

ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF SHANGHAI XIZHI TECHNOLOGY CO., LTD. AND CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED AND HAITONG INTERNATIONAL CAPITAL LIMITED

Introduction

We report on the historical financial information of Shanghai Xizhi Technology Co., Ltd. (上海曦智科技股份有限公司, the “**Company**”) and its subsidiaries (together, the “**Group**”) set out on pages I-3 to I-112, which comprises the consolidated balance sheets as at 31 December 2023, 2024 and 2025, the balance sheets of the Company as at 31 December 2023, 2024 and 2025, and the consolidated statements of comprehensive loss, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended 31 December 2023, 2024 and 2025 (the “**Track Record Period**”) and material accounting policy information and other explanatory information (together, the “**Historical Financial Information**”). The Historical Financial Information set out on pages I-3 to I-112 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 20 April 2026 (the “**Prospectus**”) in connection with the initial listing of the H shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors’ responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation sets out in Notes 1.3 and 2 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountant’s 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 accountant's judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountant considers internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountant's report, a true and fair view of the financial position of the Company as at 31 December 2023, 2024 and 2025 and the consolidated financial position of the Group as at 31 December 2023, 2024 and 2025 and of its consolidated financial performance and its consolidated cash flows for the Track Record Period in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2 to the Historical Financial Information.

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

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-3 have been made.

Dividends

We refer to Note 15 to the Historical Financial Information which states that no dividends have been paid by Shanghai Xizhi Technology Co., Ltd. in respect of the Track Record Period.

A handwritten signature in blue ink that reads "PricewaterhouseCoopers". The signature is stylized and cursive, with the 'P' being particularly large and looping.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong
20 April 2026

I HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

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

The consolidated financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by PricewaterhouseCoopers in accordance with International Standards on Auditing issued by the IAASB ("**Underlying Financial Statements**").

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

Consolidated statements of comprehensive loss

		Year ended 31 December		
	Note	2023	2024	2025
		RMB'000	RMB'000	RMB'000
Revenue	6	38,235	60,191	106,368
Cost of sales	7	(15,032)	(27,978)	(64,900)
Gross profit		23,203	32,213	41,468
Selling and marketing expenses	7	(19,604)	(24,109)	(63,677)
General and administrative expenses	7	(114,746)	(99,320)	(187,363)
Research and development expenses	7	(279,822)	(352,063)	(479,041)
Net impairment losses on financial assets		(95)	(660)	(972)
Other income	9	13,862	72,447	191,653
Other gains/(losses) — net	10	18,081	9,939	(4,116)
Operating loss		(359,121)	(361,553)	(502,048)
Finance income	11	4,649	8,270	6,335
Finance costs	11	(2,292)	(3,181)	(3,198)
Finance income — net	11	2,357	5,089	3,137
Fair value changes of financial instruments issued to investors	34	(56,612)	(378,816)	(843,465)
Loss before income tax		(413,376)	(735,280)	(1,342,376)
Income tax expenses	13	(127)	—	—
Loss for the year		(413,503)	(735,280)	(1,342,376)
Other comprehensive (loss)/gain				
<i>Item that may be reclassified to profit or loss</i>				
Exchange differences on translation of foreign operations		(6,603)	(9,109)	7,984
<i>Item that may not be reclassified to profit or loss</i>				
Change in fair value attributable to credit risk change		(334)	(9,407)	(13,137)
Other comprehensive loss, net of tax		(6,937)	(18,516)	(5,153)
Total comprehensive loss for the year		(420,440)	(753,796)	(1,347,529)
Loss per share attributable to the owners of the Company				
Basic and diluted loss per share (RMB)	14	(41.35)	(52.08)	(46.10)

Consolidated balance sheets

		As at 31 December		
	Note	2023	2024	2025
		RMB'000	RMB'000	RMB'000
Assets				
Non-current assets				
Property, plant and equipment	16	23,091	63,784	183,700
Right-of-use assets	17	24,625	18,694	11,257
Intangible assets	18	28,102	62,487	46,804
Finance lease receivables	24	—	10,001	6,872
Prepayments, other receivables and other assets	23	3,903	13,877	23,445
Bank deposits	27	—	—	20,025
Total non-current assets		79,721	168,843	292,103
Current assets				
Inventories	20	15,056	27,839	28,541
Trade receivables	22	5,159	19,189	87,218
Finance lease receivables	24	—	1,379	2,907
Prepayments, other receivables and other assets	23	52,232	45,845	110,703
Amounts due from related parties	39	374,815	25,154	—
Amounts due from investors	25	—	495,386	—
Financial assets at fair value through profit or loss	26	11,024	—	324,965
Restricted cash	28	—	759	137
Bank deposits	27	42,088	50,473	82,200
Cash and cash equivalents	28	290,084	348,336	209,058
Total current assets		790,458	1,014,360	845,729
Total assets		870,179	1,183,203	1,137,832
Deficit				
Deficit attributable to owners of the Company				
Paid-in capital/share capital	29	10,000	69,728	78,173
Reserves	30	108,970	158,724	(1,419,136)
Accumulated deficits		(2,545,988)	(3,281,325)	(2,906,889)
Total deficit		(2,427,018)	(3,052,873)	(4,247,852)

		As at 31 December		
	Note	2023	2024	2025
		RMB'000	RMB'000	RMB'000
Liabilities				
Non-current liabilities				
Lease liabilities	17	21,214	26,297	13,320
Deferred income	35	94,322	66,387	146,295
Long-term payables	36	—	1,515	—
Total non-current liabilities		115,536	94,199	159,615
Current liabilities				
Trade payables	32	941	6,130	6,735
Other payables and accruals	33	102,810	102,438	78,044
Contract liabilities	6(a)	8,091	106	21,622
Amounts due to a related party	39	—	74,345	—
Deferred income	35	10,530	124,418	182,137
Lease liabilities	17	7,332	12,729	13,380
Financial instruments issued to investors	34	3,051,957	3,821,711	4,924,151
Total current liabilities		3,181,661	4,141,877	5,226,069
Total liabilities		3,297,197	4,236,076	5,385,684
Total deficit and liabilities		870,179	1,183,203	1,137,832
Net current liabilities		(2,391,203)	(3,127,517)	(4,380,340)

Balance sheets of the Company

		As at 31 December		
	Note	2023	2024	2025
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Assets				
Non-current assets				
Investments in subsidiaries	12(b)	54,490	54,490	54,490
Property, plant and equipment	16	7,524	56,123	178,709
Right-of-use assets	17	1,021	14,148	8,336
Intangible assets	18	10,841	60,728	42,035
Prepayments, other receivables and other assets	23	2,272	5,697	14,924
Bank deposits	27	—	—	20,025
Total non-current assets		76,148	191,186	318,519
Current assets				
Inventories	20	10,282	27,378	28,030
Trade receivables	22	2,425	18,927	82,872
Prepayments, other receivables and other assets	23	22,474	28,225	88,510
Amounts due from related parties	39	1,088,934	604,079	—
Amounts due from investors	25	—	495,386	—
Amounts due from subsidiaries	23	619,025	145,858	420
Financial assets at fair value through profit or loss	26	—	—	180,572
Restricted cash	28	—	150	137
Bank deposits	27	—	50,473	82,200
Cash and cash equivalents	28	106,189	276,934	177,790
Total current assets		1,849,329	1,647,410	640,531
Total assets		1,925,477	1,838,596	959,050
Deficit				
Paid-in capital/share capital	29	10,000	69,728	78,173
Reserves	30	16,560	57,308	(1,629,458)
Accumulated deficits		(1,637,137)	(2,461,348)	(2,846,037)
Total deficit		(1,610,577)	(2,334,312)	(4,397,322)

		As at 31 December		
	Note	2023	2024	2025
		RMB'000	RMB'000	RMB'000
Liabilities				
Non-current liabilities				
Lease liabilities	17	—	8,325	1,908
Deferred income	35	74,761	35,204	109,390
Long-term payables	36	—	1,515	—
Total non-current liabilities		74,761	45,044	111,298
Current liabilities				
Trade payables	32	6	5,722	6,733
Other payables and accruals	33	64,847	83,940	60,290
Contract liabilities	6(a)	8,091	—	21,622
Amounts due to subsidiaries		325,531	88,625	50,012
Deferred income	35	10,530	121,571	175,111
Lease liabilities	17	331	6,295	7,155
Financial instruments issued to investors	34	3,051,957	3,821,711	4,924,151
Total current liabilities		3,461,293	4,127,864	5,245,074
Total liabilities		3,536,054	4,172,908	5,356,372
Total deficit and liabilities		1,925,477	1,838,596	959,050
Net current liabilities		(1,611,964)	(2,480,454)	(4,604,543)

Consolidated statements of changes in equity

		Deficit attributable to owners of the Company			
	Note	Paid-in capital/ share capital	Reserves	Accumulated deficits	Total
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 1 January 2023		10,000	61,253	(2,132,485)	(2,061,232)
Comprehensive loss					
Loss for the year		—	—	(413,503)	(413,503)
Change in fair value attributable to credit risk change		—	(334)	—	(334)
Exchange differences on translation of foreign operations		—	(6,603)	—	(6,603)
Total comprehensive loss		—	(6,937)	(413,503)	(420,440)
Transactions with owners in their capacity as owners					
Equity-settled share-based payments	31	—	54,654	—	54,654
As at 31 December 2023		<u>10,000</u>	<u>108,970</u>	<u>(2,545,988)</u>	<u>(2,427,018)</u>
As at 1 January 2024		<u>10,000</u>	<u>108,970</u>	<u>(2,545,988)</u>	<u>(2,427,018)</u>
Comprehensive loss					
Loss for the year		—	—	(735,280)	(735,280)
Change in fair value attributable to credit risk change		—	(9,407)	—	(9,407)
Exchange differences on translation of foreign operations		—	(9,109)	—	(9,109)
Total comprehensive loss		—	(18,516)	(735,280)	(753,796)
Transactions with owners in their capacity as owners					
Capital contributions by investors without preference rights	29, 30	19,044	48,805	—	67,849
Recognition of financial instruments issued to investors	29, 30	40,684	(40,684)	—	—
Transfer of credit risk of financial instruments issued to investors on disposal to accumulate deficit, net of tax		—	57	(57)	—
Equity-settled share-based payments	31	—	60,092	—	60,092
Total transactions with owners		<u>59,728</u>	<u>68,270</u>	<u>(57)</u>	<u>127,941</u>
As at 31 December 2024		<u>69,728</u>	<u>158,724</u>	<u>(3,281,325)</u>	<u>(3,052,873)</u>

Deficit attributable to owners of the Company				
	Paid-in capital/ share capital	Reserves	Accumulated deficits	Total
Note	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 1 January 2025	69,728	158,724	(3,281,325)	(3,052,873)
Comprehensive loss				
Loss for the year	—	—	(1,342,376)	(1,342,376)
Change in fair value attributable to credit risk change	—	(13,137)	—	(13,137)
Exchange differences on translation of foreign operations	—	7,984	—	7,984
Total comprehensive loss	—	(5,153)	(1,342,376)	(1,347,529)
Transactions with owners in their capacity as owners				
Capital contributions by investors without preference rights	29, 30	223	14,190	—
Recognition of financial instruments issued to investors	29, 30	8,222	(8,222)	—
Transfer of credit risk of financial instruments issued to investors on disposal to accumulated deficit, net of tax	30	—	689	(689)
Conversion into a joint stock company	29, 30	—	(1,717,501)	1,717,501
Deemed distributions to related parties	30	—	(66,835)	—
Equity-settled share-based payments	31	—	204,972	—
Total transactions with owners		8,445	(1,572,707)	1,716,812
As at 31 December 2025	78,173	(1,419,136)	(2,906,889)	(4,247,852)

Consolidated statements of cash flows

	Note	Year ended 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Cash flows used in operating activities				
Cash used in operations	37(a)	(176,306)	(181,800)	(361,099)
Cash flows generated from/(used in) investing activities				
Purchase of property, plant and equipment and intangible assets		(43,234)	(101,611)	(236,020)
Proceeds from disposal of property, plant and equipment.		150	55	53
Government grants related to assets received		—	—	201,820
Placement of bank deposits		(42,343)	(50,000)	(162,300)
Redemption of bank deposits.		41,468	41,921	110,000
Interests received from cash and cash equivalents and bank deposits		4,879	7,987	6,251
Purchase of short-term investments measured at fair value through profit or loss	3.3(a)(iii)	(871,024)	(615,000)	(2,054,975)
Proceeds from disposal of short-term investments measured at fair value through profit or loss.	3.3(a)(iii)	1,064,518	627,233	1,737,026
Proceeds from sub-lease of office space.	24	—	65	1,971
Net cash generated from/(used in) investing activities		154,414	(89,350)	(396,174)

	Note	Year ended 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
Cash flows generated from financing activities				
Proceeds from increase in equity without preference rights by the Company	1.2(d)(f)	—	21,695	39,911
Proceeds from issuance of financial instruments to investors with preference rights by the Company	37(d), 1.2(i)	—	200,000	300,000
Proceeds from issuance of convertible debentures to investors	37(d)	54,162	200,000	—
Repayment of convertible debentures to investors	37(d)	—	(13,977)	(54,162)
Cash paid to Youguang Cayman for acquisition of offshore operating entity pursuant to the Reorganisation	1.2(e)	—	(499,881)	(375,540)
Cash received from the preferred shareholders to flipping down their equity interests from Youguang Cayman to the Company	1.2(g)	—	508,048	595,780
Cash received from convertible debentures investors pursuant to Reorganisation	1.2(h)	—	352,146	81,151
Repayment to convertible debentures investors pursuant to Reorganisation	1.2(h)	—	(352,146)	(81,151)
Net cash settled related to amounts due from Youguang Cayman arising from the issuance of preferred shares	39(b)(ii)	170,461	(68,363)	136,667
Option exercise deposits received from employees on behalf of Youguang Cayman	39(b)(iii)	415	466	560
Repayment for option exercise deposit received from employees on behalf of Youguang Cayman	39(b)(iv)	—	—	(1,570)
Payments for listing expenses		—	—	(2,939)
Lease payments	37(d)	(12,286)	(15,819)	(15,049)
Proceeds from bank borrowings		—	47,470	121,094
Repayment of bank borrowings		—	(47,470)	(121,094)
Interest paid for bank borrowings	37(d)	—	(227)	(775)
Net cash generated from financing activities		212,752	331,942	622,883
Net increase/(decrease) in cash and cash equivalents		190,860	60,792	(134,390)
Cash and cash equivalents at beginning of year		98,930	290,084	348,336
Effect of foreign exchange rates changes		294	(2,540)	(4,888)
Cash and cash equivalents at end of year		290,084	348,336	209,058

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 General information, reorganization and basis of presentation

1.1 General information

Shanghai Xizhi Technology Co., Ltd. (the “**Company**”) was incorporated in the People’s Republic of China (the “**PRC**”) on 27 February 2018. The address of the Company’s registered office is No. 111, 125 and 139 Bo Xia Road, Pilot Free Trade Zone, Shanghai, PRC.

On 23 July 2025, the Company convened a general meeting and passed related resolutions approving the conversion of the Company from a limited liability company into a joint stock limited company and changed the name of the Company to Shanghai Xizhi Technology Co., Ltd. (“**上海曦智科技股份有限公司**”, the former Chinese name is “**上海曦智科技有限公司**”).

The principal activities of the Company and its subsidiaries (the “**Group**”) are the sales of optical interconnect and optical computing hardware, solutions and related services dedicated to enhancing computing efficiency, as well as research and development activities in relation to optical interconnect and optical computing business (“**Listing Business**”) mainly in the People’s Republic of China (the “**PRC**”) and other geographical areas during the Track Record Period.

Dr. Shen Yichen (沈亦晨博士) is the founder, executive director, chief executive officer and one of the single largest shareholders of the Group.

As at the date of this report, the Company’s principal subsidiaries during the Track Record Period are set out in Note 12.

1.2 Reorganisation and changes in group structure

Prior to the completion of the reorganisation (“**Reorganisation**”), as defined below, the Company and its subsidiaries together with the Listing Business were under control of LightAI Ltd. (“**Youguang Cayman**”), which was incorporated in the Cayman Islands on 1 December 2019. The Listing Business was carried out primarily through the Company and its subsidiaries (the “**Operating Subsidiaries**”) (collectively, the “**Operating Entities**”).

In preparation for the listing, the Group underwent a Reorganisation pursuant to which the beneficial interests in the Operating Subsidiaries were transferred to the Company. The Reorganisation mainly involved the following steps:

- (a) Prior to the Reorganisation, the Company was previously 100% wholly owned by Lightelligence Limited (有光科技有限公司, hereafter referred to as “**Youguang HK**”). The registered capital of the Company was RMB10,000,000 which was fully paid by Youguang HK on 5 March 2024.
- (b) Through November 2023 to December 2023, the Company acquired 100% of the equity of Hangzhou Guangzhiyuan Technology Co., Ltd. (杭州光智元科技有限公司), Nanjing Guangzhiyuan Technology Co., Ltd. (南京光智元科技有限公司), Shanghai Guangzhiyuan Technology Co., Ltd. (上海光智元科技有限公司), and Beijing Guangzhiyuan Technology Co., Ltd. (北京光智元科技有限公司, collectively, referred to as the “**PRC Operating Entities**”) wholly owned by Youguang HK with a cash consideration of USD2,000,000

(equivalent to RMB13,860,800), USD6,000,000 (equivalent to RMB40,628,900), RMB1 and RMB1, respectively. After completion of these transactions, the PRC Operating Entities became wholly-owned subsidiaries of the Company.

- (c) On 2 July 2024, Shanghai Youguang Yihui Enterprise Management Partnership (Limited Partnership) (上海有光耀輝企業管理合夥企業(有限合夥), hereafter referred to as “**Youguang Yihui**”) and Shanghai Youguang Zhiyuan Enterprise Management Partnership (Limited Partnership) (上海有光致遠企業管理合夥企業(有限合夥), hereafter referred to as “**Youguang Zhiyuan**”) were set up to hold the equity interests of the Company which will be further granted to the PRC employees of the Group. Youguang Yihui was also set up as an investment vehicle for certain ordinary shareholders of Youguang Cayman.
- (d) On 25 July 2024, Dr. Shen Yichen, the founder and shareholder of the Group, MachC L.P. (“**Mach C**”), an investment holding company of Youguang Cayman for investors and consultants, and Youguang Yihui acquired the total equity interests in the Company from Youguang HK for a cash consideration of RMB3. Youguang Yihui, Youguang Zhiyuan, LightAI EIP Holdings LP (“**LightAI EIP**”), an investment holding company of Youguang Cayman for the oversea employees of the Group, and Mach C made capital contributions to the Company with a total cash amount of RMB25,242,000 (Note 39(b)(v)), including RMB18,078,000 recorded as paid in capital and RMB7,164,000 recorded as capital reserve of the Company;
- (e) On 11 September 2024, the Company acquired 100% equity interests in Lightelligence Pte. Ltd. from Youguang Cayman with a cash consideration of USD122,000,000 (equivalent to RMB875,421,000). On 4 December 2024, Lightelligence Pte. Ltd. acquired 100% equity interests in Youguang HK from Youguang Cayman with nil consideration. Lightelligence, Inc. was closed and deregistered in December 2024. After completion of these transactions, the offshore Operating Entities became wholly-owned subsidiaries of the Company;
- (f) From November 2024 to September 2025, the remaining ordinary shareholders originally invested in Youguang Cayman flipped down their equity interests from Youguang Cayman to the Company by subscribing for the equity interests without preference rights of the Company for a total cash consideration of RMB36,364,000, including RMB921,000 recorded as paid in capital and RMB35,443,000 recorded as capital reserve of the Company. Certain convertible debenture investors originally invested in the Group’s PRC subsidiaries converted their interests into the Company’s equity interests without preference rights by using their then fair value of RMB20,656,000 (Note 34(d)), including RMB268,000 recorded as paid in capital and RMB20,388,000 recorded as capital reserve of the Company;
- (g) From November 2024 to September 2025, majority of the preferred shareholders originally invested in Youguang Cayman flipped down their equity interests from Youguang Cayman to the Company by subscribing for the equity interests with preference rights of the Company for a total cash consideration of USD153,614,000 (equivalent to RMB1,103,828,000), including RMB28,953,000 recorded as paid in capital and remaining amount recorded as financial instruments at the then fair value;
- (h) From November 2024 to April 2025, majority of the convertible debenture investors originally invested in the Group’s PRC subsidiaries converted their interests into the Company’s equity interests with preference rights either for a total cash consideration of

RMB633,297,000 or through a direct transfer of convertible debenture, including RMB13,951,000 recorded as paid in capital and remaining amount recorded as financial instruments at the then fair value;

- (i) From September 2024 and April 2025, new investors subscribed for the financial instruments with preference rights issued by the Company for a total cash consideration of RMB500,000,000, including RMB6,002,000 recorded as paid in capital and remaining amount recorded as financial instruments.

