
APPENDIX I

ACCOUNTANTS’ REPORT

The following is the text of a report received from the reporting accountants of the Company, Ernst & Young, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document.

[To insert the firm’s letterhead]

ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF HEBEI LIANJI QICHENG INDUSTRIAL PARK OPERATION MANAGEMENT CO., LTD. AND AUSTRAX CAPITAL LIMITED

Introduction

We report on the historical financial information of Hebei Lianji Qicheng Industrial Park Operation Management Co., Ltd. (the “Company”) (formerly known as Hebei Lianji Technology Industrial Development Co., Ltd.) and its subsidiaries (together, the “Group”) set out on pages I-4 to I-76, which comprises the consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2024 and 2025 and the six months ended 30 June 2026 (the “Relevant Periods”), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2024 and 2025 and 30 June 2026 and material accounting policy information and other explanatory information (together, the “Historical Financial Information”). The Historical Financial Information set out on pages I-4 to I-76 forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [date] (the “Document”) in connection with the initial [REDACTED] of the shares of the Company on GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

Directors’ responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountants’ responsibility

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

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants’ judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity’s preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively, in order to design

APPENDIX I**ACCOUNTANTS’ REPORT**

procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion

In our opinion, the Historical Financial Information gives, for the purposes of the accountants’ report, a true and fair view of the financial position of the Group and the Company as at 31 December 2024 and 2025 and 30 June 2026, and of the financial performance and cash flows of the Group for the Relevant Periods in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively.

Review of Interim Comparative Financial Information

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

The directors of the Company are responsible for the presentation and preparation of the Interim Comparative Financial Information in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively. Our responsibility is to express a conclusion on the Interim Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* as issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Interim Comparative Financial Information, for the purposes of the accountants’ report, is not prepared, in all material respects, in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively.

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

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

Dividends

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

APPENDIX I

ACCOUNTANTS’ REPORT

No historical financial statements for the Company

As at the date of this report, no statutory financial statements have been prepared for the Company since its date of incorporation.

[●]

Certified Public Accountants

Hong Kong

[Date]

APPENDIX I**ACCOUNTANTS’ REPORT**

I HISTORICAL FINANCIAL INFORMATION**PREPARATION OF HISTORICAL FINANCIAL INFORMATION**

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

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

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

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December		Six months ended 30 June	
	Notes	2024	2025	2025	2026
		RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
REVENUE	5	71,683	79,672	36,295	40,224
Cost of sales		<u>(45,659)</u>	<u>(41,122)</u>	<u>(21,711)</u>	<u>(19,078)</u>
Gross profit		26,024	38,550	14,584	21,146
Other income and gains	5	4,411	6,287	1,015	215
Selling and distribution expenses		(377)	(2,013)	(867)	(517)
Administrative expenses		(10,854)	(15,610)	(5,645)	(8,643)
Reversals of loss allowance/ (impairment losses) on financial instruments, net		410	(1,273)	(4,288)	(2,156)
Other expenses		(39)	(585)	(43)	(187)
Finance costs	7	(6,975)	(3,734)	(2,928)	(365)
Share of the loss of an associate		<u>—</u>	<u>—</u>	<u>—</u>	<u>(73)</u>
PROFIT BEFORE TAX	6	12,600	21,622	1,828	9,420
Income tax expense	10	<u>(4,704)</u>	<u>(5,685)</u>	<u>(1,238)</u>	<u>(1,828)</u>
PROFIT FOR THE YEAR/ PERIOD		<u>7,896</u>	<u>15,937</u>	<u>590</u>	<u>7,592</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR/ PERIOD		<u>7,896</u>	<u>15,937</u>	<u>590</u>	<u>7,592</u>
Attributable to:					
Owners of the parent		8,134	15,747	472	7,042
Non-controlling interests		<u>(238)</u>	<u>190</u>	<u>118</u>	<u>550</u>
		<u>7,896</u>	<u>15,937</u>	<u>590</u>	<u>7,592</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT					
Basic and diluted	12	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December		As at 30 June
	Notes	2024	2025	2026
		RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment	13	6,658	4,722	4,133
Investment properties	14	21,648	511	393
Right-of-use assets	15	75	315	427
Net investment in leases	15	34,682	24,167	26,022
Intangible assets		317	492	712
Investments in an associate		—	135	62
Prepayments, other receivables and other assets	17	760	689	995
Deferred tax assets	22	5	58	43
Total non-current assets		64,145	31,089	32,787
CURRENT ASSETS				
Trade receivables	16	18,874	22,368	25,771
Net investment in leases	15	6,432	7,150	5,641
Prepayments, other receivables and other assets	17	174,350	44,320	44,779
Restricted bank deposits	18	5,524	657	752
Cash and cash equivalents	18	8,931	15,211	16,877
Total current assets		214,111	89,706	93,820
CURRENT LIABILITIES				
Trade payables	19	4,413	7,866	3,795
Other payables and accruals	20	105,270	35,257	37,617
Interest-bearing bank borrowings	21	5,119	—	—
Lease liabilities	15	10,357	3,830	3,179
Tax payable		9,189	3,722	3,767
Total current liabilities		134,348	50,675	48,358

APPENDIX I

ACCOUNTANTS’ REPORT

		As at 31 December		As at 30 June
	Notes	2024	2025	2026
		RMB'000	RMB'000	RMB'000
NET CURRENT ASSETS		<u>79,763</u>	<u>39,031</u>	<u>45,462</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>143,908</u>	<u>70,120</u>	<u>78,249</u>
NON-CURRENT LIABILITIES				
Interest-bearing bank borrowings	21	80,000	—	—
Lease liabilities	15	39,501	12,067	13,051
Deferred tax liabilities	22	<u>3,022</u>	<u>3,009</u>	<u>2,562</u>
Total non-current liabilities		<u>122,523</u>	<u>15,076</u>	<u>15,613</u>
Net assets		<u>21,385</u>	<u>55,044</u>	<u>62,636</u>
EQUITY				
Equity attributable to owners of the parent				
Share capital	23	3,000	36,000	36,000
Reserves	24	<u>18,553</u>	<u>18,662</u>	<u>25,704</u>
		21,553	54,662	61,704
Non-controlling interests		<u>(168)</u>	<u>382</u>	<u>932</u>
Total equity		<u>21,385</u>	<u>55,044</u>	<u>62,636</u>

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the parent					Non-	Total
	Share	Capital	Statutory	Retained	Total	controlling	equity
	capital	reserve*	surplus	profits*		interests	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(note 23)	(note 24)	(note 24)				
At 1 January 2024	—	5,000	1,940	14,479	21,419	70	21,489
Profit and total comprehensive income for the year	—	—	—	8,134	8,134	(238)	7,896
Issuance of shares	3,000	—	—	—	3,000	—	3,000
Deemed distribution for a financial guarantee contract for a related party	—	(11,000)	—	—	(11,000)	—	(11,000)
Transfer to statutory surplus reserve	—	—	720	(720)	—	—	—
As at 31 December 2024	<u>3,000</u>	<u>(6,000)</u>	<u>2,660</u>	<u>21,893</u>	<u>21,553</u>	<u>(168)</u>	<u>21,385</u>
At 1 January 2025	3,000	(6,000)	2,660	21,893	21,553	(168)	21,385
Profit and total comprehensive income for the year	—	—	—	15,747	15,747	190	15,937
Contributions from the then shareholder of a subsidiary	—	3,000	—	—	3,000	—	3,000
Issuance of shares	33,000	(7,000)	—	(19,000)	7,000	—	7,000
Acquisition of a subsidiary under common control	—	(381)	—	—	(381)	—	(381)
Capital injection from non-controlling shareholders of a subsidiary	—	—	—	—	—	180	180
Acquisition of non-controlling interests	—	(180)	—	—	(180)	180	—
Disposal of a subsidiary	—	(97)	—	—	(97)	—	(97)
Transfer to statutory surplus reserve	—	—	1,594	(1,594)	—	—	—
Termination of a financial guarantee contract	—	8,020	—	—	8,020	—	8,020
As at 31 December 2025	<u>36,000</u>	<u>(2,638)</u>	<u>4,254</u>	<u>17,046</u>	<u>54,662</u>	<u>382</u>	<u>55,044</u>
At 1 January 2025	3,000	(6,000)	2,660	21,893	21,553	(168)	21,385
Profit and total comprehensive income for the period (unaudited)	—	—	—	472	472	118	590
Contributions from the then shareholder of a subsidiary (unaudited)	—	3,000	—	—	3,000	—	3,000
Acquisition of a subsidiary under common control (unaudited)	—	(381)	—	—	(381)	—	(381)
As at 30 June 2025 (unaudited)	<u>3,000</u>	<u>(3,381)</u>	<u>2,660</u>	<u>22,365</u>	<u>24,644</u>	<u>(50)</u>	<u>24,594</u>
At 1 January 2026	36,000	(2,638)	4,254	17,046	54,662	382	55,044
Profit and total comprehensive income for the period	—	—	—	7,042	7,042	550	7,592
As at 30 June 2026	<u>36,000</u>	<u>(2,638)</u>	<u>4,254</u>	<u>24,088</u>	<u>61,704</u>	<u>932</u>	<u>62,636</u>

* These reserve accounts comprise the consolidated reserves of RMB18,553,000, RMB18,662,000 and RMB25,704,000 in the consolidated statements of financial position as at 31 December 2024 and 2025 and 30 June 2026, respectively.

