value measurements**The Group**

	Financial assets at FVTPL
	RMB'000
As at January 1, 2022	6,864
Total gains	417
– in profit or loss	417
Addition	8,000
As at December 31, 2022	15,281

	Financial assets at FVTPL
	RMB'000
Total losses	(7,911)
– in profit or loss	(7,911)
Addition	83,500
Disposals	(2,000)
As at December 31, 2023	88,870
Total gains	4,726
– in profit or loss	4,726
Addition	40,000
Transfer from level 2 (<i>note</i>).	40,600
As at December 31, 2024	174,196
Total losses	(3,250)
– in profit or loss	(3,250)
Addition	140,000
As at May 31, 2025.	310,946

The Company

	Financial assets at FVTPL
	RMB'000
As at January 1, 2022	4,864
Total gains	417
– in profit or loss	417
Addition	8,000
As at December 31, 2022	13,281
Total losses	(7,911)
– in profit or loss	(7,911)
Addition	83,500
As at December 31, 2023	88,870
Total gains	4,726
– in profit or loss	4,726
Addition	40,000
Transfer from level 2 (<i>note</i>).	40,600
As at December 31, 2024	174,196
Total losses	(3,250)
– in profit or loss	(3,250)
Addition	140,000
As at May 31, 2025.	310,946

Note: The transfer of fair value hierarchy is due to the change of valuation techniques of the unlisted equity investments, which have been changed to comparable companies analysis valuation as at December 31, 2024 due to lack of recent transaction price used in valuation as at December 31, 2023.

37. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

	Bank borrowings	Accrued issue costs	Lease liabilities	Interest payable	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2022	491,329	—	71,257	—	562,586
Interest expenses (note 9)	—	—	2,976	24,137	27,113
Financing cash flow	37,635	—	(18,297)	(24,137)	(4,799)
New bank borrowings under sellers finance agreements entered	62,020	—	—	—	62,020
New lease entered	—	—	21,291	—	21,291
Alteration of lease contract	—	—	(174)	—	(174)
At December 31, 2022	590,984	—	77,053	—	668,037
Interest expenses (note 9)	—	—	4,032	23,756	27,788
Financing cash flow	420,005	—	(45,487)	(23,756)	350,762
Expire of bills discounted to banks that are not derecognised in their entirety	(35,000)	—	—	—	(35,000)
New bank borrowings under sellers finance agreements entered	31,869	—	—	—	31,869
New lease entered	—	—	59,257	—	59,257
Alteration of lease contract	—	—	(208)	—	(208)
At December 31, 2023	1,007,858	—	94,647	—	1,102,505
Interest expense (note 9)	—	—	4,185	39,889	44,074
Financing cash flows	501,306	(4,409)	(48,507)	(38,118)	410,272
Expire of bills discounted to banks that are not derecognised in their entirety	(47,722)	—	—	—	(47,722)
New bank borrowings under sellers finance agreements entered	134,009	—	—	—	134,009
New lease entered	—	—	84,325	—	84,325
Alteration of lease contract	—	—	(17,715)	—	(17,715)
Deferred issue cost	—	5,194	—	—	5,194
At December 31, 2024	1,595,451	785	116,935	1,771	1,714,942
Interest expense (note 9)	—	—	1,755	21,415	23,170
Financing cash flows	153,801	(1,853)	(36,801)	(15,882)	99,265
New bank borrowings under sellers finance agreements entered	10,000	—	—	—	10,000
New lease entered	—	—	12,212	—	12,212
Alteration of lease contract	—	—	(30,236)	—	(30,236)
Deferred issue cost	—	1,840	—	—	1,840
At May 31, 2025.	1,759,252	772	63,865	7,304	1,831,193

APPENDIX I

ACCOUNTANTS' REPORT

	Bank borrowings	Accrued issue costs	Lease liabilities	Interest payable	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2024	1,007,858	–	94,647	–	1,102,505
Interest expense (note 9) (unaudited)	–	–	1,517	15,648	17,165
Financing cash flows (unaudited).	187,024	(684)	(21,997)	(15,648)	148,695
Expire of bills discounted to banks that are not derecognised in their entirety (unaudited) . .	(47,722)	–	–	–	(47,722)
New bank borrowings under sellers finance agreements entered (unaudited)	44,805	–	–	–	44,805
New lease entered (unaudited) . .	–	–	35,307	–	35,307
Alteration of lease contract (unaudited)	–	–	(17,715)	–	(17,715)
Deferred issue cost (unaudited) . .	–	2,035	–	–	2,035
At May 31, 2024 (unaudited) . . .	<u>1,191,965</u>	<u>1,351</u>	<u>91,759</u>	<u>–</u>	<u>1,285,075</u>