Upon completion of the Reorganisation and as at the date of this report, the Company's direct or indirect interests in the subsidiaries are set out in Note 12.

1.3 Basis of presentation

Immediately prior to and after the Reorganisation, the Listing Business was carried out by the Operating Entities, including the entity incorporated in US which was deregistered in December 2024 (Note 1.2(e)).

Youguang Cayman acts as the financing vehicle only and has not been involved in any operation of the Listing Business prior to the Reorganisation and will be closed and deregistered after the Reorganisation. Youguang Cayman does not meet the definition of a business and was not included in the Company's consolidated scope after the Reorganisation, and therefore was not included in the presentation throughout the Track Record Period. The Reorganisation does not result in any changes in business substance, management or the majority shareholders of the Listing Business. Accordingly, the Group resulting from the Reorganisation is regarded as a continuation of the Listing Business conducted by Operating Entities. The Historical Financial Information of the Group is presented using the carrying value of Listing Business for all years presented.

The Historical Financial Information represents the consolidated results and financial position of the Group as if the current group structure had been in existence throughout the Track Record Period and as if the Listing Business was transferred to the Group at the beginning of the earliest period presented or when such businesses were established, whichever is the shorter period.

The financing activities of the Group during the Track Record Period was presented in the Historical Financial Information as follows:

- (a) The investments by the ordinary shareholders originally invested in Youguang Cayman were recorded as share capital and capital reserve of the Company when the shareholders flipped down their equity interests from Youguang Cayman to the Company and became the shareholders of the Company;
- (b) Pursuant to the agreement between Youguang Cayman and the Group together with the reorganisation arrangement, all cash received by Youguang Cayman through the financing activities should be remitted or transferred to the Group in full. Except for the investment income from wealth management products and transaction fee of financing activities of Youguang Cayman, the Operating Entities bear the same obligations as Youguang Cayman to investors. Preferred shareholders of Youguang Cayman have the option to convert the principal amount either to Youguang Cayman's shares or the Group's PRC subsidiaries' equity interests, depending on the determination of listing entity and approval from all the

then shareholders. Therefore, although Youguang Cayman was not included in the presentation of the Historical Financial Information, all the preferred shares issued by Youguang Cayman was included in the Group's consolidated financial statements by debiting amounts due from Youguang Cayman. The investments by the preferred shareholders originally invested in Youguang Cayman during the Track Record Period was debited as "amounts due from related parties" (Note 39(c)) and credited as "preferred shares" in financial instruments issued to investors (Note 34) when the investors became the preferred shareholders of Youguang Cayman;

- (c) The investments by the convertible debenture investors originally invested in the Group's PRC subsidiaries during the Track Record Period were recorded as "convertible debentures" when the investors became the convertible debenture investors of the respective PRC subsidiaries (Note 34);
- (d) The financial instruments to investors with preference rights directly issued by the Company were recorded as "financial instruments issued to investors with preference rights in the Company" when preferred shareholders flipped down their equity interest in Youguang Cayman to the Company, and convertible debenture investors converted their investment in respective PRC subsidiaries to the Company since the rights and obligations were substantially the same and the fair value of the financial instruments issued to investors was the same before and after the Reorganisation (Note 34);
- (e) As at 31 December 2025, the balance between Youguang Cayman and the Company was nil after amount of RMB66,835,000 settled as "deemed distributions to related parties" (Note 30).

Inter-company transactions, balances and unrealised gains/losses on transactions between group companies are eliminated on combination.

2 Basis of preparation

The principal accounting policies applied in the preparation of the Historical Financial Information are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The Historical Financial Information has been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board ("**IFRS Accounting Standards**"). IFRS Accounting Standards comprise the following authoritative literature:

- IFRS Accounting Standards;
- IAS Standards; and
- Interpretations developed by the IFRS Interpretations Committee (IFRIC Interpretations) or its predecessor body, the Standing Interpretations Committee (SIC Interpretations).

The Historical Financial Information has been prepared under the historical cost convention, except that certain financial assets/liabilities are carried at fair value.

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

All effective standards, amendments to standards and interpretations, which are mandatory for the financial year beginning on 1 January 2025, are consistently applied to the Group throughout the Track Record Period. These amendments did not have significant impact throughout the Track Record Period.

The Group was at a relatively early stage of commercialization of its products and the loss was approximately RMB413,503,000, RMB735,280,000 and RMB1,342,376,000 for the three years ended 31 December 2023, 2024 and 2025, respectively. In addition to the loss, the Group's net liabilities were approximately RMB2,427,018,000, RMB3,052,873,000 and RMB4,247,852,000 as at 31 December 2023, 2024 and 2025 and the Group's net current liabilities were approximately RMB2,391,203,000, RMB3,127,517,000 and RMB4,380,340,000 as at 31 December 2023, 2024 and 2025, respectively. These net liabilities and net current liabilities were mainly due to the financial instruments issued to investors during the Track Record Period which were classified as current liabilities according to IAS 1.

According to the investment agreements and further amendments in September 2025 (Note 34), the redemption rights will not be triggered unless the Company fails to achieve a qualified IPO by 31 December 2028. Therefore, the directors consider that the redemption rights will not have any substantial cash flow impact to the Group in the next twelve months from 31 December 2025, in any situation.

Taking into account the due date of the redemption rights as mentioned above and together with cashflow forecast covering not less than twelve months from 31 December 2025 prepared by management of the Group, the directors are of the opinion that the Group and the Company will have sufficient cash resources to satisfy its future working capital in the next twelve months from 31 December 2025. Accordingly, the directors consider that it is appropriate that the Historical Financial Information is prepared on a going concern basis.

New standards and interpretations not yet adopted

The followings are new standards, amendments to existing standards and new interpretations that have been issued but are not effective for the Track Record Period, and have not been early adopted. The Group plans to adopt these new standards, amendments to standards and new interpretations when they become effective:

Standards and amendments	Effective for accounting periods beginning on or after
Amendments to the Classification and Measurement of Financial Instruments — Amendments to IFRS 9 and IFRS 7	1 January 2026
Contracts Referencing Nature-dependent Electricity — Amendments to IFRS 9 and IFRS 7	1 January 2026
Annual Improvements to IFRS Accounting Standards — Volume 11	1 January 2027

<u>Standards and amendments</u>	<u>Effective for accounting periods beginning on or after</u>
IFRS 18 Presentation and Disclosure in Financial Statement	1 January 2027
IFRS 19 Subsidiaries without Public Accountability: Disclosures	1 January 2027
Sale or Contribution of Assets between an Investor and its Associate — Amendments to IFRS 10 and IAS 28	To be determined
Translation to a Hyperinflationary Presentation Currency — Amendments to IAS 21	1 January 2027

According to the assessment made by the directors of the Company, these new and amended standards are either not relevant to the Group or not significant to the financial performance and positions of the Group when they become effective, except for IFRS 18 which will mainly impact the presentation of the consolidated statements of comprehensive loss.

IFRS 18 will replace IAS 1 Presentation of Financial Statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though IFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the statement of financial performance and providing management-defined performance measures within the financial statements.

Management is currently assessing the detailed implications of applying the new standard on the Group’s consolidated financial statements. From the high-level preliminary assessment performed, the following potential impacts have been identified:

Impact on consolidated statements of comprehensive loss:

Although the adoption of IFRS 18 will have no impact on the Group’s net profit, the Group expects that grouping items of income and expenses in the income statement into the new categories will impact how operating profit is calculated and reported. From the high-level impact assessment that the Group has performed, the following items might potentially impact operating profit:

- Foreign exchange differences

Foreign exchange differences currently aggregated in the line item “other gains/(losses) — net” in operating profit might need to be disaggregated, with some foreign exchange gains or losses presented below operating profit, unless doing so would involve undue cost or effort.

- Gain or loss of investments measured at fair value through profit or loss

The gain or loss of investments measured at fair value through profit or loss currently aggregated in the line item “other gains/(losses) — net” in operating profit and will be presented below operating profit.

Impact on consolidated balance sheets:

The line items presented on the primary financial statements might change as a result of the application of the concept of ‘useful structured summary’ and the enhanced principles on aggregation and disaggregation.

Impact on disclosures:

The Group does not expect there to be a significant change in the information that is currently disclosed in the notes because the requirement to disclose material information remains unchanged; however, the way in which the information is grouped might change as a result of the aggregation/disaggregation principles. In addition, there will be significant new disclosures required for:

- For the first annual period of application of IFRS 18, a reconciliation for each line item in the income statement between the restated amounts presented by applying IFRS 18 and the amounts previously presented applying IAS 1.

The Group will apply the new standard from its mandatory effective date of 1 January 2027. Retrospective application is required, and so the comparative information for the financial year ending 31 December 2026 will be restated in accordance with IFRS 18.

3 Financial risk management

3.1 Financial risk factors

The Group’s activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk and price risk), credit risk and liquidity risk. The Group’s overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group’s consolidated financial performance. Risk management is carried out by the senior management of the Group.

(a) Market risk

(i) Foreign exchange risk

Items included in the financial statements of each of the Group’s entities are measured using the currency of the primary economic environment in which the entity operates (the “**functional currency**”). Foreign exchange risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the group entities’ functional currency. The Company’s functional currency is RMB. The Company’s subsidiaries were incorporated in Chinese Mainland, Singapore, United States and Hong Kong SAR and these subsidiaries considered RMB, US dollars (“**USD**”), USD, USD and as their functional currencies, respectively.

The Group is primarily exposed to changes in RMB/USD exchange rates. As at 31 December 2023, 2024 and 2025, if USD had strengthened/weakened by 5% against RMB with all other variables held constant, the Group’s net loss for the year would have been RMB53,698,000, RMB52,449,000 and

RMB4,210,000 lower/higher as a result of foreign exchange gains/losses on translation of USD denominated cash and cash equivalents, long-term payables, trade payables, other payables, amounts due from related parties and amounts due from investors.

(ii) Cash flow and fair value interest rate risk

Except for structured deposits (Note 26), money market funds (Note 26), bank deposits (Note 27), restricted cash (Note 28(b)), cash and cash equivalents (Note 28(a)) and finance lease receivables (Note 24), the Group has no significant interest-bearing assets. The Group's income and operating cash flows are substantially independent of changes in market interest rates.

The finance lease receivables of the Group carried at fixed rates expose the Group to fair value interest risk.

(iii) Price risk

The Group is exposed to price risk in respect of the structured deposits and money market funds (Note 26) held by the Group.

The Group is not exposed to commodity price risk. To manage its price risk arising from the investments, the Group diversifies its portfolio. The investments are managed by management one by one, either for strategic purposes, or for the purpose of achieving investment yield and balancing the Group's liquidity level simultaneously. The sensitivity analysis is performed by management, see Note 3.3 for details.

(b) Credit risk

The Group is exposed to credit risk in relation to its cash and cash equivalents, restricted cash, bank deposits, financial assets at fair value through profit or loss, trade receivables, other receivables, amounts due from related parties, amounts due from investors and finance lease receivables. The carrying amounts of each class of the above financial assets represent the Group's maximum exposure to credit risk in relation to financial assets.

Risk Management

To manage risk arising from cash and cash equivalents, restricted cash, bank deposits, financial assets at fair value through profit or loss, the Group only transacts with state-owned or reputable financial institutions. There has been no recent history of default in relation to these financial institutions.

To manage risk arising from trade receivables, the Group has policies in place to ensure that sales with credit terms are made to counterparties with an appropriate credit history and the management performs ongoing credit evaluations of its counterparties. The credit period granted to the customers is usually no more than 180 days and the credit quality of these customers are assessed by taking into account their financial position, past experience and other factors.

For other receivables, amounts due from related parties, amounts due from investors and finance lease receivables, management makes periodic collective assessments as well as individual assessment on the recoverability of these receivables based on historical settlement records, past experiences and

forward looking information. In view of the history of cooperation with debtors and the sound collection history as well as the understanding of current and forward situation of counterparty, management believes that the credit risk inherent in the Group's outstanding other receivables, amounts due from related parties and amounts due from investors and finance lease receivables balances is low.

Impairment of financial assets

The Group performs impairment assessment under the expected credit loss ("ECL") model on financial assets at amortised cost (mainly including trade receivables, other receivables, amounts due from related parties, amounts due from investors and finance lease receivables). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

- (i) Cash and cash equivalents, restricted cash, bank deposits and financial assets at fair value through profit or loss

To manage risk arising from cash and cash equivalents, restricted cash, bank deposits and financial assets at fair value through profit or loss, the Group only transacts with state-owned or reputable financial institutions in Chinese Mainland and reputable international financial institutions outside of Chinese Mainland. There has been no recent history of default in relation to these financial institutions. These instruments are considered to have low credit risk because they have a low risk of default and the counterparty has a strong capacity to meet its contractual cash flow obligations in the near term. Cash and cash equivalents, restricted cash and bank deposits are also subject to the impairment requirements of IFRS 9, while the identified impairment loss was immaterial.

- (ii) Trade receivables

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the trade receivables. To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics, credit rating and aging periods. The determination of the expected loss rates is based on the probability of default and the loss given the default with reference to the credit quality of the counterparties at the end of each reporting period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the gross domestic product (GDP) and consumer price index (CPI) in which it provides services to be the relevant factors, and accordingly adjusts the loss rates based on expected changes in those factors.

The main exposure to credit risk at each of the reporting dates is the carrying value of the Group's trade receivables. On that basis, the loss allowance as at 31 December 2023, 2024 and 2025 was determined as follows for trade receivables:

	As at 31 December 2023			
	Up to 1 year	1 to 2 years	Over 2 years	Total
ECL rate	1.55%	—	—	1.55%
Gross carrying amount — trade receivables (RMB'000)	5,240	—	—	5,240
Loss allowance (RMB'000)	(81)	—	—	(81)
	As at 31 December 2024			
	Up to 1 year	1 to 2 years	Over 2 years	Total
ECL rate	1.21%	—	—	1.21%
Gross carrying amount — trade receivables (RMB'000)	19,424	—	—	19,424
Loss allowance (RMB'000)	(235)	—	—	(235)
	As at 31 December 2025			
	Up to 1 year	1 to 2 years	Over 2 years	Total
ECL rate	1.93%	9.84%	—	1.94%
Gross carrying amount — trade receivables (RMB'000)	88,818	122	—	88,940
Loss allowance (RMB'000)	(1,710)	(12)	—	(1,722)

(iii) Other receivables, amounts due from related parties, amounts due from investors and finance lease receivables

Other receivables mainly include deposits (Note 23). Finance lease receivables are due from third party lessees (Note 24). For other receivables, amounts due from related parties, amounts due from investors, and finance lease receivables, management makes periodic collective assessments as well as individual assessment on the recoverability based on historical settlement records, past experience and forward-looking information on macroeconomic factors affecting the ability of the customers or employees to settle the receivables.

The Group assesses the credit losses of finance lease receivables individually and believes that the credit risk inherent in the group of outstanding finance receivables balance is quite low.

The Group measures credit risk of other receivables, amounts due from related parties, amounts due from investors and finance lease receivables using probability of default, exposure at default and loss given default.

- Financial instruments that are not credit-impaired on initial recognition are classified in 'Stage 1' and have their credit risk continuously monitored by the Group. The ECL is measured on a 12-month basis.
- If a significant increase in credit risk (specifically, when the debtor is more than 30 days past due on its contractual payments) since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit-impaired. The ECL is measured on lifetime basis.
- If the financial instrument is credit-impaired (specifically, when the debtor is more than 90 days past due on its contractual payments), the financial instrument is then moved to 'Stage 3'. The ECL is measured on lifetime basis.

As there has been no significant increase in credit risk since initial recognition, all of the Group's other receivables, amounts due from related parties, amounts due from investors and finance lease receivables as at 31 December 2023, 2024 and 2025 were classified in Stage 1 and their ECL were measured on a 12-month basis.

The following tables explain the changes in the loss allowance for other receivables and amounts due from related parties, amounts due from investors between the beginning and the end of the years:

	As at 31 December		
	2023	2024	2025
ECL rate			
— Amounts due from related parties	0.01%	0.43%	—
— Amounts due from investors	—	0.08%	—
— Other receivables	0.94%	0.71%	0.92%
Gross carrying amount (<i>RMB'000</i>)			
— Amounts due from related parties	374,856	25,262	—
— Amounts due from investors	—	495,796	—
— Other receivables	5,648	11,618	9,087
Loss allowance (<i>RMB'000</i>)			
— Amounts due from related parties	(41)	(108)	—
— Amounts due from investors	—	(410)	—
— Other receivables	(53)	(82)	(84)

Details of the analysis refer to Note 22 for trade receivables, Note 23 for other receivables, Note 24 for finance lease receivables, Note 25 for amounts due from investors, Note 39 for amounts due from related parties.

The movement of loss allowance for trade receivables, other receivables, amounts due from related parties and amounts due from investors during the years ended 31 December 2023, 2024 and 2025 are as below:

	Trade receivables	Other receivables	Amounts due from related parties	Amounts due from investors	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Opening loss allowance as at					
1 January 2023.	(6)	(36)	(40)	—	(82)
Increase in loss allowance recognised in profit or loss during the year.	(76)	(18)	(1)	—	(95)
Foreign currency exchange.	1	1	—	—	2
As at 31 December 2023	<u>(81)</u>	<u>(53)</u>	<u>(41)</u>	<u>—</u>	<u>(175)</u>
Increase in loss allowance recognised in profit or loss during the year.	(154)	(29)	(67)	(410)	(660)
As at 31 December 2024	<u>(235)</u>	<u>(82)</u>	<u>(108)</u>	<u>(410)</u>	<u>(835)</u>
(Increase)/decrease in loss allowance recognised in profit or loss during the year.	(1,488)	(2)	108	410	(972)
Foreign currency exchange.	1	—	—	—	1
As at 31 December 2025	<u>(1,722)</u>	<u>(84)</u>	<u>—</u>	<u>—</u>	<u>(1,806)</u>

Write-off policy

Financial assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include ceasing enforcement activity. Where receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognized in profit or loss.