APPENDIX I

ACCOUNTANTS’ REPORT

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended 31 December		Six months ended 30 June	
	Notes	2024	2025	2025	2026
		RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		12,600	21,622	1,828	9,420
Adjustments for:					
Finance costs	7	6,975	3,734	2,928	365
Bank interest income	5	(12)	(6)	(4)	(28)
Depreciation of investment properties	14	13,376	1,591	1,109	118
Impairment losses on financial assets, net	6	290	3,553	5,399	2,156
Remeasurement of financial guarantee contracts	6	(700)	(2,280)	(1,111)	—
Depreciation of property, plant and equipment	6	2,100	2,374	988	1,180
Depreciation of right-of-use assets	6	60	135	67	68
Amortisation of intangible assets	6	82	84	40	93
(Gain)/loss on disposal of investment properties	6	(1,795)	(1,825)	(979)	19
Gain on early termination of lease arrangements	6	(2,368)	(4,293)	—	—
Share of loss of an associate		—	—	—	73
		<u>30,608</u>	<u>24,689</u>	<u>10,265</u>	<u>13,464</u>
Increase in trade receivables		(5,435)	(7,047)	(21,689)	(5,559)
Decrease/(increase) in net investment in leases		(1,139)	184	682	(106)
Decrease/(increase) in prepayments, other receivables and other assets		(6,602)	5,357	1,124	647
Withdrawal/(placement) of restricted bank deposits		(5,442)	4,867	4,870	(95)
Increase/(decrease) in trade payables		(5,676)	3,453	3,100	(4,071)
Increase/(decrease) in other payables and accruals		<u>25,264</u>	<u>(18,115)</u>	<u>9,866</u>	<u>2,373</u>

APPENDIX I

ACCOUNTANTS’ REPORT

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
Notes	RMB'000	RMB'000	RMB'000 (Unaudited)	RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Interest received	31,578	13,388	8,218	6,653
Income tax paid	12	6	4	28
	(618)	(11,218)	(1,427)	(2,215)
Net cash flows from operating activities	<u>30,972</u>	<u>2,176</u>	<u>6,795</u>	<u>4,466</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of items of property, plant and equipment	(1,656)	(367)	(256)	(537)
Advances of loans to related parties	(139,910)	(41,163)	(25,412)	—
Repayment of loans to related parties	46,910	165,832	89,055	—
Purchases of intangible assets	(206)	(259)	—	(973)
Investment in an associate	—	(135)	(135)	—
Net cash flows (used in)/from investing activities	<u>(94,862)</u>	<u>123,908</u>	<u>63,252</u>	<u>(1,510)</u>
CASH FLOWS FROM FINANCING ACTIVITIES				
New bank borrowings	90,000	—	—	—
Repayment of bank borrowings	(5,000)	(85,000)	(65,000)	—
Loans from related parties	35,174	23,593	—	—
Interest paid	(4,856)	(1,983)	(1,932)	(19)
Repayment of loans to related parties	(37,022)	(65,191)	(6,761)	(13)
Payment of [REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Principal portion of lease liabilities	(11,352)	(929)	(668)	(452)
Proceeds from issue of shares	3,000	7,000	—	—
Contributions from the then shareholder of a subsidiary	—	3,000	3,000	—
Capital injection from non- controlling shareholders of a subsidiary	—	180	—	—
Net cash flows from/(used in) financing activities	<u>69,686</u>	<u>(119,804)</u>	<u>(71,449)</u>	<u>(1,290)</u>

APPENDIX I

ACCOUNTANTS’ REPORT

		Year ended 31 December		Six months ended 30 June	
	Notes	2024	2025	2025	2026
		RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
NET INCREASE/(DECREASE)					
IN CASH AND CASH EQUIVALENTS					
Cash and cash equivalents at beginning of year/period		5,796	6,280	(1,402)	1,666
		<u>3,135</u>	<u>8,931</u>	<u>8,931</u>	<u>15,211</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD					
	18	<u>8,931</u>	<u>15,211</u>	<u>7,529</u>	<u>16,877</u>
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS					
Cash and cash equivalents as stated in the consolidated statements of financial position		<u>8,931</u>	<u>15,211</u>	<u>7,529</u>	<u>16,877</u>
Cash and cash equivalents as stated in the consolidated statements of cash flows		<u>8,931</u>	<u>15,211</u>	<u>7,529</u>	<u>16,877</u>

APPENDIX I

ACCOUNTANTS’ REPORT

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	<i>Notes</i>	As at 31 December 2024 RMB’000	2025 RMB’000	As at 30 June 2026 RMB’000
NON-CURRENT ASSETS				
Investments in a subsidiary	<i>1</i>	—	8,000	8,000
Total non-current assets		—	8,000	8,000
CURRENT ASSETS				
Prepayments, other receivables and other assets	<i>17</i>	—	29,450	29,452
Cash and cash equivalents	<i>18</i>	3,000	17	11
Total current assets		3,000	29,467	29,463
CURRENT LIABILITIES				
Other payables and accruals		—	3	—
Total current liabilities		—	3	—
NET CURRENT ASSETS		3,000	29,464	29,463
TOTAL ASSETS LESS CURRENT LIABILITIES		3,000	37,464	37,463
Net assets		3,000	37,464	37,463
EQUITY				
Share capital	<i>23</i>	3,000	36,000	36,000
Reserves	<i>24</i>	—	1,000	1,000
Retained profits	<i>24</i>	—	464	463
Total equity		3,000	37,464	37,463

APPENDIX I

ACCOUNTANTS’ REPORT

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company is a limited company established in the People’s Republic of China (“PRC”) on 25 December 2024. The registered office of the Company is located at Phase I of Chengde Jicheng Industrial Park Project, Plot J03-14-01, Shangbancheng, Development Zone, Chengde City, Hebei Province.

In the opinion of the directors, the immediate and ultimate holding company of the Company is Zhejiang Panglong Group Co., Ltd., which is incorporated in the PRC.

The Company is an investment holding company. During the Relevant Periods, the Company’s subsidiaries were principally involved in standard property management services and commercial operation services.

The Company and its subsidiaries now comprising the Group underwent the Reorganisation as set out in the paragraph headed “Reorganisation” in the section headed “History, Development and Reorganisation” in the Document. Apart from the Reorganisation, the Company has not commenced any business or operation since its incorporation.