38. RELATED PARTY TRANSACTIONS

(i) Compensation of key management personnel

The remuneration of directors and other members of key management during the Track Record Period were as follows:

	Year ended December 31,			Five months ended May 31,	
	2022	2023	2024	2024	2025
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Salaries and other benefits.	20,114	20,379	19,125	7,874	8,286
Discretionary bonus	1,370	1,826	3,435	2,169	1,181
Retirement benefit scheme contributions	529	552	589	243	247
Equity-settled share-based payments	<u>6,562</u>	<u>8,139</u>	<u>36,229</u>	<u>22,643</u>	<u>10,064</u>
	<u>28,575</u>	<u>30,896</u>	<u>59,378</u>	<u>32,929</u>	<u>19,778</u>

39. CAPITAL COMMITMENTS

	As at December 31,			As at May 31,	
	2022	2023	2024	2025	
	RMB'000	RMB'000	RMB'000	RMB'000	
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of the acquisition of property, plant and equipment . . .		5,340	386,034	411,163	297,059

40. CONTINGENT LIABILITIES

During the Track Record Period, the Group failed to make full contributions to the state-managed defined contribution retirement scheme and the housing provident fund for their employees in accordance with the relevant regulations and provisions. Based on the actual salaries of the employees of the Group, the underprovision of the state-managed defined contribution retirement scheme and the housing provident fund contributions are approximately RMB1,601,000, RMB1,259,000, RMB992,000, RMB408,000 (unaudited) and RMB376,000 for each of the years ended December 31, 2022, 2023 and 2024 and the five months ended May 31, 2024 and 2025 respectively and the full provision are made by the Group in the respective years/periods.

The management of the Group has, taking into account the relevant facts, circumstances and legal advice, considered that it is not probable for the Company to be requested by the relevant authorities to pay the penalties on such outstanding amounts, therefore, no provision for the penalties has been made as at each reporting date and during the Track Record Period.

41. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Particulars of the Company's principal subsidiaries during the Track Record Period and at the date of this report are set out below:

Name of subsidiaries	Place and date of establishment and operation	Issued and fully paid-in capital/registered capital	Equity interest attributable to the Group				At the date of this report	Principal activities
			As at December 31			As at May 31,		
			2022	2023	2024	2025		
			%	%	%	%	%	
Directly held								
PATEO CONNECT (Dalian) Co., Ltd. (博泰車聯網(大連)有限公司)	November 12, 2020 PRC	RMB500,000	100.0	100.0	100.0	100.0	100.0	R&D of vehicle connectivity support and specializing in smart cockpit software systems and cloud-based development
PATEO CONNECT (Nanjing) Co., Ltd. (博泰車聯網(南京)有限公司)	November 5, 2019 PRC	RMB200,000,000	100.0	100.0	100.0	100.0	100.0	R&D of vehicle connectivity support, and software systems, AI, IoT, and software development
PATEO CONNECT (Rui'an) Co., Ltd. (博泰車聯網(瑞安)有限公司)	November 28, 2022 PRC	RMB100,000,000	100.0	100.0	100.0	100.0	100.0	Manufacture of parts and accessories of vehicles
PATEO CONNECT (Xiamen) Co., Ltd. (博泰車聯網(廈門)有限公司)	November 18, 2019 PRC	RMB200,000,000	100.0	100.0	100.0	100.0	100.0	Manufacture of parts and accessories of vehicles
PATEO CONNECT (Wuhan) Co., Ltd. (博泰車聯網(武漢)有限公司)	January 22, 2021 PRC	RMB50,000,000	100.0	100.0	100.0	100.0	100.0	Information system integration services and concentrating on cloud platform development
Liuzhou PATEO CONNECT Co., Ltd. (柳州博泰車聯網有限公司)	September 8, 2020 PRC	RMB100,000,000	100.0	100.0	100.0	100.0	100.0	Manufacture of parts and accessories of vehicles
Shanghai PATEO Yuezhen Network Technology Service Co., Ltd. (上海博泰悅臻網絡技術服務有限公司)	October 26, 2006 PRC	RMB34,000,000	100.0	100.0	100.0	100.0	100.0	R&D of vehicle connectivity support

APPENDIX I

ACCOUNTANTS' REPORT

Name of subsidiaries	Place and date of establishment and operation	Issued and fully paid-in capital/registered capital	Equity interest attributable to the Group				At the date of this report	Principal activities
			As at December 31			As at May 31,		
			2022	2023	2024	2025		
			%	%	%	%	%	
Shanghai Qingganwik Smart Intelligent Technology Co., Ltd. (上海擎感智能科技有限公司)	May 29, 2013 PRC	RMB5,000,000	100.0	100.0	100.0	100.0	100.0	R&D of electronic technology and communication engineering
Shenyang One DriveJingyi Zhijia Technology Co., Ltd. (瀋陽精一智駕科技有限公司)	January 3, 2017 PRC	RMB1,000,000	100.0	100.0	100.0	100.0	100.0	Electronic product technology development

Note: All subsidiaries have adopted December 31 as their financial year end date.