(c) Liquidity risk

Due to the dynamic nature of the underlying businesses, the policy of the Group is to regularly monitor the Group's liquidity risk and to maintain adequate cash and cash equivalents to meet the Group's liquidity requirements.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at each balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 31 December 2023				
Lease liabilities	8,874	7,837	15,593	32,304
Trade payables	941	—	—	941
Financial liabilities included in other payables (excluding tax payables, salaries and benefits payables and cash-settled share-based compensation to an investor).	27,597	—	—	27,597
	<u>37,412</u>	<u>7,837</u>	<u>15,593</u>	<u>60,842</u>
At 31 December 2024				
Lease liabilities	15,170	14,597	13,686	43,453
Trade payables	6,130	—	—	6,130
Amounts due to a related party	74,345	—	—	74,345
Financial liabilities included in other payables (excluding tax payables, salaries and benefits payables and warranty provision).	54,701	—	—	54,701
Long-term payables	—	1,515	—	1,515
	<u>150,346</u>	<u>16,112</u>	<u>13,686</u>	<u>180,144</u>
At 31 December 2025				
Lease liabilities	15,948	8,162	5,826	29,936
Trade payables	6,735	—	—	6,735
Financial liabilities included in other payables (excluding tax payables, salaries and benefits payables).	21,805	—	—	21,805
	<u>44,488</u>	<u>8,162</u>	<u>5,826</u>	<u>58,476</u>

Please note that the Group did not include the financial instruments issued to investors which are measured at fair value and classified as current liabilities throughout the Track Record Period in the above table as these rights are subject to certain conditions and scenarios. Details refer to Note 34.

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to enhance shareholders' value in the long-term.

The Group monitors capital by regularly reviewing the capital structure. As a part of this review, the Group considers the cost of capital and the risks associated with the issued share capital. The Group may adjust the number of dividends paid to shareholders, return capital to shareholders, issue new shares or repurchase the Company's shares. In the opinion of the directors of the Company, the Group's capital risk is low. As a result, capital risk is not significant for the Group and measurement of capital management is not a tool currently used in the internal management reporting procedures of the Group.

3.3 Fair value estimation

(a) Financial assets and liabilities

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognized and measured at fair value in the consolidated financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level follows underneath the table.

	Level 1	Level 2	Level 3	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 31 December 2023				
Financial assets:				
Short-term investments measured at fair value through profit or loss:				
— Structured deposits	—	—	5,414	5,414
— Money market funds	—	—	5,610	5,610
	—	—	11,024	11,024
Financial liabilities				
Financial instruments issued to investors	—	—	3,051,957	3,051,957
At 31 December 2024				
Financial liabilities:				
Financial instruments issued to investors	—	—	3,821,711	3,821,711

	Level 1	Level 2	Level 3	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 31 December 2025				
<i>Financial assets:</i>				
Short-term investments measured at fair value through profit or loss:				
— Structured deposits	—	—	230,750	230,750
— Money market funds	—	—	94,215	94,215
	—	—	324,965	324,965
<i>Financial liabilities:</i>				
Financial instruments issued to investors				
	—	—	4,924,151	4,924,151

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for financial liabilities at fair value through profit or loss (FVPL).

(ii) Valuation techniques used to determine fair values

The Group's finance team manages the valuation of level 3 instruments for financial reporting purposes. The team manages the valuation exercise of the investments on a case by case basis. At least once a year, the team uses valuation techniques to determine the fair value of the Group's level 3 instruments. External valuers will be involved when necessary.

As these instruments are not traded in an active market, their fair values have been determined by using various applicable valuation techniques, including:

- expected rate of return;
- the discounted cash flow model and unobservable inputs mainly including assumptions of expected future cash flows and discount rate;
- the backsolve method using the latest round financing, i.e. the prior transaction price or the third-party pricing information. Discounted cash flow model will be used if no recent transaction or third-party pricing information is available as at respective balance sheet date.

(iii) Fair value measurements using significant unobservable inputs (level 3)

There are no transfers of financial assets or liabilities between levels 2 and 3 during the Track Record Period.

The following table presents the changes in level 3 instruments of financial assets measured at fair value through profit or loss for the three years ended 31 December 2023, 2024 and 2025.

Financial assets at fair value through profit or loss

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At the beginning of the year	200,772	11,024	—
Additions	871,024	615,000	2,054,975
Disposal	(1,064,518)	(627,233)	(1,737,026)
Fair value changes through profit or loss			
(Note 10)	3,746	1,209	8,439
Currency translation differences	—	—	(1,423)
At the end of the year	11,024	—	324,965

For financial instruments issued to investors, please refer to Note 34 for details.

The following table summarises the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurements.

Description	Key assumptions	Range of inputs			Relationship of key assumptions to fair value
		At 31 December			
		2023	2024	2025	
Financial assets at fair value through profit or loss	Expected rate of return	1.85%–3.10%	1.70%–2.55%	1.65–4.46%	The higher the expected rate of return, the higher the fair value

At 31 December 2023

Description	Unobservable inputs	Range of inputs	Relationship of unobservable inputs to fair value
Fair value of financial instruments issued to investors	Expected volatility	56.39%	The higher the expected volatility, the lower the fair value

At 31 December 2024

Description	Unobservable inputs	Range of inputs	Relationship of unobservable inputs to fair value
Fair value of financial instruments issued to investors	Discount rate	15.00%	The higher the discount rate, the lower the fair value
	Discount of lack of marketability (“DLOM”)	21.00%	The higher the DLOM, the lower the fair value
	Expected volatility	57.15%	The higher the expected volatility, the lower the fair value

At 31 December 2025

Description	Unobservable inputs	Range of inputs	Relationship of unobservable inputs to fair value
Fair value of financial instruments issued to investors	Discount rate	15.00%	The higher the discount rate, the lower the fair value
	DLOM	9.00%	The higher the DLOM, the lower the fair value
	Expected volatility	63.86%	The higher the expected volatility, the lower the fair value

As at 31 December 2023, the fair values of the financial instruments issued to investors were determined using the backsolve method, as this date was close to the Series C3 round financing date. As at 31 December 2024 and 2025, the fair values of the same category of financial liabilities were determined using the discounted cash flow model, because no comparable financing transactions were available as of the respective balance sheet dates.

(iv) Valuation process

Financial assets at fair value through profit or loss

The Group entered into contracts in respect of structured deposits with expected but not guaranteed rates of return ranging as shown above. The Group managed and evaluated the performance of these investments on a fair value basis, in accordance with the Group’s risk management and investment strategy and hence they are designated as financial assets at FVPL. If the expected rate of return of investments held by the Group be 10% higher/lower as at 31 December 2023 and 2025, loss before income tax for the years ended 31 December 2023 and 2025 would be approximately RMB1,000 lower/higher and RMB117,000 lower/higher, respectively.

Financial instruments issued to investors — Convertible debentures, preferred shares and financial instruments issued to investors with preference rights in the Company

The discounted cash flow method and backsolve method are used to determine the total equity value of the Company, the option-pricing method and equity allocation model were adopted to determine the fair value of the financial instruments issued to investors. Key assumptions included discount rate, DLOM and expected volatility.

Discount rate was estimated by weighted average cost of capital as of each valuation date. DLOM was estimated based on the option-pricing method. Under option-pricing method, the cost of put option, which can hedge the price change before the private held share can be sold, was considered as a basis to determine the lack of marketability discount. Expected volatility was estimated at the valuation dates based on average of historical volatilities of the comparable companies in the same industry for a period from the respective valuation dates to expected liquidation/redemption date. In addition to the assumptions adopted above, the Company's projections of future performance were also factored into the determination of the fair value of the financial instruments issued to investors on applicable valuation date.

The Company performed sensitivity test to changes in unobservable inputs in determining the fair value of the financial instruments issued to investors issued by the Company. The changes in unobservable inputs including discount rate, DLOM and expected volatility will result in a significantly higher or lower fair value measurement. The increase in the fair value of the financial instruments issued to investors would increase the loss of fair value change in the consolidated statements of comprehensive loss. When performing the sensitivity test, management applied an increase or decrease to each unobservable input, which represents management's assessment of reasonably possible change to these unobservable inputs.

If the Company's key valuation assumptions used to determine the fair value of the financial instruments issued to investors had increased/decreased by 10% with all other variables held constant, the estimated fair value changes from carrying amount are listed in below table (assuming the change of key factors would not have significant impact on fair value change attributable to credit risk):

	As at 31 December 2023
Fair value of the financial instruments issued to investors	Expected volatility
	<i>RMB'000</i>
Increase 10%	(3,110)
Decrease 10%	1,677

	As at 31 December 2024		
Fair value of the financial instruments issued to investors	Discount rate	DLOM	Expected volatility
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Increase 10%	(661,544)	(92,095)	(1,338)
Decrease 10%	866,670	92,089	270

As at 31 December 2025

Fair value of the financial instruments issued to investors	Discount rate	DLOM	Expected volatility
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Increase 10%	(808,611)	(44,601)	(581)
Decrease 10%	1,050,204	44,601	26

4 Critical accounting estimates and judgements

The preparation of consolidated financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

4.1 Fair value of financial instruments issued to investors

The financial instruments issued to investors are not traded in an active market and the respective fair value are determined by using valuation techniques (Note 3.3(a)(ii)). The discounted cash flow method and the backsolve method were used to determine the total equity value of the Company, the option-pricing method, equity allocation model and forward pricing model were adopted to determine the fair value of the financial instruments. Key assumptions such as discount rate, DLOM and expected volatility based on the Group's best estimates are disclosed in Note 3.3.

4.2 Share-based compensation expenses

As mentioned in Note 31, the Company has adopted 2020 equity incentive plan and Pre-IPO restricted share units plan (the "Pre-IPO RSU Plan") for the Group's employees and consultants. The Company has engaged an independent valuer to determine the grant date fair value of the share options and restricted share units ("RSUs") to the Group's employees and service-rendered-date fair value of the share options to consultants using the binomial option pricing model and the equity allocation model respectively, which are to be expensed over the vesting period. Various assumptions are involved in the model and significant estimate on assumptions is required to be made by the management, including risk-free interest rates, expected volatility, dividend yields and option term. The management applies judgements and estimate on those significant assumptions in determining the fair value of the share options to the Group's employees and consultants.

At the end of each reporting period, the Group reassesses estimated 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 consolidated statements of comprehensive loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share-based payment reserve.

4.3 Impairment of non-financial assets

At each balance sheet date, the Group reviews internal and external sources of information to identify indications that the non-financial assets may be impaired. If an indication of impairment is identified, such information is further subject to an exercise that requires the Group to estimate the recoverable amount, representing the greater of the fair value less cost of disposal of such asset or its value in use. Depending on the Group's assessment of complexity of deriving reasonable estimates of the recoverable amount, the Group may perform such assessment utilising internal resources or the Group may engage external advisors to counsel the Group in making this assessment. Regardless of the resources utilised, the Group is required to make assumptions for this assessment, including the cash flows to be generated, appropriate market discount rates and the projected market and regulatory conditions. Changes in any of these assumptions could result in a material change to future estimates of the recoverable value of the asset. Please refer to Note 16(b) for details.

4.4 Current and deferred income tax

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised when management considers it is probable that future taxable profits will be available against which the temporary differences or tax losses can be utilised. When the expectation is different from the original estimate, such differences will impact the recognition of deferred income tax assets and taxation charges in the period in which such estimate is changed.

5 Segment information

The Group's business activities are sales of optical interconnect and optical computing and provision of application development and other services mainly in the PRC.

The Group's chief operating decision-maker ("CODM") has been identified as the directors, who reviews consolidated results when making decisions about allocating resources and assessing performance of the Group as a whole and hence, the Group has only one reportable segment. The Group does not distinguish between markets or segments for the purpose of internal reports. As substantially all of the Group's non-current assets are all located in the PRC and substantially all of the Group's revenue are derived from the PRC, no geographical information is presented.

The following illustrates the revenue from customers which contributing over 10% of the total revenue of the Group:

	Year ended 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Customer I	11,900	*	*
Customer II	10,142	*	*
Customer III	*	19,165	*
Customer IV	*	14,318	*
Customer V	*	8,250	*
Customer VI	*	*	43,176
Customer VII	*	*	16,770
Customer VIII	*	*	11,855

* Less than 10%

Except for customers listed above, no other customer contributed over 10% of the total revenue of the Group for the three years ended 31 December 2023, 2024 and 2025.

6 Revenue

	Year ended 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Optical interconnect business			
— <i>Sale of products</i>	—	47,019	80,693
— <i>Technology development services</i>	—	—	3,584
Subtotal of optical interconnect business	—	47,019	84,277
Optical computing business			
— <i>Sale of products</i>	4,631	2,974	20,204
— <i>Technology development services and others</i>	33,604	10,198	1,887
Subtotal of optical computing business	38,235	13,172	22,091
Total revenue	38,235	60,191	106,368

The Group derives revenue from the transfer of products, services and others at a point in time as follows:

	Year ended 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Point in time	38,235	60,191	105,349
Over time	—	—	1,019
	38,235	60,191	106,368

The following table shows unsatisfied performance obligations resulting from contracts that are partially or fully unsatisfied:

	Year ended 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Aggregate amount of the transaction price allocated to a long-term contract that are partially or fully unsatisfied, to be recognized:			
— Within 1 year.	5,519	6,321	6,321
— After 1 year but less than 3 years	6,321	—	—
	<u>11,840</u>	<u>6,321</u>	<u>6,321</u>

Except for the unsatisfied performance obligations resulting from certain long-term technology development contract disclosed above, other unsatisfied or partially unsatisfied performance obligations are expected to be recognized in the following year and are not disclosed separately.

(a) *Contract liabilities*

The Group

The Group has recognized the following liabilities related to contracts with customers:

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Current portion.	<u>8,091</u>	<u>106</u>	<u>21,622</u>

Contract liabilities of the Group mainly arise from the advance payments made by customers while the underlying products are yet to be delivered, or underlying services are yet to be provided.

The following table shows the revenue recognized in the Track Record Period related to carried-forward contract liabilities:

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue recognized that was included in the contract liabilities at the beginning of the year	<u>—</u>	<u>8,091</u>	<u>106</u>

The Company

The Company has recognized the following liabilities related to contracts with customers:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current portion	8,091	—	21,622
<hr/>			
	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Revenue recognized that was included in the contract liabilities at the beginning of the year	—	8,091	—
<hr/>			

(b) Assets recognised from costs to fulfil a contract

In addition to the contract balances disclosed above, the Group has also recognised an asset in relation to costs to fulfil a long-term contract. This asset is presented within prepayments, other receivables and other assets (Note 23) in the consolidated balance sheets:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current portion	—	1,374	2,670
Loss allowance	—	—	—
<hr/>			
	—	1,374	2,670
<hr/>			

The accounting policy for the Group's principal revenue sources

Optical interconnect and optical computing business

The Group is primarily engaged in optical interconnect and optical computing business. The Group provides a wide range of products mainly include optical interconnect hardware, solutions and optical computing device and systems.

(i) Sale of products

Revenue generated from sales of products is recognised at the point in time when control of products is transferred to customers, generally when the products are accepted by customers.

Contracts with customers may include multiple performance obligations. For such arrangements, the Group allocates revenue to each performance obligation based on its relative standalone selling price. The Group generally determines standalone selling prices based on the prices charged to customers. If the standalone selling price is not directly observable, it is estimated using expected cost

plus a margin or adjusted market assessment approach, depending on the availability of observable information. Assumptions and estimations have been made in estimating the relative selling price of each distinct performance obligation, and changes in judgments on these assumptions and estimates may impact the revenue recognition.

In the arrangements when the Group provides integrated solutions to its customers, a single performance obligation is identified as the Group integrates its products and its services into a bundled solution.

The transaction price in the contract reflects the amount of consideration that the Group expects to be entitled.

In cases when the Group acts as an agent during certain transactions of selling hardware, because the Group does not obtain the control of the hardware before the hardware are delivered to buyers. Revenue is recognised on a net basis when the control of the products has been transferred from the suppliers to the buyers according to the arrangement, generally upon the acceptance of the hardware. During the Track Record Period, the transaction recognised on a net basis is not material to the Group.

(ii) Rendering of technology development services

Revenue from providing technology development services is recognised at the point in time when services are rendered and the deliverables such as reports and samples are accepted by the customers, when customers do not receive and consume benefits as the Company performs, and the Company does not have right to payment for performance completed to date.

(iii) Others

Other revenue is mainly derived from (1) transfer of patents and intellectual properties (“IP”) and relevant revenue is recognized at the point of time when the patents and IP are accepted by the customers, (2) service revenue, which is recognised overtime when customers receive and consume benefits as the Company performs.

7 Expenses by nature

The expenses charged to cost of sales, selling and marketing expenses, general and administrative expenses and research and development expenses are analysed below:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Employee benefit expenses (<i>Note 8</i>)	233,200	250,514	421,503
Raw materials, consumables used and outsourcing costs	17,797	45,094	91,727
Changes in inventories of work in progress and finished goods	(2,093)	(4,834)	(14,879)
Depreciation of property, plant and equipment (<i>Note 16</i>)	8,664	14,121	43,407
Intangible asset amortisation (<i>Note 18</i>)	18,667	27,807	35,830
Depreciation of right-of-use assets (<i>Note 17</i>)	9,502	12,882	8,174
Design and development expenses	30,084	83,497	74,470
Office expenses	2,855	3,599	4,271
Travelling expenses	5,942	5,653	6,259
Short-term lease expenses (<i>Note 17</i>)	6,119	4,019	3,905
IP license expenses	17,560	9,736	49,005
Marketing and promotion expenses	2,101	3,497	2,839
Provision for inventories (<i>Note 20</i>)	—	483	2,560
Share-based compensation expenses to consultants (<i>Note 31</i>)	11,004	11,538	5,953
Share-based compensation expenses to an investor (<i>Note 31</i>)	38,188	—	—
Professional service fees	22,212	29,118	27,514
Auditor's remuneration	99	202	311
Listing expenses	—	—	22,465
Miscellaneous	7,303	6,544	9,667
	<u>429,204</u>	<u>503,470</u>	<u>794,981</u>

8 Employee benefit expenses

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Wages, salaries and bonuses	167,443	175,476	193,928
Contributions to pension plan (<i>a</i>)	11,291	12,299	12,909
Housing fund, medical insurance and other social insurance (<i>a</i>)	9,627	13,130	15,251
Share-based compensation expenses (<i>Note 31</i>)	43,650	48,554	199,019
Other employee benefits	1,189	1,055	396
	<u>233,200</u>	<u>250,514</u>	<u>421,503</u>

(a) Pension obligations and other social welfare benefits

Policy on Chinese Mainland employees

Full-time employees of the Group in Chinese Mainland are entitled to staff welfare benefits including pension, work-related injury benefits, maternity insurances, medical insurances, unemployment benefits and housing fund plans through a PRC government-mandated defined contribution plan. Chinese labour regulation requires that the Group make contributions to the government for these benefits based on certain percentage of the employees' salaries, up to a maximum amount specified by the local government. The Group has no legal obligation for the benefits beyond the required contributions. No forfeited contributions are available to reduce contributions payable in the future.

Policy on mandatory provident fund scheme

The Group has arranged for its Hong Kong SAR employees to join the Mandatory Provident Fund Scheme (the "MPF Scheme"), a defined contribution scheme managed by an independent trustee. Under the MPF Scheme, the Group and its employees make monthly contributions to the scheme at 5% of the employees' earnings as defined under the Mandatory Provident Fund legislation. Both the Group's and the employees' contributions were subject to a cap of HKD1,500 per month and contributions thereafter are voluntary. No forfeited contributions are available to reduce contributions payable in the future.

Policy on Singapore employees

The Group has arranged for its Singapore employees to participate in the Central Provident Fund Scheme (the "CPF Scheme"), a defined-contribution social-security scheme administered by the Central Provident Fund Board.