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

Name	Place and date of registration and place of operations	Registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Zhejiang Lianji Industrial Development Group Co., Ltd.* (“Zhejiang Lianji”) (浙江聯吉產業發展集團有限公司)	PRC/Chinese mainland 7 May 2019	RMB50,000,000	—	100	Property management Services
Jinhua City Lianji Chuangtong Information Technology Co., Ltd.* (“Jinhua Lianji”) (金華市聯吉創通信息科技有限公司)	PRC/Chinese mainland 24 June 2021	RMB1,000,000	—	100	Commercial leasing agency services and property management services
Tongxiang City Lianji Property Service Co., Ltd.* (桐鄉市聯吉物業服務有限公司)	PRC/Chinese mainland 7 June 2021	RMB30,000,000	—	100	Property management services
Dongyang Lianji Property Management Co., Ltd.* (東陽聯吉物業管理有限公司)	PRC/Chinese mainland 19 April 2023	RMB1,000,000	—	51	Property management services
Wuyi Lianji Property Management Co., Ltd.* (武義聯吉物業管理有限公司)	PRC/Chinese mainland 30 March 2023	RMB1,000,000	—	100	Property management services

APPENDIX I

ACCOUNTANTS’ REPORT

Name	Place and date of registration and place of operations	Registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Lanxi Lianji Property Management Co., Ltd.* (蘭溪聯吉物業管理有限公司)	PRC/Chinese mainland 5 July 2023	RMB1,000,000	—	51	Property management services
Zhejiang Zhanxu Firefighting Technology Co., Ltd.* (浙江展旭消防科技有限公司)	PRC/Chinese mainland 13 December 2024	RMB10,000,000	—	51	Property management services
Huzhou Lianji Industrial Operation Service Co., Ltd.* (湖州聯吉產業運營服務有限公司)	PRC/Chinese mainland 10 November 2022	RMB20,000,000	—	70	Dormant
Chengde Lianji Technology Co., Ltd.* (承德聯吉科技有限公司)	PRC/Chinese mainland 18 June 2020	RMB1,000,000	—	70	Dormant
Lishui Lianji Commercial Operation Management Co., Ltd.* (麗水聯吉商業運營管理有限公司)	PRC/Chinese mainland 16 October 2023	RMB5,000,000	—	51	Dormant
Hangzhou Lianji Property Service Co., Ltd.* (杭州聯吉物業服務有限公司)	PRC/Chinese mainland 17 May 2021	RMB1,000,000	—	100	Dormant
Taizhou Lianji CaiGen Industrial Operation Service Co., Ltd.* (台州聯吉菜根產業運營服務有限公司)	PRC/Chinese mainland 11 November 2025	RMB1,090,000	—	70	Dormant
Lanxi Jiuyu Property Management Co., Ltd.* (蘭溪九聿物業管理有限公司)	PRC/Chinese mainland 30 December 2025	RMB500,000	—	55	Property management services
Yiwu Zhongwei New Energy Technology Co., Ltd.* (義烏中維新能源科技有限公司)	PRC/Chinese mainland 9 May 2026	RMB1,000,000	—	100	Dormant

No audited financial statements have been prepared for all these entities during the years ended 31 December 2024 and 2025 as these entities were not subject to any statutory audit requirements under the relevant rules and regulations in their jurisdiction of incorporation.

* The English name of these entities registered in the PRC represents the best efforts made by the management of the Company to directly translate their Chinese name as have not registered with any official English names.

The Company

The carrying amounts of the Company’s investment in a subsidiary is as follows:

	As at 31 December		As at 30 June
	2024	2025	2026
	RMB’000	RMB’000	RMB’000
Investment in a subsidiary	—	8,000	8,000

The Company’s investment in a subsidiary is stated at cost less any impairment losses.

APPENDIX I

ACCOUNTANTS’ REPORT

2. ACCOUNTING POLICIES

2.1 Basis of Presentation

Pursuant to the Reorganisation as more fully explained in the paragraph headed “Reorganisation” in the section headed “History, Development and Reorganisation” in the Document, the Company became the holding company of the companies now comprising the Group on 15 January 2025. As the Reorganisation only involved inserting a new holding company at the top of the existing group and has not resulted in any change of economic substances, the Historical Financial Information has been prepared on a continuation basis of the existing group using the pooling of interests method as if the group structure had been in place at the beginning of the Relevant Periods.

Accordingly, the consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for the Relevant Periods are prepared as if the current group structure had been in existence throughout the Relevant Periods. The consolidated statements of financial position of the Group as at 31 December 2024 and 2025 and 30 June 2026 have been prepared to present the assets and liabilities of the subsidiaries now comprising the Group as if the current group structure had been in existence at those dates. No adjustments are made to reflect fair values or recognise any new assets or liabilities as a result of the Reorganisation.

All intra-group transactions and balances have been eliminated on combination.

2.2 Basis of Preparation

The Historical Financial Information has been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) as issued by the HKICPA. All HKFRS Accounting Standards effective for the accounting period commencing from 1 January 2026, together with the relevant transitional provisions, have been consistently adopted by the Group in the preparation of the Historical Financial Information and the Interim Comparative Financial Information.

The Historical Financial Information has been prepared under the historical cost convention.

Basis of consolidation

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

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

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

APPENDIX I

ACCOUNTANTS’ REPORT

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

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

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

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

2.3 Issued but not yet Effective HKFRS Accounting Standards

The Group has not applied the following new and amended HKFRS Accounting Standards, that have been issued but are not yet effective, in the Historical Financial Information.

HKFRS 18	<i>Presentation and Disclosure in Financial Statements</i> ¹
HKFRS 19 and its amendments	<i>Subsidiaries without Public Accountability: Disclosures</i> ¹
HKFRS 20	<i>Regulatory Assets and Regulatory Liabilities</i> ²
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ³
Amendments to HKAS 21	<i>Translation to a Hyperinflationary Presentation Currency</i> ¹

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

² Effective for annual periods beginning on or after 1 January 2029

³ No mandatory effective date yet determined but available for adoption

The Group is in the process of making a detailed assessment of the impact of these new and amended HKFRS Accounting Standards upon initial application. So far, the Group considers that these new and amended HKFRS Accounting Standards may result in changes in certain accounting policies but are unlikely to have a significant impact on the Group’s results of operations and financial position in the period of initial application.

APPENDIX I

ACCOUNTANTS’ REPORT

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

The adoption of the above standards and amendments is not expected to have a significant impact on the operating results, comprehensive income and financial position of the Group.

2.4 Material Accounting Policies

Fair value measurement

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

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

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

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

- Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

APPENDIX I

ACCOUNTANTS’ REPORT

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

Impairment of non-financial assets

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

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

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

Related parties

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

- (a) the party is a person or a close member of that person’s family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;
- or
- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

APPENDIX I

ACCOUNTANTS’ REPORT

- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

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

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

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

Leasehold improvements	The shorter of the lease term and 5 years
Electronic and office equipment	3 to 5 years
Motor vehicles	3 to 5 years

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

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

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

APPENDIX I

ACCOUNTANTS’ REPORT

Investment properties

Investment properties are leased properties which are being recognised as right-of-use assets and subleased by the Group under operating leases. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any impairment losses.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. A leased property which is recognised as a right-of-use asset is derecognised if the Group as an intermediate lessor classifies the sublease as a finance lease.

Depreciation is calculated on the straight-line basis to write off the cost of an investment property over its estimated useful life. The estimated useful lives of investment properties are as follows:

Commercial properties	5.5 to 10 years
-----------------------	-----------------

Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Leases

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

Group as a lessee

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

(a) Right-of-use assets

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

Employee apartments and office premises	3 to 5 years
---	--------------

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

APPENDIX I

ACCOUNTANTS’ REPORT

When a right-of-use asset meets the definition of investment property, it is included in investment properties. The corresponding investment properties are stated at cost less accumulated depreciation and any impairment losses, in accordance with the Group’s policy for “investment properties”.

(b) Lease liabilities

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

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

(c) Short-term leases

The Group applies the short-term lease recognition exemption to its short-term leases of equipment, apartments and parking lots (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).

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

Group as a lessor

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

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease term and is included in revenue in profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee are accounted for as finance leases. Amounts due from lessees under finance leases are recognised as finance leases at the amount of the Group’s net investment in the leases.

APPENDIX I

ACCOUNTANTS’ REPORT

At the commencement date, the cost of the leased asset is capitalised at the present value of the lease payments and related payments (including the initial direct costs), and presented as a receivable at an amount equal to the net investment in the leases. The finance income on the net investment in the leases is recognised in profit or loss so as to provide a constant periodic rate of return over the lease terms.

When the Group is an intermediate lessor, a sublease is classified as a finance lease or operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the on-balance sheet recognition exemption, the Group classifies the sublease as an operating lease. Otherwise, the sublease shall be classified by reference to the right-of-use asset arising from the head lease, rather than by reference to the underlying asset (for example, the item of property, plant or equipment that is the subject of the lease).