None of the subsidiaries had issued any debt securities during the Track Record Period.

No statutory financial statements have been prepared for all of the subsidiaries for the years ended December 31, 2022, 2023 and 2024 as there are no statutory audit requirements.

42. RETIREMENT BENEFIT SCHEMES

The employees of the Group's subsidiaries in the PRC are members of a state-managed defined contribution retirement scheme operated by the PRC government. The PRC subsidiary is required to contribute a certain percentage of their payroll to the retirement benefit scheme subject to certain cap as governed by the social fund bureau. The only obligation of the Group with respect to the retirement benefit scheme is to make the required contributions under the scheme.

The total costs charged to profit or loss, amounting to RMB44,956,000, RMB46,347,000, RMB47,876,000, RMB19,176,000 (unaudited) and RMB21,539,000 for the years ended December 31, 2022, 2023 and 2024 and the five months ended May 31, 2024 and 2025, respectively, representing contributions paid to the retirement benefits scheme by the Group.

43. RESERVES OF THE COMPANY

Movement in reserves

	Share premium	Share-based payments reserve	FVTOCI reserve	Retained profits/(Accumulated losses)	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At January 1, 2022	97,534	20,945	(41,676)	226,943	303,746
Loss for the year	—	—	—	(218,300)	(218,300)
Other comprehensive expense for the year . .	—	—	(32,689)	—	(32,689)
Total comprehensive expense for the year . .	—	—	(32,689)	(218,300)	(250,989)
Issuance of ordinary shares (<i>Note 33</i>)	1,322,330	—	—	—	1,322,330
Equity-settled share-based payments	—	61,638	—	—	61,638
At December 31, 2022	1,419,864	82,583	(74,365)	8,643	1,436,725
Loss for the year	—	—	—	(131,303)	(131,303)
Total comprehensive expense for the year . .	—	—	—	(131,303)	(131,303)
Equity-settled share-based payments	—	65,363	—	—	65,363
At December 31, 2023	1,419,864	147,946	(74,365)	(122,660)	1,370,785

	Share premium	Share-based payments reserve	FV/TOCI reserve	Retained profits/ (Accumulated losses)	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Loss for the year	—	—	—	(400,941)	(400,941)
Total comprehensive expense for the year. . .	—	—	—	(400,941)	(400,941)
Issuance of ordinary shares (<i>Note 33</i>)	1,309,207	—	—	—	1,309,207
Equity-settled share-based payments	—	157,186	—	—	157,186
At December 31, 2024	<u>2,729,071</u>	<u>305,132</u>	<u>(74,365)</u>	<u>(523,601)</u>	<u>2,436,237</u>
Loss for the period.	—	—	—	(135,657)	(135,657)
Total comprehensive expense for the period .	—	—	—	(135,657)	(135,657)
Equity-settled share-based payments	—	46,128	—	—	46,128
At May 31, 2025	<u>2,729,071</u>	<u>351,260</u>	<u>(74,365)</u>	<u>(659,258)</u>	<u>2,346,708</u>
At January 1, 2024.	1,419,864	147,946	(74,365)	(122,660)	1,370,785
Loss for the period (unaudited)	—	—	—	(134,410)	(134,410)
Total comprehensive expense for the period (unaudited)	—	—	—	(134,410)	(134,410)
Issuance of ordinary shares (unaudited)	733,989	—	—	—	733,989
Equity-settled share-based payments (unaudited)	—	64,092	—	—	64,092
At May 31, 2024 (unaudited)	<u>2,153,853</u>	<u>212,038</u>	<u>(74,365)</u>	<u>(257,070)</u>	<u>2,034,456</u>

44. SUBSEQUENT EVENTS

The following event took place subsequent to the end of Track Record Period.

On August 4, 2025, the Pre-IPO Share Option Scheme was adopted. Details of the Pre-IPO Share Option Scheme are set out in the section headed “— Further Information about the Directors, Supervisors and Substantial Shareholders — Pre-IPO Share Option Scheme” in Appendix VI to the Prospectus.

45. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of the Group, the Company or any of its subsidiaries have been prepared in respect of any period subsequent to May 31, 2025 and up to the date of this report.