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the three years ended 31 December 2023, 2024 and 2025, include 1, 2 and 4 directors respectively, where emoluments are disclosed in Note 40. The emoluments payable to the remaining 4, 3 and 1 individuals during the three years ended 31 December 2023, 2024 and 2025 are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Wages, salaries and bonuses	8,967	8,381	2,316
Contributions to pension plan	301	268	35
Housing fund, medical insurance and other social insurance.	288	472	38
Share-based compensation expenses.	16,738	28,726	10,138
Other employee benefits	30	12	—
	<u>26,324</u>	<u>37,859</u>	<u>12,527</u>

The emoluments of the 4, 3 and 1 individuals fell within the following bands:

	Year ended 31 December		
	2023	2024	2025
Emoluments bands:			
HKD3,000,001 to HKD3,500,000	—	1	—
HKD4,000,001 to HKD4,500,000	—	1	—
HKD5,500,001 to HKD6,000,000	1	—	—
HKD6,000,001 to HKD6,500,000	1	—	—
HKD6,500,001 to HKD7,000,000	1	—	—
HKD10,500,001 to HKD11,000,000	1	—	—
HKD13,500,001 to HKD14,000,000	—	—	1
HKD34,000,001 to HKD34,500,000	—	1	—
	<u>4</u>	<u>3</u>	<u>1</u>

9 Other income

	Year ended 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Government grants			
— Financial subsidies (a)	13,662	71,924	191,260
— Others	200	523	393
	<u>13,862</u>	<u>72,447</u>	<u>191,653</u>

(a) Government grants received during the three years ended 31 December 2023, 2024 and 2025 primarily comprised the financial subsidies received from various government authorities in the Chinese Mainland. Certain government grants were related to assets and amortised during the useful life of the related assets.

10 Other gains/(losses) — net

	Year ended 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Fair value gains on short-term investments measured at fair value through profit or loss (<i>Note 26(a)</i>)	3,746	1,209	8,439
Losses on disposal of property, plant and equipment	(6)	(2,114)	—
Losses on disposal of right-of-use assets	—	(4,898)	—
Net foreign exchange gains/(losses)	14,409	15,253	(12,602)
Others	(68)	489	47
	<u>18,081</u>	<u>9,939</u>	<u>(4,116)</u>

11 Finance income — net

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Finance income			
Interest income on cash and cash equivalents and bank deposits	4,649	8,159	5,703
Interest income from finance lease receivables	—	111	632
	<u>4,649</u>	<u>8,270</u>	<u>6,335</u>
Finance costs			
Interest expenses from short term borrowings.	—	(227)	(775)
Interest expenses on lease liabilities.	(2,292)	(2,954)	(2,423)
	<u>(2,292)</u>	<u>(3,181)</u>	<u>(3,198)</u>
Finance income — net.	<u><u>2,357</u></u>	<u><u>5,089</u></u>	<u><u>3,137</u></u>

12 Subsidiaries

(a) Subsidiaries of the Group

The Company's subsidiaries during the Track Record Period are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The countries/regions of incorporation or registration are also their principal places of business.

Name of entities	Effective interest held in terms of %			As of report date	Date of establishment/ incorporation	Registered capital/ paid in capital	Principal activities, place of operation and kind of legal entity	Note
	As at 31 December							
	2023	2024	2025					
Directly held by the Company:								
Hangzhou Guangzhiyuan Technology Co., Ltd.	100%	100%	100%	100%	5 November 2019	RMB73,000,000/ RMB13,860,800	Research, development and sales of hardware and software products and provision of related services, the PRC, limited liability company	(a)
Nanjing Guangzhiyuan Technology Co., Ltd.	100%	100%	100%	100%	18 September 2020	RMB73,000,000/ RMB40,628,900	Research, development and sales of hardware and software products and provision of related services, the PRC, limited liability company	(b)
Shanghai Guangzhiyuan Technology Co., Ltd..	100%	100%	100%	100%	10 November 2022	RMB1,000,000/ Nil	No business activities, the PRC, limited liability company	(d)

Name of entities	Effective interest held in terms of %			As of report date	Date of establishment/ incorporation	Registered capital/ paid in capital	Principal activities, place of operation and kind of legal entity	Note
	As at 31 December							
	2023	2024	2025					
Beijing Guangzhiyuan Technology Co., Ltd.	100%	100%	100%	100%	27 April 2023	RMB10,000,000/ Nil	Research, development and sales of hardware and software products and provision of related services, the PRC, limited liability company	(d)
Lightelligence Pte. Ltd.	100%	100%	100%	100%	2 November 2020	SGD1	Research, development and sales of hardware and software products and provision of related services, Singapore, private limited company	(c)
Indirectly held by the Company:								
Youguang HK.	100%	100%	100%	100%	11 April 2018	Nil	Management operations, Hong Kong SAR, private limited company	(d)
Nanjing Guangzhixing Technology Co., Ltd.	100%	100%	100%	100%	23 July 2021	RMB1,000,000/ Nil	No business activities, the PRC, limited liability company	(d)
Hangzhou Xizhi Technology Co., Ltd.*	100%	100%	N/A*	N/A*	12 August 2019	RMB2,011,781/ RMB11,781	No business activities, the PRC, limited liability company	(d)
Hangzhou Huanzhang Technology Co., Ltd.	N/A	N/A	100%	100%	26 August 2025	RMB1,000,000/ Nil	No business activities, the PRC, limited liability company	(d)

(a) The statutory financial statements of Hangzhou Guangzhiyuan Technology Co., Ltd. were audited by Zhejiang Zhongzi Certified Public Accounts Co., Ltd. (“浙江中致會計師事務所有限公司”) for the year ended 31 December 2023, and audited by Hangzhou Hansheng Accounting Firm Co., Ltd. (“杭州瀚盛會計師事務所有限公司”) for the year ended 31 December 2024. Up to the date of the report, no audited financial statements have been issued for the year ended 31 December 2025.

(b) The statutory financial statements of Nanjing Guangzhiyuan Technology Co., Ltd. were audited by Nanjing Xinhong Certified Public Accountants Co., Ltd. (“南京新鴻會計師事務所”) for the two years ended 31 December 2023 and 2024. Up to the date of the report, no audited financial statements have been issued for the year ended 31 December 2025.

(c) The statutory financial statements of Lightelligence Pte. Ltd. were audited by Precursor Assurance LLP for the two years ended 31 December 2023 and 2024. Up to the date of the report, no audited financial statements have been issued for the year ended 31 December 2025.

(d) No audited financial statements were issued for these companies as they are not required to issue audited financial statements under the statutory requirements of their respective places of incorporation.

* Hangzhou Xizhi Technology Co., Ltd., a subsidiary controlled through contractual arrangements was subsequently deregistered and closed in August 2025. This subsidiary did not carry out any operation during the Track Record Period.

(b) *Investment in subsidiaries — the Company*

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Investments in subsidiaries	54,490	54,490	54,490
Less: allowance for impairment of investment in subsidiaries.	—	—	—
	<u>54,490</u>	<u>54,490</u>	<u>54,490</u>

13 **Income tax expenses**

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current income tax	127	—	—
Deferred income tax (Note 19)	—	—	—
Income tax expenses.	<u>127</u>	<u>—</u>	<u>—</u>

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Loss before income tax	<u>(413,376)</u>	<u>(735,280)</u>	<u>(1,342,376)</u>
Tax calculated at statutory income tax rate applicable in principal countries/places of business (a), (b), (c), (d)	(109,490)	(186,421)	(329,430)
Tax effects of:			
Preferential income tax rate applicable to subsidiaries (e)	23,934	67,479	126,529
Super deduction for research and development expenses (f)	(24,333)	(23,456)	(19,468)
Expenses not deductible for tax purpose (g) . .	25,399	65,914	158,085
Tax losses for which no deferred income tax asset was recognised (h)	82,619	74,817	60,236
Other temporary difference for which no deferred income tax asset was recognised . .	<u>1,998</u>	<u>1,667</u>	<u>4,048</u>
Income tax expenses.	<u>127</u>	<u>—</u>	<u>—</u>

(a) *Corporate income tax in Chinese Mainland ("CIT")*

The income tax provision of the Group in respect of its operations in Chinese Mainland was calculated at tax rate of 25% on the assessable profits for the respective year presented, based on the existing legislation, interpretations and practices in respect thereof.

(b) Singapore income tax

The entity incorporated in Singapore is subject to Singapore income tax at a rate of 17% for taxable income earned in Singapore.

No provision for Singapore income tax was made as the Group had no estimated assessable profit that was subject to Singapore income tax during the Track Record Period.

(c) Hong Kong SAR income tax

The entity incorporated in Hong Kong SAR is subject to Hong Kong SAR profits tax at a rate of 8.25% on assessable profits up to HKD2 million and 16.5% on any part of assessable profits over HKD2 million for the years presented.

(d) United States of America

The Group's business in the United States is subject to Federal income tax at a rate of 21%, California state income tax at a rate of 8.84%, and Massachusetts state income tax at a rate of 8%. Operations in the United States of America have incurred net accumulated operating losses for income tax purposes and no income tax provisions are recorded during the Track Record Period.

(e) Preferential income tax rate

The Company and certain subsidiaries of the Company in the PRC have been approved as High and New Technology Enterprises ("HNTe") under relevant tax rules and regulations, and accordingly, are subject to a preferential CIT rate of 15% during the Track Record Period.

Certain subsidiaries of the Company in the PRC have been approved as Small and Micro Enterprises ("SME") under relevant tax rules and regulations, and accordingly, are subjected to a preferential CIT rate of 20% during the Track Record Period.

(f) Super Deduction for research and development expenses

The State Taxation Administration of the People's Republic of China announced in September 2018 that enterprises engaging in research and development activities would entitle to claim 175% of their research and development expenses ("**Super Deduction**") from 1 January 2018 to 31 December 2020, and announced in March 2021 to extend this preferential claim percentage to 31 December 2023. As announced in March 2022 and September 2022, technology-based small and medium-sized enterprises would entitle to claim 200% of their research and development expenses from 1 January 2022 and other enterprises would entitle to claim 200% of their research and development expenses from 1 October 2022 to 31 December 2022. In March 2023, The State Taxation Administration of the People's Republic of China announced that enterprises would entitle to claim 200% of their research and development expenses from 1 January 2023.

The Group has made its best estimate for the Super Deduction to be claimed for the Group's entities in ascertaining their assessable profits during the Track Record Period.

(g) *Expenses not deductible for tax purposes*

Expenses not deductible for tax purposes mainly represented business entertainment expenses and share-based compensation expenses incurred in the Group's subsidiaries which are not deductible according to the relevant laws and regulations promulgated by the State Tax Bureau of the PRC.

(h) *Tax losses for which no deferred income tax asset was recognised*

Deferred income tax assets are recognized for deductible temporary differences and tax losses to the extent that the realization of the related tax benefits through future taxable profits is probable.

As at 31 December 2023, 2024 and 2025, the Group did not recognise deferred income tax assets in respect of losses of RMB724,789,000, RMB1,074,580,000 and RMB1,469,741,000, respectively. The tax losses incurred from the Company and its subsidiaries in Chinese Mainland that are not recognised as deferred tax assets will expire from 2025 to 2035. Tax losses of the Group's subsidiaries incorporated in Hong Kong SAR and Singapore will be carried forward indefinitely. Deductible losses that are not recognized for deferred income tax assets will expire as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
2025	2,127	8	—
2026	24,452	28	—
2027	121,139	276	276
2028	79,869	1,096	1,096
2029	1,324	2,329	2,328
2030	16,484	18,602	21,987
2031	103,817	128,241	128,241
2032	115,847	236,710	236,710
2033	206,412	285,185	285,185
2034	—	365,370	365,370
2035	—	—	351,496
Indefinitely	53,318	36,735	77,052
	<u>724,789</u>	<u>1,074,580</u>	<u>1,469,741</u>

14 **Loss per share**

On 29 August 2025, the Company was converted into a joint stock company with limited liabilities and total 76,831,836 ordinary shares with par value of RMB1.0 each were issued and allotted to the respective owners of the Company according to the share capital registered under these equity holders on that day. For the purpose of computation of basic and diluted losses per share, the weighted average number of ordinary shares in issue without preference rights before the conversion into a joint stock limited company was determined assuming the share capital had been fully converted into ordinary share without preference rights deemed in issue at the same conversion ratio of 1:1 as upon conversion into joint stock limited company.

(a) *Basic loss per share*

The basic loss per share during the Track Record Period is calculated by dividing the loss attributable to owners of the Company by the weighted average number of share capital registered without preference rights, taking into the effects of conversion the Company into a joint stock limited company as mentioned above.

	Year ended 31 December		
	2023	2024	2025
Loss attributable to owners of the Company (RMB'000)	(413,503)	(735,280)	(1,342,376)
Weighted average number of ordinary shares deemed in issue.	10,000,000	14,119,560	29,116,381
Basic loss per share for loss attributable to owners of the Company (expressed in RMB per share)	<u>(41.35)</u>	<u>(52.08)</u>	<u>(46.10)</u>

(b) *Diluted loss per share*

Diluted loss per share is calculated by adjusting the weighted average number of share capital registered with and without preference rights to assume termination of all preference rights granted to investors. As the Group incurred losses for the three years ended 31 December 2023, 2024 and 2025, those share capital fully paid and registered with preference rights during the Track Record Period, i.e. financial instruments issued to investors were not included in the calculation of diluted loss per share as their inclusion would be anti-dilutive. Accordingly, diluted loss per share for the three years ended 31 December 2023, 2024 and 2025 are the same as basic loss per share of the respective years.

15 Dividends

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

16 Property, plant and equipment

The Group

	Leasehold improvement	Furniture	Electronic equipment	Laboratory equipment	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023					
Cost	6,743	3,112	9,347	8,875	28,077
Accumulated depreciation	(2,720)	(1,331)	(2,990)	(866)	(7,907)
Net book amount	4,023	1,781	6,357	8,009	20,170
Year ended 31 December 2023					
Opening net book amount	4,023	1,781	6,357	8,009	20,170
Additions	338	194	3,929	7,217	11,678
Depreciation charge (<i>Note 7</i>)	(2,247)	(604)	(2,993)	(2,820)	(8,664)
Disposal	—	—	(162)	—	(162)
Currency translation differences	28	21	14	6	69
Closing net book amount	2,142	1,392	7,145	12,412	23,091
At 31 December 2023					
Cost	7,121	3,318	13,046	16,099	39,584
Accumulated depreciation	(4,979)	(1,926)	(5,901)	(3,687)	(16,493)
Net book amount	2,142	1,392	7,145	12,412	23,091
At 1 January 2024					
Cost	7,121	3,318	13,046	16,099	39,584
Accumulated depreciation	(4,979)	(1,926)	(5,901)	(3,687)	(16,493)
Net book amount	2,142	1,392	7,145	12,412	23,091
Year ended 31 December 2024					
Opening net book amount	2,142	1,392	7,145	12,412	23,091
Additions	7,888	1,994	4,680	42,361	56,923
Depreciation charge (<i>Note 7</i>)	(3,132)	(708)	(3,837)	(6,444)	(14,121)
Disposal	—	(911)	(843)	(415)	(2,169)
Currency translation differences	21	4	29	6	60
Closing net book amount	6,919	1,771	7,174	47,920	63,784
At 31 December 2024					
Cost	14,993	3,459	15,375	57,840	91,667
Accumulated depreciation	(8,074)	(1,688)	(8,201)	(9,920)	(27,883)
Net book amount	6,919	1,771	7,174	47,920	63,784
At 1 January 2025					
Cost	14,993	3,459	15,375	57,840	91,667
Accumulated depreciation	(8,074)	(1,688)	(8,201)	(9,920)	(27,883)
Net book amount	6,919	1,771	7,174	47,920	63,784

	Leasehold improvement	Furniture	Electronic equipment	Laboratory equipment	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2025					
Opening net book amount	6,919	1,771	7,174	47,920	63,784
Additions	694	187	3,007	159,490	163,378
Depreciation charge (Note 7)	(3,250)	(926)	(4,090)	(35,141)	(43,407)
Disposals	—	—	(51)	—	(51)
Currency translation differences	—	(2)	(2)	—	(4)
Closing net book amount	4,363	1,030	6,038	172,269	183,700
At 31 December 2025					
Cost	15,687	3,644	18,320	217,330	254,981
Accumulated depreciation	(11,324)	(2,614)	(12,282)	(45,061)	(71,281)
Net book amount	4,363	1,030	6,038	172,269	183,700

- (a) During the Track Record Period, the amounts of depreciation expense charged to research and development expenses, general and administrative expenses, selling and marketing expenses and cost of sales are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Depreciation of property, plant and equipment			
— Research and development expenses	6,600	11,436	41,506
— General and administrative expenses	1,566	2,325	948
— Selling and marketing expenses	203	306	487
— Cost of sales	295	54	466
	8,664	14,121	43,407

- (b) Impairment assessment of non-financial assets

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

According to IAS 36 “Impairment of assets”, non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For the purpose of impairment review, the recoverable amount of each CGU is determined based on the higher amount of the fair value less cost of disposal (“FVLCD”) and value-in-use (“VIU”) calculations. Given the Group was loss-making throughout the Track Record Period, there was an impairment indicator of non-financial assets. Impairment assessments have been conducted by management of the Company with the assistance of an independent valuer as at 31 December 2023, 2024 and 2025.

The Company outsources its production to manufacturers. As at 31 December 2023, 2024 and 2025, non-financial assets mainly include leased offices buildings, leasehold improvement, furniture, electronic equipment, laboratory equipment, software and EDA tools held for research and development, and daily operations. The management considered all the non-financial assets as one cash-generating unit (“CGU”) because the Group operates in one business as a whole, focusing on the sales of optical interconnect and optical computing products and rendering of technology development

services as well as research and development activities in relation to the optical interconnect business and optical computing business. As at 31 December 2023, 2024 and 2025, the recoverable amount of the CGU was determined based on VIU calculations, using cash flow projections based on business plan for the purpose of impairment reviews.

Based on the results of the abovementioned assessments as conducted by management and the independent external valuer, there was no impairment loss of the CGU as the three years ended 31 December 2023, 2024 and 2025. The headroom of the CGU is about 1.6, 6.5 and 8.2 times of the carrying amount, respectively.

The key assumptions used for VIU calculations and recoverable amount of the CGU are as follows:

	As at 31 December		
	2023	2024	2025
Pre-tax discount rate	15.8%	15.9%	16.2%
Recoverable amount (RMB'000)	198,104	1,090,245	2,224,758

The Company

	Leasehold improvement	Furniture	Electronic equipment	Laboratory equipment	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023					
Cost	3,029	840	1,337	696	5,902
Accumulated depreciation	(1,430)	(270)	(507)	(147)	(2,354)
Net book amount	1,599	570	830	549	3,548
Year ended 31 December 2023					
Opening net book amount	1,599	570	830	549	3,548
Additions	132	147	1,155	5,552	6,986
Depreciation charge	(1,313)	(215)	(440)	(1,029)	(2,997)
Disposal	—	—	(13)	—	(13)
Closing net book amount	418	502	1,532	5,072	7,524
At 31 December 2023					
Cost	3,161	987	2,479	6,248	12,875
Accumulated depreciation	(2,743)	(485)	(947)	(1,176)	(5,351)
Net book amount	418	502	1,532	5,072	7,524
At 1 January 2024					
Cost	3,161	987	2,479	6,248	12,875
Accumulated depreciation	(2,743)	(485)	(947)	(1,176)	(5,351)
Net book amount	418	502	1,532	5,072	7,524

	Leasehold improvement	Furniture	Electronic equipment	Laboratory equipment	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2024					
Opening net book amount	418	502	1,532	5,072	7,524
Additions	7,888	1,940	4,599	42,093	56,520
Depreciation charge	(1,470)	(414)	(1,225)	(4,788)	(7,897)
Disposal	—	(24)	—	—	(24)
Closing net book amount	6,836	2,004	4,906	42,377	56,123
At 31 December 2024					
Cost	11,049	2,864	7,052	48,339	69,304
Accumulated depreciation	(4,213)	(860)	(2,146)	(5,962)	(13,181)
Net book amount	6,836	2,004	4,906	42,377	56,123
At 1 January 2025					
Cost	11,049	2,864	7,052	48,339	69,304
Accumulated depreciation	(4,213)	(860)	(2,146)	(5,962)	(13,181)
Net book amount	6,836	2,004	4,906	42,377	56,123
Year ended 31 December 2025					
Opening net book amount	6,836	2,004	4,906	42,377	56,123
Additions	694	48	2,605	159,275	162,622
Depreciation charge	(3,181)	(814)	(2,396)	(33,645)	(40,036)
Closing net book amount	4,349	1,238	5,115	168,007	178,709
At 31 December 2025					
Cost	11,743	2,912	9,657	207,614	231,926
Accumulated depreciation	(7,394)	(1,674)	(4,542)	(39,607)	(53,217)
Net book amount	4,349	1,238	5,115	168,007	178,709

Accounting policies of property, plant and equipment

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated statements of comprehensive loss during the financial period in which they are incurred.