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost.

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

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

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

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

APPENDIX I

ACCOUNTANTS’ REPORT

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

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

Derecognition of financial assets

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

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

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

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

Impairment of financial assets

The Group recognises an allowance for expected credit losses (“ECLs”) for financial assets measured at amortised cost (including cash and cash equivalents, restricted bank deposits, trade and other receivables). ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

APPENDIX I

ACCOUNTANTS’ REPORT

General approach

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

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

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

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

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

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

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

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

Simplified approach

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

APPENDIX I

ACCOUNTANTS’ REPORT

For trade receivables that contain a significant financing component and operating lease receivables included in trade receivables, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

Financial liabilities

Initial recognition and measurement

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

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

The Group’s financial liabilities include trade payables, other payables and accruals, and interest-bearing bank borrowings.

Subsequent measurement

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

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

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contracts at the higher of: (i) the ECL allowance determined in accordance with the policy as set out in “Impairment of financial assets”; and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

Derecognition of financial liabilities

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

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

APPENDIX I

ACCOUNTANTS’ REPORT

Offsetting of financial instruments

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

Cash and cash equivalents

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

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

Income tax

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

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

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

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

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

APPENDIX I

ACCOUNTANTS’ REPORT

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

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

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

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

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

Government grants

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

Where the grant relates to an asset, the fair value is credited to a deferred income account and is deducted from the carrying amount of the asset and released to profit or loss by way of a reduced depreciation charge.

Revenue recognition

Revenue from contracts with customers

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

APPENDIX I

ACCOUNTANTS’ REPORT

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

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

The Group provides property management services, which include basic property management services and value-added services.

Basic property management services include repairs and maintenance, security and safety management, cleaning and gardening, and ancillary services for common areas.

Value-added services mainly consist of energy-related services, park ancillary services and operational support services:

- (a) energy-related services, mainly comprise introduction services to energy technology companies to invest and install relevant facilities such as solar energy stations and energy storage devices in the industrial park managed by the Group and thereafter assist energy technology companies with electricity bill collection;
- (b) park ancillary services which include a wide range of optional services for the occupants in the industrial park, such as in-unit support services, including cleaning and repairs service; and
- (c) operational support services, mainly consist of:
 - (i) property sales support services, by assisting the property developers to sell their properties;
 - (ii) commercial operation services: the property owners entrust the Group with the authority to manage the property owners’ properties;
 - (iii) vendor sourcing services, which assist the occupants by sourcing qualified safety production management consultants to provide safety training and inspection, and referring building decoration companies to manufacturing occupants for furniture and equipment services tailored to their operational requirements; and
 - (iv) management services, which assist the consultant companies in organising training sessions and drills for the enterprise occupants within the industrial park.

APPENDIX I

ACCOUNTANTS’ REPORT

For basic property management services, the Group charges property management fees in respect of basic property management services on a lump sum basis. The Group is entitled to retain the full amount of the property management fees received. The Group shall bear expenses associated with repairs and maintenance, security and safety management, and cleaning and gardening services for common areas. During the terms of the contracts, if the amount of property management fees the Group collected is not sufficient to cover all the expenses incurred, the Group is not entitled to request the property owners or property developers to pay the shortfall. Accordingly, on a lump sum basis, the Group recognises as revenue the full amount of property management fees the Group charged to the property owners and property developers.

Revenue from basic property management services and park ancillary services is recognised over the scheduled period on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by the Group.

Revenue from energy-related services is recognised at the point in time when the services have been provided. The service fee is charged on a profit sharing basis between the energy service providers and the Group for those energy projects located at the properties managed by the Group.

Certain revenue from property sales support services is recognised at the point in time when the property buyer and the property developer have executed the sales and purchase agreement and the required payment was fully settled by the buyer or the buyer’s mortgaged bank. Certain revenue from property sales support services is recognised over the scheduled period on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by the Group.

Revenue from commercial operation services is recognised over the rental period agreed by the tenant and the property developer in the rental agreement on a straight-line basis, because the customer simultaneously receives and consumes the benefits provided by the Group.

Revenue from vendor sourcing services is recognised at the point in time when the vendors introduced by the Group completed their services provided to the customers.

Revenue from management service is recognised over the scheduled period on a straight-line basis because the customer simultaneously receives and consumes the benefits provided by the Group.

Revenue from other sources

Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group’s net investment outstanding in respect of the leases.

Rental income is recognised on a time proportion basis over the lease terms. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are incurred.

Other income

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

APPENDIX I

ACCOUNTANTS’ REPORT

Contract liabilities

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

Employee benefits

Pension schemes

The employees of the Group’s subsidiaries which operate in the Chinese mainland are required to participate in central pension schemes operated by the local municipal governments. The subsidiaries operating in the Chinese mainland are required to contribute a certain percentage of their payroll costs to the central pension schemes. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension schemes.

Borrowing costs

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

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

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

APPENDIX I

ACCOUNTANTS’ REPORT

Property lease classification — Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all the fair value of the commercial property, that it retains substantially all the significant risks and rewards incidental to ownership of these properties which are leased out and accounts for the contracts as operating leases.

Estimation uncertainty

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

Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for customer segments that have similar loss patterns.

The provision matrix is initially based on the Group’s historical expected default rates. The Group calibrated the matrix to adjust the historical credit loss experience with forward-looking information such as the debtors and the economic environment. For instance, if forecast economic conditions are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical credit loss rates are adjusted. At each reporting date, the historical credit loss rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical credit loss rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group’s historical credit loss experience and forecast of economic conditions may also not be representative of a customer’s actual default in the future. Further details are contained in note 16 to the Historical Financial Information.

Leases — Estimating the incremental borrowing rate

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

APPENDIX I

ACCOUNTANTS’ REPORT

4. OPERATING SEGMENT INFORMATION

Management monitors the operating results of the Group’s businesses which include property management services and commercial operation services for the purpose of making decisions about resource allocation and performance assessment. Information reported to the Group’s chief operating decision maker, for the purpose of resource allocation and performance assessment, focuses on the operating results of the Group as a whole as the Group’s resources are integrated and no discrete operating segment information is available. Accordingly, no operating segment information is presented.

Geographical information

During the Relevant Periods, the Group operated within one geographical location because all of its revenue was generated in the Chinese mainland and all of its non-current assets/capital expenditure were located/incurred in the Chinese mainland. Accordingly, no geographical information is presented.

Information about major customers

Revenue from the major customer (aggregated if under common control) which amounted to 10% or more of the Group’s revenue is set out below:

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000
			(Unaudited)	
Customer 1	N/A*	19,825	9,232	10,727
Customer 2	N/A*	10,050	N/A*	4,796

* The corresponding revenue from the customer is not disclosed as the revenue individually did not account for 10% or more of the Group’s revenue during the Relevant Periods and the six months ended 30 June 2025.

APPENDIX I

ACCOUNTANTS’ REPORT

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
			(Unaudited)	
<i>Revenue from contracts with customers</i>				
Property management services:				
Basic property management services	42,521	53,402	25,725	27,451
Value-added services:				
Energy-related services	2,254	3,155	1,342	1,405
Park ancillary services	3,377	4,981	2,426	2,772
Operational support services	2,056	15,372	5,678	7,503
	<u>50,208</u>	<u>76,910</u>	<u>35,171</u>	<u>39,131</u>
<i>Revenue from other sources</i>				
Finance income on the net investment in the lease	1,251	1,858	696	729
Gross rental income from investment property operating leases:				
Fixed lease payments	<u>20,224</u>	<u>904</u>	<u>428</u>	<u>364</u>
Revenue from contracts with customers	<u>21,475</u>	<u>2,762</u>	<u>1,124</u>	<u>1,093</u>
Total	<u><u>71,683</u></u>	<u><u>79,672</u></u>	<u><u>36,295</u></u>	<u><u>40,224</u></u>

(a) Disaggregated revenue information

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
			(Unaudited)	
Type of services				
Basic property management services	42,521	53,402	25,725	27,451
Value-added services:				
Energy-related services	2,254	3,155	1,342	1,405
Park ancillary services	3,377	4,981	2,426	2,772
Operational support services	<u>2,056</u>	<u>15,372</u>	<u>5,678</u>	<u>7,503</u>
Total revenue from contracts with customers	<u><u>50,208</u></u>	<u><u>76,910</u></u>	<u><u>35,171</u></u>	<u><u>39,131</u></u>
Geographical markets				
Chinese mainland	<u><u>50,208</u></u>	<u><u>76,910</u></u>	<u><u>35,171</u></u>	<u><u>39,131</u></u>
Timing of revenue recognition				
Transferred over time	46,261	66,823	29,814	31,821
Transferred at a point in time	<u>3,947</u>	<u>10,087</u>	<u>5,357</u>	<u>7,310</u>
Total	<u><u>50,208</u></u>	<u><u>76,910</u></u>	<u><u>35,171</u></u>	<u><u>39,131</u></u>

APPENDIX I

ACCOUNTANTS’ REPORT

The following table shows the amounts of revenue recognised during the Relevant Periods and the six months ended 30 June 2025, that were included in the contract liabilities at the beginning of the respective periods:

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000
			(Unaudited)	
Revenue recognised that was included in contract liabilities at beginning of year/period:				
Property management services	<u>5,138</u>	<u>5,191</u>	<u>3,881</u>	<u>6,146</u>

(b) *Performance obligations*

Information about the Group’s performance obligations of property management services are summarised below:

Basic property management services

The performance obligation is satisfied over time as services are rendered and payment is generally paid on a monthly, quarterly or annual basis, where payment in advance is normally required.

Value-added services

Energy-related services

The performance obligation is satisfied when the service is rendered and payment is generally paid on a monthly basis.

Park ancillary services

The performance obligation is satisfied over time as services are rendered and payment is generally paid on a monthly or annual basis.

Operational support services

(i) *Property sales support services*

The performance obligation related to certain property sales support services is satisfied when the services are rendered and accepted by the customers and payment is generally due within 30 days. The performance obligation related to certain property sales support services is satisfied over time as services are rendered and payment is generally due within 30 days.

APPENDIX I

ACCOUNTANTS’ REPORT

(ii) Vendor sourcing services

The performance obligation of vendor sourcing services is satisfied when the services are rendered and accepted by the customers. Payment is generally due within 30 days.

(iii) Commercial operation services

The performance obligation of commercial operation services is satisfied over the rental period agreed by the tenant and the property developer in the rental agreement on a straight-line basis. Payment is generally due within 30 days.

(iv) Management services

The performance obligation is satisfied over time as services are rendered and payment is generally due within 30 days.

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

An analysis of other income and gains is as follows:

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
			(Unaudited)	
Other income				
Bank interest income	12	6	4	28
Government grants*	216	—	—	—
Others	<u>20</u>	<u>163</u>	<u>32</u>	<u>187</u>
Total other income	<u>248</u>	<u>169</u>	<u>36</u>	<u>215</u>
Gains				
Gain on disposal of investment properties	1,795	1,825	979	—
Gain on early termination of lease arrangements	<u>2,368</u>	<u>4,293</u>	<u>—</u>	<u>—</u>
Total gains	<u>4,163</u>	<u>6,118</u>	<u>979</u>	<u>—</u>
Total other income and gains	<u><u>4,411</u></u>	<u><u>6,287</u></u>	<u><u>1,015</u></u>	<u><u>215</u></u>

* The government grants mainly represent incentives received from the local government in connection with certain financial support to local business enterprises. There are no unfulfilled conditions or contingencies relating to these grants.

APPENDIX I

ACCOUNTANTS’ REPORT

6. PROFIT BEFORE TAX

The Group’s profit before tax is arrived at after charging/(crediting):

		Year ended 31 December		Six months ended 30 June	
	Notes	2024	2025	2025	2026
		RMB’000	RMB’000	RMB’000	RMB’000
				(Unaudited)	
Cost of services provided*		45,659	41,122	21,711	19,078
Depreciation of investment properties	14	13,376	1,591	1,109	118
Depreciation of property, plant and equipment**	13	2,100	2,374	988	1,180
Depreciation of right-of-use assets	15(a)	60	135	67	68
Amortisation of intangible assets**		82	84	40	93
(Gain)/loss on disposal of investment properties		(1,795)	(1,825)	(979)	19
Gain on early termination of lease arrangements		(2,368)	(4,293)	—	—
Impairment losses on financial assets, net	16	290	3,553	5,399	2,156
Remeasurement of financial guarantee contracts		(700)	(2,280)	(1,111)	—
Lease payments not included in the measurement of lease liabilities	15(c)	141	209	74	49
[REDACTED]	25(b)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Bank interest income	5	(12)	(6)	(4)	(28)
Employee benefit expense (excluding directors’, chief executive’s and supervisor’s remuneration (note 8)):					
Wages, salaries and bonuses		24,772	22,319	10,278	11,460
Pension scheme contributions***		3,126	2,890	1,496	1,409
Total		27,898	25,209	11,774	12,869
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties		11,751	1,884	1,683	170
Direct operating expenses (including repairs and maintenance) arising from an investment property that did not generate rental income during the year/period		2,963	651	531	—

* The cost of services provided for the Relevant Periods included staff costs, depreciation of property, plant and equipment and depreciation of investment properties, which were also included in the respective total amounts disclosed above for each of these types of expenses.

APPENDIX I

ACCOUNTANTS’ REPORT

** The depreciation of property, plant and equipment is included in “Cost of sales” and “Administrative expenses” in the consolidated statements of profit or loss and other comprehensive income, and the amortisation of intangible assets is included in “Administrative expenses” in the consolidated statements of profit or loss and other comprehensive income.

*** There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
			(Unaudited)	
Interest on bank borrowings	4,232	1,825	1,785	—
Interest on lease liabilities (note 15(c))	<u>2,743</u>	<u>1,909</u>	<u>1,143</u>	<u>365</u>
Total	<u><u>6,975</u></u>	<u><u>3,734</u></u>	<u><u>2,928</u></u>	<u><u>365</u></u>

8. DIRECTORS’, CHIEF EXECUTIVE’S AND SUPERVISOR’S REMUNERATION

The remuneration of the directors, chief executive and supervisor as recorded is set out below:

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
			(unaudited)	
Fees	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Other emoluments:				
Salaries, bonuses, allowances and benefits in kind	<u>—</u>	<u>50</u>	<u>—</u>	<u>202</u>
Pension scheme contributions	<u>—</u>	<u>6</u>	<u>—</u>	<u>21</u>
Subtotal	<u>—</u>	<u>56</u>	<u>—</u>	<u>223</u>
Total fees and other emoluments	<u><u>—</u></u>	<u><u>56</u></u>	<u><u>—</u></u>	<u><u>223</u></u>

(a) Independent non-executive directors

On 4 November 2025, Mr. Bian Yang and Mr. Liu Liwei were appointed as independent non-executive directors of the Company. On 17 November 2025, Mr. Chan Yin Tsung was appointed as an independent non-executive director of the Company.

There were no fees and other emoluments payable to the independent non-executive directors during the Relevant Periods and the six months ended 30 June 2025.

APPENDIX I

ACCOUNTANTS’ REPORT

(b) Executive directors and the chief executive

	Salaries, bonuses, allowances and benefits in kind <i>RMB’000</i>	Pension scheme contributions <i>RMB’000</i>	Total remuneration <i>RMB’000</i>
Year ended 31 December 2024			
Executive directors:			
Ms. Liu Qiaoling*	—	—	—
Mr. Zhou Chengyang**	—	—	—
Mr. Chen Qixing**	—	—	—
	<u>—</u>	<u>—</u>	<u>—</u>
Total	<u>—</u>	<u>—</u>	<u>—</u>
Year ended 31 December 2025			
Executive directors:			
Ms. Liu Qiaoling*	—	—	—
Mr. Zhou Chengyang**	—	—	—
Mr. Chen Qixing**	50	6	56
	<u>50</u>	<u>6</u>	<u>56</u>
Total	<u>50</u>	<u>6</u>	<u>56</u>
Six months ended 30 June 2025 (unaudited)			
Executive directors:			
Ms. Liu Qiaoling*	—	—	—
Mr. Zhou Chengyang**	—	—	—
Mr. Chen Qixing**	—	—	—
	<u>—</u>	<u>—</u>	<u>—</u>
Total	<u>—</u>	<u>—</u>	<u>—</u>
Six months ended 30 June 2026			
Executive directors:			
Ms. Liu Qiaoling*	—	—	—
Mr. Zhou Chengyang**	—	—	—
Mr. Chen Qixing**	202	21	223
	<u>202</u>	<u>21</u>	<u>223</u>
Total	<u>202</u>	<u>21</u>	<u>223</u>

* Ms. Liu Qiaoling was appointed as an executive director, the chief executive and general manager of the Company on 25 December 2024.