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

Leasehold improvement	Shorter of the lease terms or 3 years
Furniture	3-5 years
Electronic equipment	3 years
Laboratory equipment	3-5 years

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 42.4).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "other gains/(losses) — net" in the consolidated statements of comprehensive loss.

17 Right-of-use assets and lease liabilities

The Group

Right-of-use assets includes leased office building.

(i) Amounts recognised in the consolidated balance sheets

The consolidated balance sheets show the following amounts relating to leases:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Right-of-use assets			
Leased office buildings	24,625	18,694	11,257
Lease liabilities			
Current	(7,332)	(12,729)	(13,380)
Non-current	(21,214)	(26,297)	(13,320)
	<u>(28,546)</u>	<u>(39,026)</u>	<u>(26,700)</u>

(ii) *Amounts recognised in the consolidated statements of comprehensive loss*

The consolidated statements of comprehensive loss show the following amounts relating to leases:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Depreciation charge of right-of-use assets			
Leased office buildings	9,502	12,882	8,174
Interest expense (included in finance costs) (Note 11)	2,292	2,954	2,423
Expense relating to short-term leases (Note 7)	6,119	4,019	3,905

The total cash outflow for leases including short-term leases for the three years ended 31 December 2023, 2024 and 2025 were RMB18,405,000, RMB19,838,000 and RMB18,955,000 respectively.

(iii) *The Group's leasing activities and how these are accounted for:*

The Group leases various offices buildings and electronic equipment. Rental contracts are typically made for fixed periods of 3 years to 8 years with no extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

(iv) *The movement in right-of-use assets in the consolidated balance sheets are as follows:*

	Leased office buildings
	RMB'000
At 1 January 2023	
Cost	52,988
Accumulated depreciation	(19,138)
Net book amount	33,850
Year ended 31 December 2023	
Opening net book amount	33,850
Depreciation charge (Note 7)	(9,502)
Currency translation differences	277
Closing net book amount	24,625
At 31 December 2023	
Cost	53,431
Accumulated depreciation	(28,806)
Net book amount	24,625

	Leased office buildings
	<i>RMB'000</i>
Year ended 31 December 2024	
Opening net book amount	24,625
Additions	22,992
Disposal due to sublease (<i>Note 24</i>)	(16,230)
Depreciation charge (<i>Note 7</i>)	(12,882)
Currency translation differences	189
Closing net book amount	18,694
At 31 December 2024	
Cost	34,197
Accumulated depreciation	(15,503)
Net book amount	18,694
Year ended 31 December 2025	
Opening net book amount	18,694
Additions	737
Depreciation charge (<i>Note 7</i>)	(8,174)
Closing net book amount	11,257
At 31 December 2025	
Cost	29,405
Accumulated depreciation	(18,148)
Net book amount	11,257

- (a) During the Track Record Period, the amounts of depreciation expense charged to research and development expenses, general and administrative expenses, selling and marketing expenses and cost of sales are as follows:

	Year ended 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Depreciation of right-of-use assets			
— Research and development expenses	7,264	7,560	5,692
— General and administrative expenses	1,516	4,607	1,633
— Selling and marketing expenses	301	538	817
— Cost of sales	421	177	32
	9,502	12,882	8,174

The Company

The Company balance sheets show the following amounts relating to leases:

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Right-of-use assets			
Leased office buildings	1,021	14,148	8,336
Lease liabilities			
Current	(331)	(6,295)	(7,155)
Non-current	—	(8,325)	(1,908)
	<u>(331)</u>	<u>(14,620)</u>	<u>(9,063)</u>

The movement in right-of-use assets in the Company's balance sheets are as follows:

	Leased office buildings
	<i>RMB'000</i>
At 1 January 2023	
Cost	9,443
Accumulated depreciation	(5,359)
Net book amount	4,084
Year ended 31 December 2023	
Opening net book amount	4,084
Depreciation charge	(3,063)
Closing net book amount	1,021
At 31 December 2023	
Cost	9,443
Accumulated depreciation	(8,422)
Net book amount	1,021
Year ended 31 December 2024	
Opening net book amount	1,021
Additions	20,415
Depreciation charge	(7,288)
Closing net book amount	14,148
At 31 December 2024	
Cost	19,590
Accumulated depreciation	(5,442)
Net book amount	14,148

	Leased office buildings
	<i>RMB'000</i>
Year ended 31 December 2025	
Opening net book amount	14,148
Additions	737
Depreciation charge	(6,549)
Closing net book amount	8,336
At 31 December 2025	
Cost.	20,327
Accumulated depreciation	(11,991)
Net book amount	8,336

Accounting policies of leases

The Group as the lessee

The Group assesses whether a contract is or contains a lease at inception of a contract. Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

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

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

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing; and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

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

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

18 Intangible assets

The Group

	Software	Electronics Design Automation ("EDA") tools	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2023			
Cost	2,493	51,572	54,065
Accumulated amortisation	(602)	(18,129)	(18,731)
Net book amount	1,891	33,443	35,334
Year ended 31 December 2023			
Opening net book amount	1,891	33,443	35,334
Additions	2,087	9,348	11,435
Amortisation charge (<i>Note 7</i>)	(476)	(18,191)	(18,667)
Closing net book amount	3,502	24,600	28,102
At 31 December 2023			
Cost	4,580	60,920	65,500
Accumulated amortisation	(1,078)	(36,320)	(37,398)
Net book amount	3,502	24,600	28,102
Year ended 31 December 2024			
Opening net book amount	3,502	24,600	28,102
Additions	5,120	57,072	62,192
Amortisation charge (<i>Note 7</i>)	(1,461)	(26,346)	(27,807)
Closing net book amount	7,161	55,326	62,487
At 31 December 2024			
Cost	9,700	117,992	127,692
Accumulated amortisation	(2,539)	(62,666)	(65,205)
Net book amount	7,161	55,326	62,487
Year ended 31 December 2025			
Opening net book amount	7,161	55,326	62,487
Additions	4,574	15,573	20,147
Amortisation charge (<i>Note 7</i>)	(2,899)	(32,931)	(35,830)
Closing net book amount	8,836	37,968	46,804
At 31 December 2025			
Cost	14,274	133,565	147,839
Accumulated amortisation	(5,438)	(95,597)	(101,035)
Net book amount	8,836	37,968	46,804

During the Track Record Period, the amounts of amortisation expense charged to research and development expenses, general and administrative expenses and selling and marketing expenses are as follows:

	Year ended 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Amortisation of intangible assets			
— Research and development expenses	18,631	27,010	34,298
— General and administrative expenses	36	774	1,376
— Selling and marketing expenses	—	23	156
	<u>18,667</u>	<u>27,807</u>	<u>35,830</u>
The Company			
	Software	EDA tools	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2023			
Cost.	—	1,572	1,572
Accumulated amortisation	—	(104)	(104)
Net book amount	<u>—</u>	<u>1,468</u>	<u>1,468</u>
Year ended 31 December 2023			
Opening net book amount	—	1,468	1,468
Additions	1,696	9,348	11,044
Amortisation charge	(85)	(1,586)	(1,671)
Closing net book amount	<u>1,611</u>	<u>9,230</u>	<u>10,841</u>
At 31 December 2023			
Cost.	1,696	10,920	12,616
Accumulated amortisation	(85)	(1,690)	(1,775)
Net book amount	<u>1,611</u>	<u>9,230</u>	<u>10,841</u>
Year ended 31 December 2024			
Opening net book amount	1,611	9,230	10,841
Additions	5,120	69,777	74,897
Amortisation charge	(1,168)	(23,842)	(25,010)
Closing net book amount	<u>5,563</u>	<u>55,165</u>	<u>60,728</u>
At 31 December 2024			
Cost.	6,816	80,697	87,513
Accumulated amortisation	(1,253)	(25,532)	(26,785)
Net book amount	<u>5,563</u>	<u>55,165</u>	<u>60,728</u>

	<u>Software</u>	<u>EDA tools</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Year ended 31 December 2025			
Opening net book amount	5,563	55,165	60,728
Additions	503	15,573	16,076
Amortisation charge	(1,864)	(32,905)	(34,769)
Closing net book amount	4,202	37,833	42,035
At 31 December 2025			
Cost.	7,319	96,270	103,589
Accumulated amortisation	(3,117)	(58,437)	(61,554)
Net book amount	4,202	37,833	42,035

Accounting policies of intangible assets

(a) Research and development expenditure

Research expenditure is recognised as an expense as incurred. Development cost is capitalized only if all of the following criteria are satisfied:

- It is technically feasible to complete the research and development project so that it will be available for use;
- Management intends to complete the research and development project and use or sell it;
- There is an ability to use or sell the research and development project;
- It can be demonstrated how the research and development project will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the research and development project are available; and
- The expenditure attributable to the research and development project during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred.

(b) Software

Separately acquired software licenses are shown at historical cost. They are amortised using the straight-line method over their estimated finite useful life ranged from 2 to 10 years and are subsequently carried at cost less accumulated amortisation and impairment losses.

(c) *EDA tools*

Separately acquired EDA tools licenses are shown at historical cost. They are amortised using the straight-line method over their estimated finite useful life ranged from 1 to 3 years and are subsequently carried at cost less accumulated amortisation and impairment losses.

(d) *Useful life*

When determining the useful life, the Directors has taken into the account the (i) estimated period that can bring economic benefits to the Group; (ii) the useful life estimated by the comparable companies in the market.

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

Software	2-10 years
EDA tools	1-3 years

The intangible assets' useful lives are reviewed, and adjusted if appropriate, at the end of each year.

19 Deferred income tax

The Group

The analysis of deferred income tax assets and deferred income tax liabilities is as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Deferred income tax assets:			
— to be recovered within 12 months	1,738	2,040	1,750
— to be recovered after more than 12 months	4,836	3,960	1,604
Offset by deferred income tax liabilities.	(6,574)	(6,000)	(3,354)
Net deferred income tax assets	<u>—</u>	<u>—</u>	<u>—</u>
Deferred tax liabilities:			
— to be recovered within 12 months	(1,738)	(2,040)	(1,750)
— to be recovered after more than 12 months	(4,836)	(3,960)	(1,604)
Offset by deferred income tax assets	6,574	6,000	3,354
Net deferred income tax liabilities.	<u>—</u>	<u>—</u>	<u>—</u>

(i) The movement on the gross deferred income tax assets is as follows:

	Lease liabilities
	<i>RMB'000</i>
At 1 January 2023	9,582
Charged to consolidated statements of comprehensive loss	(3,008)
At 31 December 2023	<u>6,574</u>
At 1 January 2024	6,574
Charged to consolidated statements of comprehensive loss	(574)
At 31 December 2024	<u>6,000</u>
At 1 January 2025	6,000
Charged to consolidated statements of comprehensive loss	(2,646)
At 31 December 2025	<u>3,354</u>

(ii) The movement on the gross deferred income tax liabilities is as follows:

	Right-of-use assets
	<i>RMB'000</i>
At 1 January 2023	(9,582)
Credited to consolidated statements of comprehensive loss	3,008
At 31 December 2023	<u>(6,574)</u>
At 1 January 2024	(6,574)
Credited to consolidated statements of comprehensive loss	574
At 31 December 2024	<u>(6,000)</u>
At 1 January 2025	(6,000)
Credited to consolidated statements of comprehensive loss	2,646
At 31 December 2025	<u>(3,354)</u>

The Company

The analysis of deferred income tax assets and deferred income tax liabilities is as follows:

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Deferred income tax assets:			
— to be recovered within 12 months	153	980	1,016
— to be recovered after more than 12 months	—	1,143	237
Offset by deferred income tax liabilities	(153)	(2,123)	(1,253)
Net deferred income tax assets	<u>—</u>	<u>—</u>	<u>—</u>
Deferred tax liabilities:			
— to be recovered within 12 months	(153)	(980)	(1,016)
— to be recovered after more than 12 months	—	(1,143)	(237)
Offset by deferred income tax assets	153	2,123	1,253
Net deferred income tax liabilities	<u>—</u>	<u>—</u>	<u>—</u>

(i) The movement on the gross deferred income tax assets is as follows:

	<u>Lease liabilities</u>
	<i>RMB'000</i>
At 1 January 2023	1,021
Charged to statements of comprehensive loss	(868)
At 31 December 2023	<u>153</u>
At 1 January 2024	153
Credited to statements of comprehensive loss	1,970
At 31 December 2024	<u>2,123</u>
At 1 January 2025	2,123
Charged to statements of comprehensive loss	(870)
At 31 December 2025	<u>1,253</u>

(ii) The movement on the gross deferred income tax liabilities is as follows:

	<u>Right-of-use assets</u>
	<i>RMB'000</i>
At 1 January 2023	(1,021)
Credited to statements of comprehensive loss	868
At 31 December 2023	<u>(153)</u>
At 1 January 2024	(153)
Charged to statements of comprehensive loss	(1,970)
At 31 December 2024	<u>(2,123)</u>
At 1 January 2025	(2,123)
Credited to statements of comprehensive loss	870
At 31 December 2025	<u>(1,253)</u>

Accounting policies of current and deferred income tax

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

(a) Current income tax

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

(b) Deferred income tax

Inside basis differences

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

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

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally, the Group is unable to control the reversal of the temporary difference for associates. Only when there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference in the foreseeable future, deferred income tax liability in relation to taxable temporary differences arising from the associate's undistributed profits is not recognized.

Deferred income tax assets are recognized on deductible temporary differences arising from investments in subsidiaries, associates and joint ventures only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilized.

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

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

20 Inventories

The Group

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Raw materials	12,963	21,395	9,778
Work in progress	60	1,588	9,079
Finished goods	2,033	5,339	12,727
	15,056	28,322	31,584
Less: provision for impairment of inventories.	—	(483)	(3,043)
	<u>15,056</u>	<u>27,839</u>	<u>28,541</u>

During three years ended 31 December 2023, 2024 and 2025, inventories recognised as cost of sales amounted to RMB1,843,000, RMB23,613,000 and RMB59,775,000 respectively, and provision for impairment of inventories of RMB483,000 and RMB2,560,000 is charged to cost of sales in the year ended 31 December 2024 and 2025.

The Company

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Raw materials	8,685	20,451	8,813
Work in progress	60	1,588	9,027
Finished goods	1,537	5,339	12,509
	10,282	27,378	30,349
Less: provision for impairment of inventories.	—	—	(2,319)
	<u>10,282</u>	<u>27,378</u>	<u>28,030</u>

Accounting policies of inventories

Inventories are referred to raw materials, work in progress and finished goods. Inventories are stated at the lower of cost and net realisable value. Cost is determined on weighted average basis. The cost of finished goods comprises raw materials, other direct costs and related production overheads (based on normal operating capacity). Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

22 Trade receivables

The Group

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Due from third parties	5,240	19,424	88,940
Gross trade receivables	5,240	19,424	88,940
Less: provision for impairment	(81)	(235)	(1,722)
Net trade receivables	<u>5,159</u>	<u>19,189</u>	<u>87,218</u>

The carrying amounts of the Group's trade receivables excluding provision for impairment, are denominated in the following currencies:

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
RMB	5,240	19,381	87,432
USD	—	43	1,508
	<u>5,240</u>	<u>19,424</u>	<u>88,940</u>

The credit terms given to trade customers are determined on an individual basis with normal credit period ranged from 30-180 days. The aging analysis of the trade receivables based on date of revenue recognition is as follows:

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Up to 1 year	5,240	19,424	88,818
1 to 2 years	—	—	122
	<u>5,240</u>	<u>19,424</u>	<u>88,940</u>

Due to the short-term nature of the trade receivables, their carrying amounts are considered to be approximately the same as their fair values.

The Group does not hold any collateral as security over these debtors.

The impairment and risk exposure please refer to Note 3.1(b).

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Due from third parties	2,474	19,158	84,423
Gross trade receivables	2,474	19,158	84,423
Less: provision for impairment	(49)	(231)	(1,551)
Net trade receivables	2,425	18,927	82,872

The carrying amounts of the Company's trade receivables excluding provision for impairment, are denominated RMB.

Accounting policies of trade receivables

Trade receivables are amounts due from customers for products sold or services rendered in the ordinary course of business. If collection of trade receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See Note 3.1(b) for description of the Group's impairment assessment.

23 Prepayments, other receivables and other assets

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Non-current			
Other receivables:			
— Long-term deposits	3,689	10,523	8,285
Less: provision for impairment	(34)	(70)	(78)
Net other receivables	3,655	10,453	8,207
Prepayments for purchase of long-term assets.	248	3,424	15,238
Total prepayments, other receivables and other assets in non-current assets	3,903	13,877	23,445

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Current			
Other receivables:			
— Short-term other receivables	1,959	1,095	802
Less: provision for impairment	(19)	(12)	(6)
Net other receivables	<u>1,940</u>	<u>1,083</u>	<u>796</u>
Prepayments for purchase of inventories and services	35,176	21,742	81,807
Contract cost (<i>Note 6</i>).	—	1,374	2,670
Prepaid listing expenses	—	—	4,483
Input value-added tax (“VAT”) to be deducted	<u>15,116</u>	<u>21,646</u>	<u>20,947</u>
Total prepayments, other receivables and other assets in current assets	<u>52,232</u>	<u>45,845</u>	<u>110,703</u>
Total prepayments, other receivables and other assets	<u><u>56,135</u></u>	<u><u>59,722</u></u>	<u><u>134,148</u></u>

As at 31 December 2023, 2024 and 2025, the fair value of prepayments, other receivables and other assets of the Group, except for the prepayments and input VAT to be deducted which are not financial assets, approximated to their carrying amounts.

The carrying amounts of the Group’s other receivables excluding provision for impairment, are denominated in the following currencies:

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
USD	391	7,584	4,998
RMB	<u>5,257</u>	<u>4,034</u>	<u>4,089</u>
	<u><u>5,648</u></u>	<u><u>11,618</u></u>	<u><u>9,087</u></u>

The Company

(a) Prepayments, other receivables and other assets

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Non-current			
Other receivables:			
— Long-term deposits and guarantees	2,293	2,294	2,289
Less: provision for impairment	(21)	(21)	(21)
Net other receivables	2,272	2,273	2,268
Prepayments	—	3,424	12,656
Total prepayments, other receivables and other assets in non-current assets	2,272	5,697	14,924
Current			
Other receivables:			
— Short-term other receivables	1,154	271	335
Less: provision for impairment	(11)	(3)	(3)
Net other receivables	1,143	268	332
Prepayments	14,302	13,081	69,228
Contract cost (Note 6)	—	1,374	2,670
Prepaid listing expenses	—	—	4,483
Input VAT to be deducted	7,029	13,502	11,797
Total prepayments, other receivables and other assets in current assets	22,474	28,225	88,510
Total prepayments, other receivables and other assets	24,746	33,922	103,434

(b) Amounts due from subsidiaries

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Amounts due from subsidiaries (trade)	168	154	425
Amounts due from subsidiaries (non-trade)	618,857	369,162	373,053
	619,025	369,316	373,478
Less: provision for impairment	—	(223,458)	(373,058)
Net amounts due from subsidiaries	619,025	145,858	420

Amounts due from subsidiaries are mainly due from Nanjing Guangzhiyuan Technology Co., Ltd., Hangzhou Guangzhiyuan Technology Co., Ltd., and Hangzhou Xizhi Technology Co., Ltd., which were mostly arisen from the funds received by these entities due to issuance of convertible debentures to investors. Since the Company bears the same obligations as these subsidiaries to its convertible

debenture investors, these convertible debentures are recorded in the Company's financial statements by debiting amounts due from subsidiaries. The Company recognized impairment provision of amounts due from subsidiaries to the extent it believes can be settled.

Accounting policies of other receivables

Majority of other receivables is deposit. If collection of other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Other receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the other receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See Note 3.1(b) for a description of the Group's impairment assessment.

24 Finance lease receivables

The Group

The Group entered into a ten-year lease of office space from October 2020 to January 2029 for research and development purpose. In November 2024, the office space was subleased to third parties due to change in the Group's operating strategy. Finance lease receivables are denominated in USD. The detailed breakdown of financial lease receivables was set forth below.

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Finance lease receivables due from third parties	—	11,380	9,779
Less: due within one year	—	(1,379)	(2,907)
Non-current finance lease receivables	—	10,001	6,872
	<u> </u>	<u> </u>	<u> </u>
	Minimum lease receivables		
	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	—	2,016	3,409
Over 1 year but less than 2 years	—	3,486	3,477
Over 2 years but less than 5 years	—	7,492	3,848
Over 5 years	—	—	—
Less: unearned finance income	—	(1,614)	(955)
Present value of minimum lease receivables . .	—	11,380	9,779
	<u> </u>	<u> </u>	<u> </u>

The interest rates inherent in the leases are fixed at the contract date for the entire lease terms of ten years. As at 31 December 2024 and 2025, the weighted average effective interest rate is approximately 6.1% and 6.1% per annum, respectively.

The Group assesses the credit losses of finance lease receivables individually and believes that the credit risk inherent in the group of outstanding finance receivables balance is quite low.

Finance lease receivables were neither past due nor impaired. The directors of the Group considered that the carrying amount of the finance lease receivables approximated to their fair value as at 31 December 2024 and 2025.

Accounting policies for sublease

A sublease is a transaction for which an underlying asset is re-leased by a lessee ('intermediate lessor') to a third party, and the lease ('head lease') between the head lessor and lessee remains in effect. An intermediate lessor evaluates a sublease with reference to the right-of-use asset rather than the leased asset. A sublease is classified as a financing lease if it transfers substantially all of the risks and rewards of the right-of-use asset. The intermediate party de-recognises the right-of-use asset (to the extent that it is subject to the sub-lease) and recognises a lease receivable. If the sub-lease is classified as an operating lease, the intermediate party continues to recognise the right-of-use asset. Revenue from the sub-lease is recognised over the term of the sub-lease.

25 Amounts due from investors

The Group and the Company

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Amounts due from investors (non-trade) (a) . .	—	495,796	—
Less: provision for impairment	—	(410)	—
	<u>—</u>	<u>495,386</u>	<u>—</u>

(a) In the year ended 31 December 2024, the Group conducted a Reorganisation (Note 1.2). During the Reorganisation in 2024, certain investors obtained the economic rights and voting power as shareholders of the Company in 2024 and the capital contributions were completed as at 31 December 2025. Accordingly, the capital contributions were recorded as amounts due from investors as at 31 December 2024. None of these amounts due from investors are balances with related parties. These amounts due from investors are denominated in USD. For details, please refer to Note 29.

26 Financial assets at fair value through profit or loss

The Group

(i) *Classification of financial assets at fair value through profit or loss*

During the Track Record Period, the Group classified its financial assets through profit or loss (FVPL) due to all its short-term investment do not qualify for measurement at either amortized cost or FVOCI.

Financial assets mandatorily measured at FVPL include the following:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current assets			
Short-term investments (a)			
— Structured deposits	5,414	—	230,750
— Money market funds	5,610	—	94,215
	<u>11,024</u>	<u>—</u>	<u>324,965</u>

(a) *Short-term investments*

Short-term investments represented the structured deposits issued by reputable banks in Chinese Mainland and money market funds overseas. The maturity of the structured deposits and money market funds were less than 1 year.

Short-term investments are all denominated in:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
— RMB	—	—	230,750
— USD	11,024	—	94,215
	<u>11,024</u>	<u>—</u>	<u>324,965</u>

The movement of the structured deposits and money market funds during the Track Record Period are as follows.

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At beginning of the year	200,772	11,024	—
Additions	871,024	615,000	2,054,975
Disposals	(1,064,518)	(627,233)	(1,737,026)
Fair value changes	3,746	1,209	8,439
Currency translation differences	—	—	(1,423)
At end of the year	<u>11,024</u>	<u>—</u>	<u>324,965</u>

The fair values of the structured deposits and money market funds are measured using a valuation technique with unobservable inputs. The major assumptions used in the valuation refer to Note 3.3.

Unrealised gains recognised for the three years ended 31 December 2023, 2024 and 2025 are RMB1,000, nil and RMB1,496,000.

(b) *Risk exposure and fair value measurements*

Information about the Group's exposure to financial risk and information about the methods and assumptions used in determining fair value are set out in Note 3.3.

The Company

During the Track Record Period, financial assets classified as FVPL include the following:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current assets			
Short-term investments			
— Structured deposits	—	—	180,572

27 Bank deposits

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Non-Current:			
Bank deposits	—	—	20,025
Current:			
Bank deposits	42,088	50,473	82,200
Total bank deposits	42,088	50,473	102,225

(a) *Bank deposits with original maturities of over three months are dominated in:*

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
— RMB	—	50,473	102,225
— USD	42,088	—	—
	42,088	50,473	102,225

Bank deposits with original maturities of over three months were neither past due nor impaired. The interest rates were 5.39% ranged from 1.75% to 1.85%, and ranged from 1.20% to 1.75% for the three years ended 31 December 2023, 2024 and 2025. The directors of the Company considered that the carrying amount of the bank deposits with original maturities of over three months approximated to their fair value as at 31 December 2023, 2024 and 2025.

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Non-Current:			
Bank deposits	—	—	20,025
Current:			
Bank deposits	—	50,473	82,200
Total bank deposits	—	50,473	102,225

(a) *Bank deposits with original maturities of over three months are all denominated in RMB:*

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
— RMB	—	50,473	102,225

28 Cash and cash equivalents and restricted cash

The Group

(a) *Cash and cash equivalents*

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cash at banks	332,172	399,568	311,420
Less: bank deposits with original maturities of over three months (<i>Note 27</i>)	(42,088)	(50,473)	(102,225)
restricted cash (b)	—	(759)	(137)
Cash and cash equivalents	290,084	348,336	209,058

Cash and cash equivalents are denominated in:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
— RMB	178,446	334,254	104,626
— USD	111,600	10,978	103,009
— HKD	—	—	877
— SGD	38	3,104	546
	290,084	348,336	209,058

(b) *Restricted cash*

Restricted cash are denominated in:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
— RMB.	—	759	137

Restricted cash mainly represented security deposit for credit card and banker's letter of guarantee deposit.

The Company

(a) *Cash and cash equivalents*

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cash at banks.	106,189	327,557	280,152
Less: bank deposits with original maturities of over three months (<i>Note 27</i>)	—	(50,473)	(102,225)
restricted cash (b)	—	(150)	(137)
Cash and cash equivalents.	106,189	276,934	177,790

Cash and cash equivalents are denominated in:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
— USD	—	823	89,904
— RMB.	106,189	276,111	87,886
	106,189	276,934	177,790

(b) *Restricted cash*

Restricted cash are denominated in RMB. Restricted cash mainly represented security deposit for credit card and banker's letter of guarantee deposit.

Accounting policies of cash and cash equivalents and restricted cash

For the purpose of presentation in the consolidated statements of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Bank deposits with original maturities of over three months were included in the bank deposits with original maturities of over three months on the consolidated balance sheets.

Cash that is restricted from withdrawal, from use or from being pledged as security is reported separately on the face of the consolidated balance sheets, and is not included in the total cash and cash equivalents in the consolidated statements of cash flows.

29 Paid-in capital/share capital

The Group and the Company

A summary of movements in the Company's issued and fully paid paid-in capital is as follows:

(a) Paid-in capital

	without preference rights (Note (i))	with preference rights (Note (ii))	Total
	RMB'000	RMB'000	RMB'000
At 1 January 2023 and 31 December 2023 .	10,000	—	10,000
Capital contributions by investors (i)	19,044	—	19,044
Recognition of financial instruments issued to investors (ii)	—	40,684	40,684
At 31 December 2024	29,044	40,684	69,728
Recognition of financial instruments issued to investors (ii)	—	7,104	7,104
Conversion into a joint stock company (b)(i) .	(29,044)	(47,788)	(76,832)
At 31 December 2025	—	—	—

(i) Before the Reorganisation (Note 1.2), the Company was 100% held by Youguang HK with registered capital of RMB10,000,000. The registered capital was fully paid by Youguang HK in March 2024. Subsequently in July 2024, Youguang HK transferred all its equity interests in the Company to Dr. Shen Yichen, Mach C and Youguang Yihui with a cash consideration of RMB3.

During the year ended 31 December 2024, Youguang Yihui, Youguang Zhiyuan, LightAI EIP and Mach C made capital contributions to the Company with a total cash amount of RMB25,242,000 (Note 39(b)(v)), including RMB18,078,000 recorded as paid in capital and RMB7,164,000 recorded as capital reserve of the Company (Note 30).

During the year ended 31 December 2024, the ordinary shareholders originally invested in Youguang Cayman flipped down their equity interests from Youguang Cayman to the Company by subscribing for the equity interests without preference rights of the Company for a total cash consideration of RMB21,951,000, including RMB698,000 recorded as paid in capital and RMB21,253,000 recorded as capital reserve of the Company (Note 30). Certain convertible debenture investors originally invested in the Group's PRC subsidiary converted their interests into the Company's equity interests without preference rights by using their then fair value of RMB20,656,000 (Note 34(d)), including RMB268,000 recorded as paid in capital and RMB20,388,000 recorded as capital reserve of the Company (Note 30).

(ii) As a part of the Reorganisation (Note 1.2), majority of the preferred shareholders and convertible debenture holders converted their equity interests in Youguang Cayman or other group subsidiaries into the Company's equity interests with preference rights from November 2024 to September 2025. RMB40,684,000 and RMB7,104,000 was recorded as the Company's paid-in capital for the year ended 31 December 2024 and 2025, respectively. Since all these investments granted the investors certain preference rights and did not qualify for an equity, a credit entry with the same amount was booked in other reserve of the Company (Note 30).

(b) *Share capital*

	Share capital			Total
	Number of shares	without preference rights (Note (i))	with preference rights (Note (ii))	
	'000	RMB'000	RMB'000	
At 1 January 2025	—	—	—	—
Conversion into a joint stock company with limited liability (i)	76,832	29,044	47,788	76,832
Capital contributions by an investor (ii)	223	223	—	223
Recognition of financial instruments issued to investors (ii)	1,118	—	1,118	1,118
At 31 December 2025	78,173	29,267	48,906	78,173

- (i) On 29 August 2025, the Company was converted into a joint stock company with limited liability under the Company Law of the PRC. The paid-in-capital of the Company as at the conversion base date were converted into 76,831,836 ordinary shares at RMB1.0 each, the difference of net assets converted over nominal value of the share capital was included in the Company's capital reserve.
- (ii) In September 2025, the remaining one shareholder originally invested in Youguang Cayman flipped down its equity interests from Youguang Cayman to the Company by subscribing for the ordinary shares without preference rights of the Company for a total cash consideration of RMB14,413,000, including RMB223,000 recorded as share capital and RMB14,190,000 recorded as capital reserve of the Company, and subscribing for share capital with preference rights of the Company of RMB1,118,000. After completion of this transaction, the Reorganisation was completed.

Accounting policies of paid-in capital and share capital

Ordinary shares and paid-in capital (with or without preference rights) are classified as equity.

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

30 Reserves

The Group

	Reserves				Total
	Capital reserve	Share-based payment	Currency translation reserve	Others	
	RMB'000	RMB'000	RMB'000	RMB'000	
At 1 January 2023	—	120,782	(39,757)	(19,772)	61,253
Share-based payments (Note 31)	—	54,654	—	—	54,654
Change in fair value attributable to credit risk change	—	—	—	(334)	(334)
Currency translation differences	—	—	(6,603)	—	(6,603)
As at 31 December 2023	—	175,436	(46,360)	(20,106)	108,970
At 1 January 2024	—	175,436	(46,360)	(20,106)	108,970
Capital contributions by investors without preference rights (Note 29)	48,805	—	—	—	48,805
Recognition of financial instruments issued to investors (Note 29)	—	—	—	(40,684)	(40,684)
Share-based payments (Note 31)	—	60,092	—	—	60,092
Change in fair value attributable to credit risk change	—	—	—	(9,407)	(9,407)
Transfer of credit risk of financial instruments issued to investors on disposal to accumulated deficit, net of tax	—	—	—	57	57
Currency translation differences	—	—	(9,109)	—	(9,109)
At 31 December 2024	48,805	235,528	(55,469)	(70,140)	158,724
At 1 January 2025	48,805	235,528	(55,469)	(70,140)	158,724
Capital contributions by investors without preference rights (Note 29)	14,190	—	—	—	14,190
Recognition of financial instruments issued to investors (Note 29)	—	—	—	(8,222)	(8,222)
Deemed distribution to related parties (a)	—	—	—	(66,835)	(66,835)
Share-based payments (Note 31)	—	204,972	—	—	204,972
Conversion into a joint stock company with limited liability (Note 29(b)(i))	(1,717,501)	—	—	—	(1,717,501)
Change in fair value attributable to credit risk change	—	—	—	(13,137)	(13,137)
Transfer of credit risk of financial instruments issued to investors on disposal to accumulated deficit, net of tax	—	—	—	689	689
Currency translation differences	—	—	7,984	—	7,984
As at 31 December 2025	(1,654,506)	440,500	(47,485)	(157,645)	(1,419,136)

- (a) Pursuant to the agreement between Youguang Cayman and the Group in September 2025, the Group waived the amounts due from Youguang Cayman at USD9,336,000 (equivalent to RMB66,835,000) based on the outstanding balance as at 30 June 2025. This transaction was recorded as a deemed distribution to Youguang Cayman in equity. In September 2025, Youguang Cayman remitted all the remaining cash and cash equivalents to the Group and amounts due from Youguang Cayman was settled.

The Company

	Reserves			
	Capital reserve	Share-based payment	Others	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2023	—	8,010	(9,773)	(1,763)
Share-based payments	—	18,657	—	18,657
Change in fair value attributable to credit risk change	—	—	(334)	(334)
As at 31 December 2023	—	26,667	(10,107)	16,560
At 1 January 2024	—	26,667	(10,107)	16,560
Capital contributions by investors without preference rights (<i>Note 29</i>) ..	48,805	—	—	48,805
Recognition of financial instruments issued to investors (<i>Note 29</i>)	—	—	(40,684)	(40,684)
Share-based payments	—	41,977	—	41,977
Change in fair value attributable to credit risk change	—	—	(9,407)	(9,407)
Transfer of credit risk of financial instruments issued to investors on disposal to accumulated deficit, net of tax	—	—	57	57
As at 31 December 2024	48,805	68,644	(60,141)	57,308
At 1 January 2025	48,805	68,644	(60,141)	57,308
Capital contributions by investors without preference rights (<i>Note 29</i>) ..	14,190	—	—	14,190
Recognition of financial instruments issued to investors (<i>Note 29</i>)	—	—	(8,222)	(8,222)
Change in fair value attributable to credit risk change	—	—	(13,137)	(13,137)
Deemed distribution to related parties ..	—	—	(66,835)	(66,835)
Converted into a joint stock company with limited liability	(1,717,501)	—	—	(1,717,501)
Transfer of credit risk of financial instruments issued to investors on disposal to accumulated deficit, net of tax	—	—	689	689
Share-based payments	—	104,050	—	104,050
As at 31 December 2025	(1,654,506)	172,694	(147,646)	(1,629,458)

31 Share-based compensation plans

The table below sets out the details of the share-based compensation plan in the Track Record Period.

	Year ended 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Equity settled share-based compensation for employees (a)	43,650	48,554	199,019
Equity settled share-based compensation for consultants (a).	11,004	11,538	5,953
Cash settled share-based compensation to an investor (<i>Note 34</i>)	38,188	—	—
	<u>92,842</u>	<u>60,092</u>	<u>204,972</u>

(a) 2020 Equity Incentive Plan

In recognition of the contributions from employees and consultants and to incentivize them for the further development in the Group, Youguang Cayman adopted a share option plan as approved by the board of directors on 2 January 2020 (“**2020 Equity Incentive Plan**”). The 2020 Equity Incentive Plan are generally subject to a four or five years’ service schedule or other vesting conditions. The terms and conditions of the share option grants are as follows:

- Type (i) 25% of the total granted share options shall become vested one year from the vesting commencement date and the remaining 75% vested on each year thereafter over each of the months in the next three years;
- Type (ii) total granted share options shall become vested equally each month over a four-year period at the end of each full calendar month;
- Type (iii) total granted share options shall become vested after meeting certain performance targets;
- Type (iv) total granted share options shall become vested upon the success listing of the Company.

Movements in the number of share options granted and their related weighted average exercise price during the Track Record Period are as follows:

	Year ended 31 December					
	2023		2024		2025	
	Average exercise price per share option	Number of options	Average exercise price per share option	Number of options	Average exercise price per share option	Number of options
	(USD)		(USD)		(USD)	
At beginning of the year	0.0150	569,463,166	0.0196	687,024,623	0.0198	647,175,531
Granted	0.0351	172,150,000	0.0359	14,583,579	0.0359	112,250,000
Exercised	0.0097	(8,304,164)	0.0115	(21,171,407)	0.0038	(17,441,860)
Forfeited	0.0216	(46,284,379)	0.0283	(33,261,264)	0.0132	(13,364,882)
Cancelled	—	—	—	—	0.0357	(950,000)
Unexercised option converted into Pre-IPO RSU plan	—	—	—	—	0.0223	(727,668,789)
At end of the year	0.0196	<u>687,024,623</u>	0.0198	<u>647,175,531</u>	—	<u>—</u>

No options expired during the three years ended 31 December 2023, 2024 and 2025.

During the year ended 31 December 2025, the Group cancelled 950,000 share options and the cancellation was accounted for as an acceleration of vesting, and therefore recognised share-based compensation expense of RMB368,000 immediately.

As at 31 December 2023, 2024 and 2025, 402,172,104, 466,103,204 and nil options were vested but not exercised.

Share options outstanding at the end of the three years ended 31 December 2023, 2024 and 2025 have the following expiry date and exercise prices:

Grant year	Expiry year	Exercise price	Number of share options	
			31 December 2023	31 December 2024
		(USD)		
2019	2029	0.0038	172,500,000	166,774,000
2020	2030	0.0051, 0.0070	67,720,833	54,423,958
2021	2031	0.0070, 0.0191, 0.0241, 0.0395	252,986,082	244,297,538
2022	2032	0.0051, 0.0241, 0.0335	31,464,583	19,935,416
2023	2033	0.0335, 0.0354	162,353,125	147,211,040
2024	2034	0.0359	—	14,533,579
			<u>687,024,623</u>	<u>647,175,531</u>

During the year ended 31 December 2025, the exercise price of share options granted to employees of the Group is USD0.0359. There are no outstanding options as at 31 December 2025 as they were converted to Pre-IPO RSU plan.