** Mr. Zhou Chengyang and Mr. Chen Qixing were appointed as executive directors of the Company on 10 November 2025.

APPENDIX I

ACCOUNTANTS’ REPORT

There was no arrangement under which a director waived or agreed to waive any remuneration during the Relevant Periods and the six months ended 30 June 2025.

(c) Supervisor

Mr. Zhou Chengyang was appointed as supervisor of the Company on 25 December 2024 and resigned as a supervisor on 10 November 2025.

There were no fees and other emoluments payable to the supervisor during the Relevant Periods and the six months ended 30 June 2025.

9. FIVE HIGHEST PAID EMPLOYEES

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

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
			(Unaudited)	
Salaries, bonuses, allowances and benefits in kind	1,555	1,405	688	797
Pension scheme contributions	220	176	96	86
Total	1,775	1,581	784	883

The numbers of non-director, non-chief executive and non-supervisor highest paid employees whose remuneration fell within the following bands are as follows:

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	Number of employees	Number of employees	Number of employees	Number of employees
			(Unaudited)	
Nil to HK\$1,000,000	5	5	5	4

10. INCOME TAX

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

Pursuant to the Corporate Income Tax Law of the PRC and the respective regulations, a company which operates in the Chinese mainland is subject to corporate income tax at a rate of 25% on the taxable income for the year.

APPENDIX I

ACCOUNTANTS’ REPORT

Pursuant to the Corporate Income Tax of the PRC and the respective regulations, the Company’s subsidiaries, except for Zhejiang Lianji and Jinhua Lianji, were qualified as small and micro enterprises during the Relevant Periods and the six months ended 30 June 2025 and were entitled to a preferential income tax rate of 5% for the first RMB3,000,000 of assessable profits. Zhejiang Lianji is subject to tax at the statutory rate of 25% on the taxable profits during the Relevant Periods and the six months ended 30 June 2025. Jinhua Lianji was qualified as small and micro enterprises and entitled to a preferential income tax rate of 5% for the first RMB3,000,000 of assessable profits during the year ended 31 December 2024. Jinhua Lianji was no longer qualified as small and micro enterprises since 2025 and is subject to tax at the statutory rate of 25% on the taxable profits during the year ended 31 December 2025 and the six months ended 30 June 2025 and 2026.

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

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000
			(Unaudited)	
Current tax — Chinese mainland				
Charge for the year/period	4,484	5,751	2,875	2,260
Deferred tax (<i>note 22</i>)	220	(66)	(1,637)	(432)
Total tax charge for the year/period	<u>4,704</u>	<u>5,685</u>	<u>1,238</u>	<u>1,828</u>

A reconciliation of the tax expense applicable to profit before tax at the statutory tax rate to the tax expense at the effective tax rate is as follows:

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000
			(Unaudited)	
Profit before tax	<u>12,600</u>	<u>21,622</u>	<u>1,828</u>	<u>9,420</u>
Tax at the statutory tax rate of (25%)	3,150	5,406	457	2,355
Effect of different tax rates	(215)	(236)	109	(439)
Tax losses not recognised	63	29	36	—
Tax losses utilised from previous periods	—	(49)	(9)	(6)
Expenses not deductible for tax	<u>1,706</u>	<u>535</u>	<u>645</u>	<u>(82)</u>
Tax charge at the Group’s effective tax rate	<u>4,704</u>	<u>5,685</u>	<u>1,238</u>	<u>1,828</u>

11. DIVIDENDS

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

APPENDIX I

ACCOUNTANTS’ REPORT

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

Earnings per share information is not presented as its inclusion, for the purpose of the Historical Financial Information, is not considered meaningful due to the Reorganisation and the basis of presentation of the Group for the Relevant Periods and the six months ended 30 June 2025 as disclosed in note 2.1 to the Historical Financial Information.

13. PROPERTY, PLANT AND EQUIPMENT

31 December 2024	Leasehold improvements <i>RMB'000</i>	Electronic and office equipment <i>RMB'000</i>	Motor vehicles <i>RMB'000</i>	Construction in progress <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2024:					
Cost	1,070	5,248	1,172	911	8,401
Accumulated depreciation	(76)	(1,070)	(322)	—	(1,468)
Net carrying amount	994	4,178	850	911	6,933
At 1 January 2024, net of accumulated depreciation	994	4,178	850	911	6,933
Additions	33	799	993	—	1,825
Depreciation provided during the year (<i>note 6</i>)	(356)	(1,385)	(359)	—	(2,100)
Transfer within property, plant and equipment	—	911	—	(911)	—
At 31 December 2024, net of accumulated depreciation	671	4,503	1,484	—	6,658
At 31 December 2024:					
Cost	1,103	6,958	2,165	—	10,226
Accumulated depreciation	(432)	(2,455)	(681)	—	(3,568)
Net carrying amount	671	4,503	1,484	—	6,658

APPENDIX I

ACCOUNTANTS’ REPORT

31 December 2025	Leasehold improvements RMB'000	Electronic and office equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
At 1 January 2025:				
Cost	1,103	6,958	2,165	10,226
Accumulated depreciation	<u>(432)</u>	<u>(2,455)</u>	<u>(681)</u>	<u>(3,568)</u>
Net carrying amount	<u>671</u>	<u>4,503</u>	<u>1,484</u>	<u>6,658</u>
At 1 January 2025, net of accumulated depreciation	671	4,503	1,484	6,658
Additions	117	257	64	438
Depreciation provided during the year (note 6)	<u>(392)</u>	<u>(1,465)</u>	<u>(517)</u>	<u>(2,374)</u>
At 31 December 2025, net of accumulated depreciation	<u>396</u>	<u>3,295</u>	<u>1,031</u>	<u>4,722</u>
At 31 December 2025:				
Cost	1,220	7,215	2,229	10,664
Accumulated depreciation	<u>(824)</u>	<u>(3,920)</u>	<u>(1,198)</u>	<u>(5,942)</u>
Net carrying amount	<u>396</u>	<u>3,295</u>	<u>1,031</u>	<u>4,722</u>
30 June 2026	Leasehold improvements RMB'000	Electronic and office equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
At 1 January 2026:				
Cost	1,220	7,215	2,229	10,664
Accumulated depreciation	<u>(824)</u>	<u>(3,920)</u>	<u>(1,198)</u>	<u>(5,942)</u>
Net carrying amount	<u>396</u>	<u>3,295</u>	<u>1,031</u>	<u>4,722</u>
At 1 January 2026, net of accumulated depreciation	396	3,295	1,031	4,722
Additions	—	444	147	591
Depreciation provided during the period (note 6)	<u>(178)</u>	<u>(774)</u>	<u>(228)</u>	<u>(1,180)</u>
At 30 June 2026, net of accumulated depreciation	<u>218</u>	<u>2,965</u>	<u>950</u>	<u>4,133</u>
At 30 June 2026:				
Cost	1,220	7,659	2,376	11,255
Accumulated depreciation	<u>(1,002)</u>	<u>(4,694)</u>	<u>(1,426)</u>	<u>(7,122)</u>
Net carrying amount	<u>218</u>	<u>2,965</u>	<u>950</u>	<u>4,133</u>

APPENDIX I

ACCOUNTANTS’ REPORT

14. INVESTMENT PROPERTIES

	As at 31 December		As at
	2024	2025	30 June
	RMB'000	RMB'000	RMB'000
At the beginning of year/period			
Cost	11,515	23,107	747
Accumulated depreciation	(587)	(1,459)	(236)
Net carrying amount at the beginning of year/period	<u>10,928</u>	<u>21,648</u>	<u>511</u>
At the beginning of year, net of accumulated depreciation	10,928	21,648	511
Additions	66,533	1,330	259
Depreciation charge (note 6)	(13,376)	(1,591)	(118)
Disposal	(42,437)	(20,876)	(259)
At the end of year/period, net of accumulated depreciation	<u>21,648</u>	<u>511</u>	<u>393</u>
At the end of year/period			
Cost	23,107	747	747
Accumulated depreciation	(1,459)	(236)	(354)
Net carrying amount at the end of year/period	<u>21,648</u>	<u>511</u>	<u>393</u>

The Group’s investment properties consist of factory/office buildings and apartments in the industrial parks managed by the Group and certain retail stores and office premises in commercial properties located in the Chinese mainland held to earn rental income, which are recognised as right-of-use assets and subleased by the Group to third parties under operating leases, further details of which are included in note 15 to the Historical Financial Information. At the end of 2024, the Group terminated the lease contracts for factory/office buildings and apartments with the property owners who are related parties. In August 2025, the Group terminated the lease contract for office premises with the third-party property owner.