The weighted-average remaining contractual life for outstanding share options was 7.5 years and 6.5 years as at 31 December 2023 and 2024, respectively.

The Group has estimated the expected retention rate at the end of the vesting periods of the share options in order to determine the amount of share-based compensation expenses charged to the consolidated statements of comprehensive loss. As at 31 December 2023 and 2024, the expected retention rate of the Group had been assessed to be no lower than 90% and 90%, respectively.

Based on fair value of the ordinary shares of the Youguang Cayman, the Group has used binomial model to determine the fair value of the share options as at each of the measurement date. Key assumptions are set as below:

	Year ended 31 December		
	2023	2024	2025
Fair value per ordinary share (USD)	0.10-0.13	0.11-0.15	0.13-0.18
Risk-free interest rates	3.94%-4.12%	3.94%-4.79%	3.78%-4.82%
Dividend yield	0.0%	0.0%	0.0%
Expected volatility	53.88%-57.23%	54.17%-59.41%	55.58%-61.13%
Option terms	6-10 years	5-10 years	5-10 years

(b) Pre-IPO RSU Plan

On 29 August 2025, pursuant to the resolutions of the shareholders of the Company, the Company adopted a Pre-IPO RSU Plan as a replacement of the original plan with substantially same terms and conditions of the 2020 Equity Incentive Plan. Under this plan, the Group's employees and consultants are required to acquire the respective equity interests in certain ESOP platforms at their exercise price before the date of submission of the listing application for all the restricted share units (including the vested awards and the unvested awards). If the employees and consultants fail to fulfil the vesting conditions with the Group as agreed in the Pre-IPO RSU Plan, the general partner of ESOP platforms has the right to acquire the equity interest held by this personnel at the price determined in the grant letter.

One RSU shall represent one share of the Company held by the ESOP platform. Pursuant to the modification of share-based compensation plan, for the participants who converted their options under 2020 Equity Incentive Plan to participate in the Pre-IPO RSU plan, the conversion ratio of share option to RSU is of the same proportion, representing pro-rata shareholding in the listing vehicle before and after the conversion. Upon conversion, the Company made certain modifications, including reduction of exercise price and extension of service period subject to IPO condition. If a modification increases the fair value of the equity instruments granted, the incremental fair value granted was included in the measurement of the amount recognised for the services received over the remainder of the vesting period.

During the year ended 31 December 2025, 6,756,602 RSUs were newly granted to the Group's management and employees at the price of RMB1.95 per share unit under the Pre-IPO RSU Plan, which are all subject to IPO condition.

The terms and conditions for the newly granted RSUs are as below:

- Type (i) 25% of the total granted RSUs shall become vested one year from the vesting commencement date and the remaining 75% vested on each year thereafter over each of the months in the next three years;
- Type (ii) 10% of the total granted RSUs shall become vested one year from the vesting commencement date, 20%, 30% and 40% of the total granted RSUs shall become vested monthly during the second, third and fourth year from the vesting commencement date;
- Type (iii) 10% of the total granted RSUs shall become vested one year after the successful listing of the Company, 20%, 30% and 40% of the total granted RSUs shall become vested monthly during the second, third and fourth year after the success listing of the company;
- Type (iv) total granted RSUs shall become vested after meeting certain non-market performance vesting conditions;
- Type (v) total granted RSUs shall become vested after meeting certain market performance vesting conditions.

Movement in the number of RSU during the Tracking Record Period are as follows:

	Year ended 31 December
	2025
At the beginning of the year	—
Conversion from 2020 Equity Incentive Plan	10,705,942
Granted	6,756,602
Vested	(1,181,984)
Forfeited	(28,691)
At the end of the year.	<u>16,251,869</u>

As of 31 December 2025, all the cash consideration for subscription of the equity interests in ESOP platforms were received from employees and consultants of the Group.

Key assumptions to determine the fair value of the RSUs as at the grant date are set as below:

	Year ended 31 December
	2025
Expected volatility	60.00%
Risk-free interest rate	1.50%

(c) Share-based compensation expenses recorded during the Track Record Period

During the Track Record Period, the amounts of share-based compensation expenses charged to research and development expenses, general and administrative expenses, selling and marketing expenses, and cost of sales are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Research and development expenses	31,543	40,928	103,763
General and administrative expenses	58,178	15,326	70,327
Selling and marketing expenses	3,081	3,738	30,775
Cost of sales	40	100	107
	<u>92,842</u>	<u>60,092</u>	<u>204,972</u>

Accounting policies of share-based compensation expenses

(a) Equity-settled share-based payment transactions

The Group operates an equity incentive plan and Pre-IPO RSU plan, under which it receives services from employees or consultants as consideration for equity instruments (including share options) of Youguang Cayman or of the Company. As such, considering the Group has no obligation to settle the share-based payment transaction, the Group receiving the services measure the services received as equity-settled share-based payment transaction. The fair value of the services received in exchange for the grant of the equity instruments is recognized as an expense on the consolidated statements of comprehensive loss with a corresponding increase in equity.

(i) Options/RSUs granted to employees

In terms of the options and RSUs awarded to employees, the total amount to be expensed is determined by reference to the fair value of the options and RSUs granted:

- excluding the impact of any service and non-market performance vesting conditions; and
- including the impact of any non-vesting conditions.

Service and non-marketing performance vesting conditions are included in calculation of the number of options and RSUs that are expected to vest. The total amount expensed is recognized over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

At the end of each reporting period, the Group revises its estimates of the number of options and RSUs that are expected to vest based on the service and non-marketing vesting performance conditions. It recognizes the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

In some circumstances, employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognizing the expense during the period between service commencement period and grant date.

If a grant of equity instruments is cancelled during the vesting period (other than a grant cancelled by forfeiture when the vesting conditions are not satisfied), the Group shall account for the cancellation or settlement as an acceleration of vesting and shall therefore recognise immediately the amount that otherwise would have been recognised for services received over the remainder of the vesting period.

(ii) Options/RSSUs granted to consultants

When the equity instruments are granted to consultants, it is presumed that the fair value of goods or services can be measured reliably. Otherwise, the fair value is measured indirectly by reference to the fair value of the equity instruments granted as consideration when goods are received or services are rendered.

(b) *Modifications*

Where there is any modification of terms and conditions which increases the fair value of the equity instruments granted, the Group includes the incremental fair value granted due to the modification beneficial to counterparties in the measurement of the amount recognised for the services received over the remainder of the vesting period. The incremental fair value is the difference between the fair value of the modified equity instrument and that of the original equity instrument, both estimated as at the date of the modification. An expense based on the incremental fair value is recognised over the period from the modification date to the date when the modified equity instruments vest in addition to any amount in respect of the original instrument, which should continue to be recognised over the remainder of the original vesting period. Furthermore, if the entity modifies the terms or conditions of the equity instruments granted in a manner that reduces the total fair value of the share-based payment arrangement, or is not otherwise beneficial to the employee, the entity shall nevertheless continue to account for the services received as consideration for the equity instruments granted as if that modification had not occurred (other than a cancellation of some or all the equity instruments granted).

32 Trade payables

The Group

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Payables for inventories	822	5,280	6,637
Payables for service fee	119	850	98
	<u>941</u>	<u>6,130</u>	<u>6,735</u>

Aging analysis of the trade payables were as follows:

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Less than 1 year	941	6,130	6,735

The carrying amounts of trade payables are considered to be approximated to their fair values, due to their short-term nature.

Trade payables are denominated in:

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
— RMB	6	5,945	6,712
— USD	935	185	23
	941	6,130	6,735

The Company

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Payables for inventories	6	4,962	6,635
Payables for service fee	—	760	98
	6	5,722	6,733

Aging analysis of the trade payables were as follows:

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Less than 1 year	6	5,722	6,733

The carrying amounts of trade payables are considered to be approximated to their fair values, due to their short-term nature.

Trade payables are denominated in:

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
— RMB	6	5,722	6,710
— USD	—	—	23
	<u>6</u>	<u>5,722</u>	<u>6,733</u>

33 Other payables and accruals

The Group

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Salaries and benefits payables	29,515	39,104	50,586
Accrued taxes other than income tax	7,510	8,211	5,653
Payables for purchase of intangible assets . . .	18,850	40,730	1,517
Payables for purchase of IP licenses	1,587	—	3,536
Payables for technical services	1,820	5,921	2,183
Payables for purchase of property, plant and equipment	—	33	824
Cash settled share-based compensation to an investor (<i>Note 34</i>)	38,188	—	—
Payables for listing expenses	—	—	8,122
Others	5,340	8,439	5,623
	<u>102,810</u>	<u>102,438</u>	<u>78,044</u>

Other payables and accruals are denominated in:

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
RMB	81,256	61,112	71,923
USD	19,966	41,326	5,721
HKD	—	—	318
EUR	1,588	—	—
SGD	—	—	82
	<u>102,810</u>	<u>102,438</u>	<u>78,044</u>

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Salaries and benefits payables	17,727	25,728	34,918
Accrued taxes other than income tax	5,223	6,238	5,090
Payables for purchase of intangible assets . . .	2	40,730	1,517
Payables for technical services	1,485	5,297	2,183
Payables for purchase of property, plant and equipment	—	33	824
Cash settled share-based compensation to an investor (<i>Note 34</i>)	38,188	—	—
Payables for purchase of IP licenses	—	—	3,536
Payables for listing expenses	—	—	8,122
Others	2,222	5,914	4,100
	<u>64,847</u>	<u>83,940</u>	<u>60,290</u>

34 Financial instruments issued to investors

The Group and the Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current liabilities			
Preferred shares (a)	2,101,632	99,972	—
Convertible debentures (a)	950,325	412,186	—
Contingent forward (b)	—	—	—
Financial instruments issued to investors with preference rights in the Company (c)	—	3,309,553	4,924,151
Total financial instruments issued to investors	<u>3,051,957</u>	<u>3,821,711</u>	<u>4,924,151</u>

(a) Preferred shares and convertible debentures

Since its incorporation on 23 August 2019, Youguang Cayman issued preferred shares to its Series A, Series A+, Series A2, Series B, Series B+, Series C1 and Series C2 round investors (Note 1.2). During the same period, the Group's PRC subsidiaries issued convertible debentures to certain Chinese investors (Note 1.2).

Pursuant to the agreement between Youguang Cayman and the Group together with the Reorganisation arrangement, preferred shareholders in Youguang Cayman and the convertible debenture investors in the Group's PRC subsidiaries have the option to convert the principal amount either to Youguang Cayman's shares or the Group's PRC subsidiaries' equity interests, as agreed upon by the majority of the preferred shareholders and convertible debenture investors, on the determination of

listing entity. During the Reorganisation (Note 1.2), majority of the preferred shares holders and convertible debenture holders converted their respective shares or interests in the Group into the Company's financial instruments with preference rights (Note 34(c)).

The preferred shareholders in Youguang Cayman and the convertible debenture investors in the Group's PRC subsidiaries has multiple preference rights including conversion rights which do not meet fix-to-fix criteria, redemption rights and anti-dilution rights. Accordingly, these investments were accounted for as financial liabilities measured at fair value through profit or loss. Except for certain preferred shareholder and convertible debenture investors whose investments were repurchased and certain convertible debenture investor who converted its investment into ordinary shares, all other investors converted their investments into financial instruments issued to investors with preference rights in the Company.

(b) Contingent forward

In December 2023, the Group granted a contingent forward to an investor of Series C3 round financing, pursuant to which, the investor agreed to purchase the financial instruments with preference rights in the Company at a pre-determined fixed consideration lower than fair value when certain conditions are met. The discount of RMB38,188,000 provided to the investor is recognized as a cash-settled share-based compensation expenses by crediting other payable (Note 31, Note 33). The contingent forward was converted to financial instruments issued to investors with preference rights in the Company as at 31 December 2024 as the conditions were met. The fair value changes arising from the contingent forward and the share-based compensation recognised with a total amount of RMB38,760,000 was included in the carrying amount of financial instruments issued to investors at the conversion date.

(c) Financial instruments issued to investors with preference rights in the Company

As aforementioned, starting from the date of Reorganisation (Note 1.2), the Company gradually issued its own equity interests to majority of the preferred investors in Youguang Cayman and convertible debenture investors in the Group's PRC subsidiaries, including Series A, Series A+, Series A2, Series B, Series B+, Series C1 and Series C2 round investors. The rights of the investors are substantially the same before and after the Reorganisation. The Company also issued its own equity interests to certain new investors, i.e. the Series C3 and Series C4 round investors.

The key terms of these financial instruments issued to investors with preference rights in the Company are as follows:

Liquidation preference

In the event of any of the following occurs: (a) liquidation, dissolution or winding up of the Company, or (b) deemed liquidation event ("**Deemed Liquidation Events**"), after paying liquidation expenses, employees' salaries, social insurance premiums and statutory compensation in accordance with applicable laws, settling outstanding taxes, and discharging the Company's debts, the remaining assets of the Company and/or the distributable assets under the Deemed Liquidation Event shall be distributed in the sequence as stipulated in the shareholders' agreement.

The Deemed Liquidation Events of the Company shall include the following events:

- Any form of acquisition, merger, reorganization, etc., transaction that results in a change of control of the Company;
- Sale or transfer of more than 50% of the Company's equity interests;
- Transfer or sale of more than 50% of the Group's assets; and
- Assignment or exclusive license of all or more than 50% of the IP of the Group.

Anti-dilution rights

From the date of investors holding the Company's shareholding rights, if the Company increases its share at a price lower than the price paid by the investors on a per share basis, the investors have a right to subscribe for the Company's capital increase at zero consideration to effect the price adjustment.

Redemption rights

The redemption amount is the redemption amount equivalent to the original investment amount plus annual simple interest rate of 10% and plus any dividend declared but not received in previous year (if any). The redemption rights will be triggered by certain events, including but not limited to failure to achieve a qualified IPO by 31 December 2028, occurrence of certain non-compliance matters, change in control and resignation of the founder.

Amendments on certain redemption rights in September 2025

Pursuant to the preference rights termination agreement as entered into by the Company with the investors in September 2025, the redemption rights triggered by occurrence of certain non-compliance matters, change in control and resignation of the founder shall be automatically terminated immediately before the Company submits the application documents for H-share listing to the Stock Exchange of Hong Kong, which are subject to the reinstatement under certain events included but not limited to the listing has not been completed within certain period or approved by relevant authorities. All the preference rights shall be irretrievably terminated upon successful completion of the listing.

For the redemption right, if the Company's H-share listing application is not approved by the relevant competent approval authority within 24 months since the Company submits the application documents for H-share listing to the Stock Exchange of Hong Kong or other periods agreed upon by all parties, the clauses and arrangements agreed in this agreement to be automatically terminated before the submission of the H-share listing application documents shall automatically reinstate their effectiveness and such resumption shall be retroactive. Therefore, the derecognition criteria of financial liabilities is not met. Since there are no substantive changes in the rights held by investor before and after Reorganisation, financial instruments issued to investors are recognized as financial liabilities measured at FVPL throughout the Track Record Period.

(d) *The movement for the financial instruments issued to investors during the Track Record Period*

	Before Reorganisation (Note 1.2)				Financial instruments issued to investors with preference rights by the Company(c)	Total
	Preferred shares(a)	Convertible debentures(a)	Contingent forward(b)	Subtotal		
	RMB'000	RMB'000	RMB'000	RMB'000		
As at 1 January 2023	2,059,582	881,267	—	2,940,849	—	2,940,849
Issuance of financial instruments . . .	—	54,162	—	54,162	—	54,162
Changes in fair value through profit or loss	41,736	14,876	—	56,612	—	56,612
Changes in fair value due to own credit risk	314	20	—	334	—	334
As at 31 December 2023	2,101,632	950,325	—	3,051,957	—	3,051,957
Issuance of financial instruments . . .	—	200,000	(572)	199,428	238,760	438,188
Changes in fair value through profit or loss	252,584	103,332	572	356,488	22,328	378,816
Changes in fair value due to own credit risk	2,748	5,819	—	8,567	840	9,407
Conversion into financial instruments issued to investors with preference rights in the Company	(2,234,968)	(812,657)	—	(3,047,625)	3,047,625	—
Conversion into equity interest without preference rights of the Company	—	(20,656)	—	(20,656)	—	(20,656)
Repayment of convertible debenture	—	(13,977)	—	(13,977)	—	(13,977)
Repurchase of preferred shares	(22,024)	—	—	(22,024)	—	(22,024)
As at 31 December 2024	99,972	412,186	—	512,158	3,309,553	3,821,711
Issuance of financial instruments . . .	—	—	—	—	300,000	300,000
Changes in fair value through profit or loss	6,382	13,044	—	19,426	824,039	843,465
Changes in fair value due to own credit risk	769	1,058	—	1,827	11,310	13,137
Conversion into financial instruments issued to investors with preference rights in the Company	(107,123)	(372,126)	—	(479,249)	479,249	—
Repayment of convertible debenture	—	(54,162)	—	(54,162)	—	(54,162)
As at 31 December 2025	—	—	—	—	4,924,151	4,924,151

Accounting policy of financial instruments issued to investors

(i) Convertible debentures, preferred shares and financial instruments issued to investors with preference rights in the Company

The Group designated the convertible debentures, preferred shares and financial instruments issued to investors with preference rights in the Company at fair value through profit or loss. They are initially recognised at fair value. Any directly attributable transaction costs are recognised as finance costs in profit or loss. The component of fair value changes relating to the Company's own credit risk is recognised in OCI. Amounts recorded in OCI related to credit risk are not subject to recycling in profit or loss, but are transferred to retained earnings when realised. Other fair value changes relating to market risk are recognised in profit or loss.

Convertible debentures, preferred shares and financial instruments issued to investors with preference rights in the Company were classified as current liabilities as they may be converted at any time at the option of the investors and the conversion feature does not meet the criteria for equity instrument under IAS 32.

(ii) Contingent forward

Contingent forward is initially recognised at fair value on the date a forward contract is entered into and is subsequently re-measured to fair value at the end of each reporting period. The Group's contingent forward liabilities were classified as current liabilities, as the forward will be exercised when certain conditions are met which is out of the Company's control.

35 Deferred income

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Government grants (i)			
— Non-current	94,322	66,387	146,295
— Current	10,530	124,418	182,137
	<u>104,852</u>	<u>190,805</u>	<u>328,432</u>

(i) The Group received government grants from governments in PRC as support on operation, research and development expenditure relating to innovation activities, these government grants were transferred from "deferred income" to "other income" when related expenses incurred or over the useful lives of the relevant assets.

The amount of amortisation charged in other income was shown as follow:

	For the year ended 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Amortisation charged to other income (Note 9)	623	58,277	171,246

The Company

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Government grants			
— Non-current	74,761	35,204	109,390
— Current	10,530	121,571	175,111
	<u>85,291</u>	<u>156,775</u>	<u>284,501</u>

36 Long-term payables

The Group and the Company

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Long-term payables	—	1,515	—

Long-term payables were related to purchase of certain software according to the payment term in the respective purchase contracts.

As at 31 December 2024, the carrying amounts of long-term payables were approximated their fair values as the discounting impact was not material.

Long-term payables as at 31 December 2024 are denominated in RMB.