The investment properties are measured at cost. The fair values of the investment properties were RMB22,073,000, RMB640,000 and RMB430,000 as at 31 December 2024 and 2025 and 30 June 2026, respectively based on valuation performed by the Company, respectively.

APPENDIX I

ACCOUNTANTS’ REPORT

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group’s investment properties:

	Fair value measurement as at 31 December 2024 using			Total RMB’000
	Quoted prices in active markets (Level 1) RMB’000	Significant observable inputs (Level 2) RMB’000	Significant unobservable inputs (Level 3) RMB’000	
Recurring fair value measurement for: Commercial properties — retail stores and office premises	—	—	22,073	22,073

	Fair value measurement as at 31 December 2025 using			Total RMB’000
	Quoted prices in active markets (Level 1) RMB’000	Significant observable inputs (Level 2) RMB’000	Significant unobservable inputs (Level 3) RMB’000	
Recurring fair value measurement for: Commercial properties — retail stores and office premises	—	—	640	640

	Fair value measurement as at 30 June 2026 using			Total RMB’000
	Quoted prices in active markets (Level 1) RMB’000	Significant observable inputs (Level 2) RMB’000	Significant unobservable inputs (Level 3) RMB’000	
Recurring fair value measurement for: Commercial properties — retail stores	—	—	430	430

Under the discounted cash flow method, the fair value is estimated by discounting the expected annual net rental income of the property to the present value as at the valuation date using an applicable discount rate. Rental income shall be determined based on the contractual rent agreed by both parties during the lease term, and at the prevailing market rent upon expiry of the lease term. The sum of such present values for all projected years represents the fair value of the properties. The discount rate is determined as the sum of the risk-free rate of return and the comprehensive risk premium (risk adjustment factor).

APPENDIX I

ACCOUNTANTS’ REPORT

15. LEASES

The Group as a lessee

The Group has lease contracts for employee apartments and office premises used in its operations. Leases of employee apartments generally have lease terms of five years, while office premises generally have lease terms of three years with fixed lease payments.

As disclosed in note 14 to the Historical Financial Information, the Group leased eight commercial properties located in the Chinese mainland from a property owner, which is a related party of the Group, in January 2024 for fixed terms of 2 to 3 years with fixed lease payments. Such operating lease arrangements are amended and terminated at the end of 2024.

The Group also leased rooftops in certain industrial parks managed by the Group from the property owners and certain retail stores and office premises in commercial properties located in the Chinese mainland from the third-party property owners in 2022, 2025 and 2026 for fixed terms of 5.5 years to 25 years. Leases of rooftops, retail stores and office premises are either based solely on fixed lease payments or contain variable lease payments that are based on a pre-agreed percentage of sublease income recognised by the Group and the minimum annual lease payment that is fixed over the lease term. The Group recognised right-of-use assets that meet the definition of investment properties and lease liabilities at the lease commencement date.

(a) *Right-of-use assets*

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

	Employee apartments and office premises RMB’000
As at 1 January 2024	135
Depreciation charge (<i>note 6</i>)	(60)
As at 31 December 2024	75
Additions	375
Depreciation charge (<i>note 6</i>)	(135)
As at 31 December 2025	315
Additions	180
Depreciation charge (<i>note 6</i>)	(68)
As at 30 June 2026	427

APPENDIX I

ACCOUNTANTS’ REPORT

(b) *Lease liabilities*

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

	Year ended 31 December		Six months ended
	2024	2025	30 June
	RMB'000	RMB'000	2026
			RMB'000
Carrying amount at beginning of year/period	21,243	49,858	15,897
New leases	66,533	1,705	439
Accretion of interest recognised during the year/ period	2,743	1,909	365
Payments	(12,095)	(968)	(471)
Termination of leases	(28,566)	(36,607)	—
Carrying amount at end of the year/period	<u>49,858</u>	<u>15,897</u>	<u>16,230</u>
Analysed into:			
Current portion	10,357	3,830	3,179
Non-current portion	39,501	12,067	13,051

The maturity analysis of lease liabilities is disclosed in note 30 to the Historical Financial Information.

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

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
			(Unaudited)	
Interest on lease liabilities (<i>note 7</i>)	2,743	1,909	1,143	365
Depreciation charge of right-of-use assets	60	135	67	68
Expense relating to short-term leases (<i>note 6</i>)	<u>141</u>	<u>209</u>	<u>74</u>	<u>49</u>
Total amount recognised in profit or loss	<u>2,944</u>	<u>2,253</u>	<u>1,284</u>	<u>482</u>

(d) The total cash outflow for leases is disclosed in note 25(c) to the Historical Financial Information.

APPENDIX I

ACCOUNTANTS’ REPORT

The Group as a lessor

(a) Operating lease

The Group leases out factory/office buildings and apartments in the industrial parks managed by the Group and certain retail stores and office premises in commercial properties located in the Chinese mainland (note 14 to the Historical Financial Information) under operating subleasing arrangements, with lease terms of 3 to 62 months. Leases of factory/office buildings, apartments, retail stores and office premises are based solely on fixed lease payments. Rental income recognised by the Group during the Relevant Periods and the six months ended 30 June 2025 was RMB20,224,000, RMB904,000, RMB364,000 and RMB428,000 (unaudited), respectively, details of which are included in note 5 to the Historical Financial Information.

At the end of each of the Relevant Periods, the undiscounted lease payments receivable by the Group in future periods under non-cancellable operating leases with its tenants are as follows:

	As at 31 December		As at
	2024	2025	30 June
	RMB’000	RMB’000	2026
			RMB’000
Within one year	655	400	130
Over one year but within two years	676	239	109
Over two years but within three years	341	—	—
Over three years but within four years	86	—	—
Over four years but within five years	59	—	—
Over five years	34	—	—
	<u>1,851</u>	<u>639</u>	<u>239</u>
Total	<u>1,851</u>	<u>639</u>	<u>239</u>

(b) Net investment in leases

The Group leased rooftops in certain industrial parks managed by the Group from the property owners and certain retail stores and office premises in commercial properties in the Chinese mainland under finance subleasing arrangements to earn rental income. Leases of rooftops, retail stores and office premises are based solely on fixed lease payments. Finance income on the net investment in the lease arising from subleasing arrangements recognised by the Group was recorded in revenue, with total amounts of RMB1,251,000, RMB1,858,000, RMB729,000 and RMB696,000 (unaudited) during the year ended 31 December 2024, the year ended 31 December 2025, the six months ended 30 June 2026 and the six months ended 30 June 2025, respectively. All interest rates inherent in the leases are determined at the commencement date of the leases over the lease terms. The terms of the finance leases entered into range from 2.5 to 25 years. The Group’s finance lease arrangements do not include variable payments.