37 Cash flow information

(a) Cash used in operations

	Year ended 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Loss for the year	(413,503)	(735,280)	(1,342,376)
Adjustments for:			
— Depreciation of property, plant and equipment (<i>Note 16</i>)	8,664	14,121	43,407
— Amortisation of intangible assets (<i>Note 18</i>)	18,667	27,807	35,830
— Depreciation of right-of-use assets (<i>Note 17</i>)	9,502	12,882	8,174
— Provision for impairment of financial assets (<i>Note 3.1(b)</i>)	95	660	972
— Provision for inventories (<i>Note 20</i>)	—	483	2,560
— Share-based compensation expenses (<i>Note 31</i>)	92,842	60,092	204,972
— Finance costs (<i>Note 11</i>)	2,292	3,181	3,198
— Finance income (<i>Note 11</i>)	(4,649)	(8,270)	(6,335)
— Fair value changes on financial instruments issued to investors	56,612	378,816	843,465
— Fair value gains on short-term investments measured at fair value through profit or loss (<i>Note 10</i>)	(3,746)	(1,209)	(8,439)
— Losses on disposal of non-current assets	6	7,012	—
— Net foreign exchange (gains)/losses (<i>Note 10</i>)	(14,409)	(15,253)	12,602
Changes in working capital			
— Increase in trade receivables	(4,740)	(14,184)	(69,515)
— Increase in prepayments, other receivables and other assets	(20,199)	(441)	(62,612)
— Increase in inventories	(14,745)	(13,266)	(3,262)
— (Increase)/decrease in restricted cash	—	(759)	621
— (Decrease)/increase in trade payables	(347)	5,189	605
— Increase in other payables and accruals	6,806	18,651	17,710
— Increase/(decrease) in contract liabilities	8,091	(7,985)	21,516
— Increase/(decrease) in deferred income	96,455	85,953	(64,192)
Net cash used in operations	<u>(176,306)</u>	<u>(181,800)</u>	<u>(361,099)</u>

(b) *Material non-cash financing activities*

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Exercise of contingent forward (<i>Note 34(b)</i>) . .	—	38,760	—
Repurchase of preferred shares by Youguang Cayman (<i>Note 34(d)</i>)	—	22,024	—
Conversion of convertible debenture to equity interests without preference rights of the Company (<i>Note 34(d)</i>)	—	20,656	—
Flip down of preferred shares of Youguang Cayman to financial instruments with preference rights in the Company	—	1,726,920	—
Conversion of convertible debentures to financial instruments with preference rights in the Company	—	460,511	290,975
Increase in right-of-use assets (<i>Note 17</i>)	—	22,992	737
Disposal of right-of-use assets (<i>Note 17</i>)	—	16,230	—

(c) *Net debt reconciliation*

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cash and cash equivalents (<i>Note 28</i>)	290,084	348,336	209,058
Lease liabilities (<i>Note 17</i>)	(28,546)	(39,026)	(26,700)
Financial instruments issued to investors (<i>Note 34</i>)	(3,051,957)	(3,821,711)	(4,924,151)
Net debt.	<u>(2,790,419)</u>	<u>(3,512,401)</u>	<u>(4,741,793)</u>

	Liabilities from financing activities				
	Cash and cash equivalents	Lease liabilities	Financial instruments issued to investors	Borrowings	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Net debt as at 1 January 2023	98,930	(38,090)	(2,940,849)	—	(2,880,009)
Cash flows	190,860	12,286	(54,162)	—	148,984
Fair value changes	—	—	(56,946)	—	(56,946)
Interest expenses	—	(2,292)	—	—	(2,292)
Foreign exchange adjustments	294	(450)	—	—	(156)
Other changes	—	—	—	—	—
Net debt as at 31 December 2023	290,084	(28,546)	(3,051,957)	—	(2,790,419)
Cash flows*	60,792	15,819	(386,023)	227	(309,185)
Additions	—	(22,992)	—	—	(22,992)
Fair value changes	—	—	(388,223)	—	(388,223)
Interest expenses	—	(2,954)	—	(227)	(3,181)
Foreign exchange adjustments	(2,540)	(353)	—	—	(2,893)
Other changes	—	—	4,492	—	4,492
Net debt as at 31 December 2024	348,336	(39,026)	(3,821,711)	—	(3,512,401)
Cash flows*	(134,390)	15,049	(245,838)	775	(364,404)
Addition	—	(737)	—	—	(737)
Fair value change	—	—	(856,602)	—	(856,602)
Interest expenses	—	(2,423)	—	(775)	(3,198)
Foreign exchange adjustments	(4,888)	437	—	—	(4,451)
Net debt as at 31 December 2025	209,058	(26,700)	(4,924,151)	—	(4,741,793)

* Cash flows from financial instruments issued to investors included cash flows from issuance of financial instruments offsetting by repayments of the financial instruments.

38 Capital Commitments

Significant capital expenditure commitments are set out below:

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Property plant and equipment	15,088	9,364	40,355
Intangible assets	—	1,544	1,025
	15,088	10,908	41,380

39 Related party transactions

The founder of the Group is Dr. Shen Yichen.

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party, or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or joint control.

(a) Relationship with related parties:

Save as disclosed elsewhere in this report, the directors of the Company are of the view that the following parties/companies were related parties that had transactions or balances with the Group:

<u>Name of related parties</u>	<u>Relationship with the Group</u>
Dr. Shen Yichen	Founder, executive director, chief executive officer and one of the single largest shareholders of the Company
Youguang Cayman	Ultimate parent company of the Group before Reorganisation
Youguang Yihui	One of the single largest shareholders of the Company and controlled by the founder
Youguang Zhiyuan	One of the single largest shareholders of the Company and act in concert with the founder
LightAI EIP	One of the single largest shareholders of the Company and act in concert with the founder
Mach C	One of the single largest shareholders of the Company and act in concert with the founder

(b) Transactions with related parties:

Save as disclosed elsewhere in this report, below are the transactions with related parties in the Track Record Period.

(i) Key management compensations

	Year ended 31 December		
	<u>2023</u>	<u>2024</u>	<u>2025</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Wages, salaries and bonuses	5,852	9,372	9,349
Pension costs — defined contribution plans . .	207	226	271
Other social security costs, housing benefits and other employee benefits.	276	357	328
Share-based compensation expenses.	18,487	31,546	99,854
	<u>24,822</u>	<u>41,501</u>	<u>109,802</u>

(ii) *Net cash settled related to amounts due from Youguang Cayman arising from the issuance of preferred shares*

	Year ended 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Youguang Cayman	170,461	(68,363)	136,667

(iii) *Option exercise deposit received from employees on behalf of Youguang Cayman*

	Year ended 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Youguang Cayman	415	466	560

(iv) *Repayment for option exercise deposit received from employees on behalf of Youguang Cayman*

	Year ended 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Youguang Cayman	—	—	1,570

(v) *Proceeds received from related parties for capital contribution*

	Year ended 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Youguang Yihui	—	—	7,290
Youguang Zhiyuan	—	—	4,431
LightAI EIP	—	—	4,431
Mach C	—	—	9,090
	—	—	25,242

(vi) *Guarantee provided to related parties*

The information about the guarantee or security provided to certain controlled body corporates and connected entities of the Group in respect of their loan is as follows:

For the year ended 31 December 2025

Name of the borrower	Nature of guarantee or security	Individually in	Individually in	During the year	Aggregate amounts
		aggregate at the beginning of the year	aggregate at the end of the year		incurred during the year for the purpose of fulfilling the guarantee
		RMB'000	RMB'000	RMB'000	RMB'000
Youguang Yihui and Youguang Zhiyuan	Guarantee	—	—	14,185	—

During the year ended 31 December 2025, Hangzhou Guangzhiyuan Technology Co., Ltd., a subsidiary of the Company, provided a guarantee in the aggregate principal amount of RMB14,185,000 to Shanghai Science and Innovation Bank Limited (“上海科創銀行有限公司”) for the benefit of Youguang Zhiyuan and Youguang Yihui (the “Guarantee”). The Guarantee period is from 29 April 2025 to 28 October 2026. The obligors maintain satisfactory credit profiles, with no history of past-due payments or defaults under the relevant facilities. Accordingly, the Company has not recognized any provision for the contingent liability arising from the Guarantee. In September 2025, the guarantee was released.

Save as disclosed herein, the Company has no other material external guarantee obligations requiring disclosure under applicable reporting standards.

(c) *Balances with related parties in non-trade nature:*

(i) *Amounts due from related parties (non-trade)*

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Youguang Cayman (aa)	374,856	—	—
Youguang Yihui (bb)	—	7,290	—
Youguang Zhiyuan (bb)	—	4,431	—
LightAI BIP (bb)	—	4,431	—
Mach C (bb)	—	9,110	—
	374,856	25,262	—
Less: provision for impairment	(41)	(108)	—
	374,815	25,154	—

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Youguang Cayman (aa)	1,088,976	578,925	—
Youguang Yihui (bb)	—	7,290	—
Youguang Zhiyuan (bb)	—	4,431	—
LightAI EIP (bb)	—	4,431	—
Mach C (bb)	—	9,110	—
	<u>1,088,976</u>	<u>604,187</u>	<u>—</u>
Less: Provision for impairment	(42)	(108)	—
	<u>1,088,934</u>	<u>604,079</u>	<u>—</u>

Amounts due from related parties mainly represented receivable for capital contributions due from related parties for series of financing. The balance is demonstrated in USD. All the outstanding receivable balances were settled in cash in 2025.

(aa) The outstanding balance represented a net impact of: the proceeds from issuance of preferred shares by Youguang Cayman which has not been remitted to the Company, and the consideration paid/payable for acquisition of offshore Operating Entities under the Reorganisation. The outstanding balances were fully settled in cash in September 2025 (Note 1.3(e)).

(bb) Amounts due from other related parties represented receivables for capital contributions from these parties which were settled in cash during the year ended 31 December 2025.

(ii) Amounts due to a related party (non-trade)

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Youguang Cayman	—	74,345	—

The amounts due to Youguang Cayman as of 31 December 2024 represents a net payable position of the transactions arising from the Reorganisation steps as described in Note 1.2.

40 Benefits and interests of directors

The remuneration of every director for the years ended 31 December 2023, 2024 and 2025 were set out below:

For the year ended 31 December 2023

Name of Directors	Wages and salaries	Discretionary bonuses	Share-based compensation expenses	Contributions to pension plan	Housing fund, medical insurance, other social insurance and other employee benefits	Total
					RMB'000	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive Directors:						
Dr. Shen Yichen (沈亦晨) (i)	1,656	—	4,282	38	82	6,058
Dr. Meng Huaiyu (孟懷宇) (ii)	—	—	—	—	—	—
Mr. Zhang Hong (張弘) (iii)	—	—	—	—	—	—
Mr. Wang Long (iv)	—	—	—	—	—	—
	<u>1,656</u>	<u>—</u>	<u>4,282</u>	<u>38</u>	<u>82</u>	<u>6,058</u>
Non- executive Director:						
Mr. Yu Ze (俞澤) (v)	—	—	—	—	—	—
Mr. Zhang Kun (章錕) (vi)	—	—	—	—	—	—
Mr. Zuo Lingye (左凌燁) (vii)	—	—	—	—	—	—
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Independent Non-executive Directors:						
Dr. Huang Weiping (viii)	—	—	—	—	—	—
Dr. Zhao Hang (趙行) (ix)	—	—	—	—	—	—
Ms. Xu Lili (徐黎黎) (x)	—	—	—	—	—	—
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total remuneration of directors	<u>1,656</u>	<u>—</u>	<u>4,282</u>	<u>38</u>	<u>82</u>	<u>6,058</u>

For the year ended 31 December 2024

Name of Directors	Wages and salaries	Discretionary bonuses	Share-based compensation expenses	Contributions to pension plan	Housing fund, medical insurance, other social insurance and other employee benefits	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<i>Executive Directors:</i>						
Dr. Shen Yichen (沈亦晨) (i)	1,806	—	1,871	43	86	3,806
Dr. Meng Huaiyu (孟懷宇) (ii)	774	300	143	20	37	1,274
Mr. Zhang Hong (張弘) (iii)	665	—	704	22	34	1,425
Mr. Wang Long (iv)	—	—	—	—	—	—
	<u>3,245</u>	<u>300</u>	<u>2,718</u>	<u>85</u>	<u>157</u>	<u>6,505</u>
<i>Non- executive Director:</i>						
Mr. Yu Ze (俞澤) (v)	—	—	—	—	—	—
Mr. Zhang Kun (章錕) (vi)	—	—	—	—	—	—
Mr. Zuo Lingye (左凌燁) (vii)	—	—	—	—	—	—
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<i>Independent Non-executive Directors:</i>						
Dr. Huang Weiping (viii)	—	—	—	—	—	—
Dr. Zhao Hang (趙行) (ix)	—	—	—	—	—	—
Ms. Xu Lili (徐黎黎) (x)	—	—	—	—	—	—
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total remuneration of directors	<u>3,245</u>	<u>300</u>	<u>2,718</u>	<u>85</u>	<u>157</u>	<u>6,505</u>

For the year ended 31 December 2025

Name of Directors	Wages and salaries	Discretionary bonuses	Share-based compensation expenses	Contributions to pension plan	Housing fund, medical insurance, other social insurance and other employee benefits	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive Directors:						
Dr. Shen Yichen (沈亦晨) (i)	1,785	—	39,939	62	89	41,875
Dr. Meng Huaiyu (孟懷宇) (ii)	1,773	638	15,250	49	89	17,799
Mr. Zhang Hong (張弘) (iii)	1,553	—	18,052	88	75	19,768
Mr. Wang Long (iv)	2,849	—	24,876	56	59	27,840
	<u>7,960</u>	<u>638</u>	<u>98,117</u>	<u>255</u>	<u>312</u>	<u>107,282</u>
Non-executive Director:						
Mr. Yu Ze (俞澤) (v)	—	—	—	—	—	—
Mr. Zhang Kun (章錕) (vi)	—	—	—	—	—	—
Mr. Zuo Lingye (左凌燁) (vii)	—	—	—	—	—	—
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Independent Non-executive Directors:						
Dr. Huang Weiping (viii)	—	—	—	—	—	—
Dr. Zhao Hang (趙行) (ix)	—	—	—	—	—	—
Ms. Xu Lili (徐黎黎) (x)	—	—	—	—	—	—
	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total remuneration of directors	<u>7,960</u>	<u>638</u>	<u>98,117</u>	<u>255</u>	<u>312</u>	<u>107,282</u>

- (i) Dr. Shen Yichen (沈亦晨) was appointed as executive director since November 2021 and re-designated as an executive director of the Company with effect from the listing date.
- (ii) Dr. Meng Huaiyu (孟懷宇) was appointed as executive director since July 2024 and re-designated as an executive director of the Company with effect from the listing date.
- (iii) Mr. Zhang Hong (張弘) was appointed as executive director since July 2024 and re-designated as an executive director of the Company with effect from the listing date.
- (iv) Mr. Wang Long was appointed as executive director since March 2025 and re-designated as an executive director of the Company with effect from the listing date.
- (v) Mr. Yu Ze (俞澤) was appointed as a non-executive director in March 2025 and was re-designated as a non-executive director with effect from the listing date.
- (vi) Mr. Zhang Kun (章錕) was appointed as a non-executive director in March 2025 and was re-designated as a non-executive director with effect from the listing date.
- (vii) Mr. Zuo Lingye (左凌燁) was appointed as a non-executive director in March 2025 and resigned in September 2025.
- (viii) Dr. Huang Weiping was appointed as independent non-executive director in September 2025 with effect upon the listing date.

- (ix) Dr. Zhao Hang (趙行) was appointed as independent non-executive director in September 2025 with effect upon the listing date.
- (x) Ms. Xu Lili (徐黎黎) was appointed as independent non-executive director in September 2025 with effect upon the listing date.

(a) Directors' retirement and termination benefits

No retirement or termination benefits have been paid to the Company's directors for the years ended 31 December 2023, 2024 and 2025.

(b) Consideration provided to third parties for making available directors' services

No consideration was provided to third parties for making available directors' services during the years ended 31 December 2023, 2024 and 2025.

(c) Information about loans, quasi-loans or other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

No loans, quasi-loans or other dealings were entered into by the Company in favour of directors, controlled bodies corporate by and connected entities with such directors except for the disclosure in the Note 39(b)(vi) during the years ended 31 December 2023, 2024 and 2025.

(d) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Group was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the years or at any time during the years ended 31 December 2023, 2024 and 2025.

41 Contingencies

As at 31 December 2023, 2024 and 2025, there was no significant contingency item for the Group and the Company.

42 Summary of other accounting policies

42.1 Principles of consolidation

(a) Subsidiaries

Subsidiaries are entities over which the Group has control, including the subsidiary controlled through contractual arrangement which was closed and deregistered in August 2025 (Note 12(a)). The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intra-group transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(i) Business combinations

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

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

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

Acquisition-related costs are expensed as incurred.

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

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value, with changes in fair value recognized in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognized in profit or loss, unless the previous held investment is equity investment designated as FVOCI.

(ii) Business combinations under common control

The Historical Financial Information incorporates the financial statement of the entities in which the common control combination occurs as if they had been consolidated from the date when the entities or businesses first came under the control of the controlling party. The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognized in consideration for goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statements of comprehensive loss include the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where there is a shorter period, regardless of the date of the common control combination. A uniform set of accounting policies is adopted by those entities. All inter-company transactions, balances and unrealized gains on transactions between combining entities or business are eliminated on consolidation.

(b) *Separate financial statements*

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

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

42.2 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the CODM. The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the directors that makes strategic decisions.

42.3 Foreign currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates. As the major operations of the Group are within Chinese Mainland, the Group determined to present the Historical Financial Information in RMB, which is the Company's functional currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

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

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

(c) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each statement of comprehensive loss are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- all resulting currency translation differences are recognised in other comprehensive income (“OCI”).

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are recognised in other comprehensive income.

42.4 Impairment of non-financial assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets are reviewed for possible reversal of the impairment at the end of each reporting period.

42.5 Investments and other financial assets

(a) Classification

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

- those to be measured subsequently at fair value (either through OCI, or through profit or loss); and
- those to be measured at amortised cost.

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

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

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

(b) Recognition and derecognition

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

(c) Measurement

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

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

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

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised

directly in profit or loss and presented in “other gains/losses, net”, together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statements of comprehensive loss.

- Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in profit or loss and presented net in the consolidated statements of comprehensive loss within other gains/losses, net in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group’s management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognized in profit or loss as other income when the Group’s right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognized in the consolidated statements of comprehensive loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(d) Impairment

The Group assesses on a forward-looking basis for the ECL on financial assets (including trade receivables, other receivables, term bank deposits, restricted cash and cash and cash equivalents), which is subject to impairment under IFRS 9. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables, see Note 3.1(b) for details.

For others, it is measured as either 12-month ECL or lifetime ECL, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime ECL.

42.6 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The Group has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

42.7 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Majority of other payables are payroll payables, payables for purchase of property, plant and equipment, intangible assets, technical services, and other taxes payables etc. Trade and other payables are classified as current liabilities if payment is due within one year (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

42.8 Interest income

Interest income from financial assets at FVTPL is included in the net fair value gains/(losses) on these assets, see Note 11 above. Interest income on financial assets at amortised cost and financial assets at FVOCI calculated using the effective interest method is recognised in profit or loss as part of other income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes, see Note 11 for details. Any other interest income is included in "other income".

42.9 Provision

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

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

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

42.10 Dividend income

Dividend income is recognized as other income in profit or loss when the right to receive payment is established.

42.11 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

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

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

42.12 Employee benefits

(a) Bonus plans

The expected cost of bonuses is recognized as a liability when the Group has a present legal or constructive obligation for payment of bonus as a result of services rendered by employees and a reliable estimate of the obligation can be made. Liabilities for bonus plans are expected to be settled within 1 year and are measured at the amounts expected to be paid when they are settled.

(b) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognizes costs for a restructuring that is within the scope of IAS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

42.13 Loss per share

(i) Basic loss per share

Basic loss per share is calculated by dividing:

- the loss attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares; and
- by the weighted average number of ordinary shares outstanding during the financial year.

(ii) Diluted loss per share

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

- the after-income tax effect of fair value gain or loss associated with dilutive potential ordinary shares; and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

42.14 Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

43 Subsequent events

There are no material subsequent events after 31 December 2025.

III SUBSEQUENT FINANCIAL STATEMENTS

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