APPENDIX I

ACCOUNTANTS’ REPORT

The minimum lease receivables are set out below:

	Undiscounted lease payments in finance leases			Net investment in leases		
	31 December 2024	31 December 2025	30 June 2026	31 December 2024	31 December 2025	30 June 2026
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Amounts receivable under finance leases:						
Within one year	6,910	7,575	5,842	6,432	7,150	5,641
Over one year but within two years	3,518	2,677	2,078	3,195	2,320	1,906
Over two years but within three years	3,302	1,959	1,978	2,946	1,664	1,725
Over three years but within four years	3,237	1,959	1,978	2,677	1,590	1,648
Over four years but within five years	3,504	1,959	1,978	2,766	1,519	1,575
Over five years	40,766	34,120	34,306	23,098	17,074	19,168
	61,237	50,249	48,160	41,114	31,317	31,663
Less: Unearned finance income	(20,123)	(18,932)	(16,497)			
Net investment in leases	41,114	31,317	31,663			
Analysed into:						
Current portion	6,432	7,150	5,641			
Non-current portion	34,682	24,167	26,022			

APPENDIX I

ACCOUNTANTS’ REPORT

16. TRADE RECEIVABLES

	As at 31 December		As at 30 June
	2024	2025	2026
	RMB’000	RMB’000	RMB’000
Trade receivables	19,967	27,014	32,573
Impairment	(1,093)	(4,646)	(6,802)
Net carrying amount	<u>18,874</u>	<u>22,368</u>	<u>25,771</u>

Trade receivables mainly arise from the provision of property management services including basic property management and value-added services, and are due for payment upon the issuance of the demand notes in accordance with the terms of the relevant agreements. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables of the Group as at the end of each of the Relevant Periods (based on the invoice date and net of provisions) is as follows:

	As at 31 December		As at 30 June
	2024	2025	2026
	RMB’000	RMB’000	RMB’000
Within 1 year	18,779	21,907	24,733
1 to 2 years	<u>95</u>	<u>461</u>	<u>1,038</u>
Total	<u>18,874</u>	<u>22,368</u>	<u>25,771</u>

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

	As at 31 December		As at 30 June
	2024	2025	2026
	RMB’000	RMB’000	RMB’000
At beginning of year/period	803	1,093	4,646
Impairment losses, net	<u>290</u>	<u>3,553</u>	<u>2,156</u>
At end of year/period	<u>1,093</u>	<u>4,646</u>	<u>6,802</u>

An impairment analysis is performed at each reporting date using a provision matrix based on credit risk, and the Group’s historical credit loss experience, to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

APPENDIX I

ACCOUNTANTS’ REPORT

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

As at 31 December 2024	Gross carrying amount <i>RMB’000</i>	Expected credit loss rate %	Expected credit losses <i>RMB’000</i>
Within 1 year	19,643	4.40	864
1 to 2 years	302	68.54	207
Over 2 years	<u>22</u>	<u>100.00</u>	<u>22</u>
Total	<u>19,967</u>	<u>5.47</u>	<u>1,093</u>
As at 31 December 2025	Gross carrying amount <i>RMB’000</i>	Expected credit loss rate %	Expected credit losses <i>RMB’000</i>
Defaulted receivables	2,687	100.00	2,687
Other trade receivables aged:			
Within 1 year	22,964	4.60	1,057
1 to 2 years	1,280	63.99	819
Over 2 years	<u>83</u>	<u>100.00</u>	<u>83</u>
Total	<u>27,014</u>	<u>17.20</u>	<u>4,646</u>
As at 30 June 2026	Gross carrying amount <i>RMB’000</i>	Expected credit loss rate %	Expected credit losses <i>RMB’000</i>
Defaulted receivables	3,321	100.00	3,321
Other trade receivables aged:			
Within 1 year	25,959	4.72	1,226
1 to 2 years	3,014	65.56	1,976
Over 2 years	<u>279</u>	<u>100.00</u>	<u>279</u>
Total	<u>32,573</u>	<u>20.88</u>	<u>6,802</u>

Included in the Group’s trade receivables were amounts due from the Group’s related parties of RMB5,084,000, RMB5,827,000 and RMB6,265,000 (note 26(c)) as at 31 December 2024 and 2025 and 30 June 2026, respectively, which were unsecured, interest-free and repayable on demand.

APPENDIX I

ACCOUNTANTS’ REPORT

17. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

Group

	As at 31 December		As at
	2024	2025	30 June
	RMB'000	RMB'000	RMB'000
Current:			
Prepayments	208	380	193
Other current assets	236	—	2
Other receivables	173,463	41,510	41,550
Deferred [REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Total	<u>174,350</u>	<u>44,320</u>	<u>44,779</u>
Non-current:			
Other receivables	635	635	335
Advance payments for property, plant and equipment and intangible assets	<u>125</u>	<u>54</u>	<u>660</u>
Total	<u>760</u>	<u>689</u>	<u>995</u>

Other receivables primarily comprise the loan advances to related parties, which are unsecured, interest-free and repayable on demand. Other receivables had no historical default. The financial assets included in the above balances relate to receivables were categorised in stage 1 at the end of each of the Relevant Periods. In calculating the expected credit loss rate, the Group considers the historical loss rate and adjusts for forward-looking macroeconomic data. During the Relevant Periods, the Group estimated that the expected credit loss rate for other receivables was minimal.

Included in other receivables were amounts due from the Group’s related parties of RMB166,133,000, RMB39,953,000 and RMB39,888,000 (note 26(c)) as at 31 December 2024 and 2025 and 30 June 2026, respectively. These balances will be settled prior to the [REDACTED].

APPENDIX I

ACCOUNTANTS’ REPORT

Company

	As at 31 December		As at
	2024	2025	30 June
	RMB’000	RMB’000	2026
			RMB’000
Current:			
Amounts due from subsidiaries	—	29,450	29,452
Total	—	29,450	29,452

The balances with subsidiaries are unsecured, interest-free and repayable on demand.

18. CASH AND CASH EQUIVALENTS

Group

	As at 31 December		As at
	2024	2025	30 June
	RMB’000	RMB’000	2026
			RMB’000
Cash and bank balances	14,455	15,868	17,629
Less: Restricted bank deposits	(5,524)	(657)	(752)
Cash and cash equivalents	8,931	15,211	16,877
Denominated in:			
RMB	14,454	15,867	17,625
Hong Kong dollar (“HKD”)	1	1	4
Total	14,455	15,868	17,629

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

Restricted bank deposits mainly represents government grants received with usage restricted to specified purposes.

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

APPENDIX I

ACCOUNTANTS’ REPORT

Company

	As at 31 December		As at
	2024	2025	30 June
	RMB’000	RMB’000	2026
			RMB’000
Cash and bank balances and cash and cash equivalents	<u>3,000</u>	<u>17</u>	<u>11</u>
Denominated in: RMB	<u>3,000</u>	<u>17</u>	<u>11</u>

19. TRADE PAYABLES

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

	As at 31 December		As at
	2024	2025	30 June
	RMB’000	RMB’000	2026
			RMB’000
Within 1 year	1,743	5,071	3,788
Over 1 year	<u>2,670</u>	<u>2,795</u>	<u>7</u>
Total	<u>4,413</u>	<u>7,866</u>	<u>3,795</u>

The trade payables are non-interest-bearing and are normally settled on terms of six to twelve months.

20. OTHER PAYABLES AND ACCRUALS

	As at 31 December		As at
	2024	2025	30 June
	RMB’000	RMB’000	2026
			RMB’000
Other payables (a)	70,347	9,919	16,955
Financial guarantee contract (b)	10,300	—	—
Contract liabilities (c)	5,191	8,166	6,342
Receipt in advance	5,767	463	291
Payroll payable	9,479	7,927	6,317
Other tax payables	3,445	2,489	2,225
Accrued [REDACTED]	<u>[REDACTED]</u>	<u>[REDACTED]</u>	<u>[REDACTED]</u>
Total	<u>105,270</u>	<u>35,257</u>	<u>37,617</u>

(a) Other payables are non-interest-bearing and repayable on demand.

Included in other payables are amounts due to the Group’s related parties of RMB48,114,000, RMB13,000 and RMB2,445,000 (note 26(c)) as at 31 December 2024 and 2025 and 30 June 2026, respectively.

APPENDIX I

ACCOUNTANTS’ REPORT

- (b) The financial guarantee contract represents a guarantee given to a bank in connection with facilities granted to a related party on 12 August 2024. The related party’s banking facilities granted by the bank were RMB87,200,000, of which RMB58,000,000 was utilised by the related party. As at 31 December 2024, the bank loan exposure is lowered slightly to RMB57,000,000. The Group does not hold any collateral or other credit enhancements over the guarantees. In December 2025, the financial guarantee contract was terminated.

As at 31 December 2024, the credit exposure of the financial guarantee contract was classified as stage 1. During the Relevant Periods, there were no transfers between stages.

- (c) Details of contract liabilities are as follows:

	As at 1 January 2024 RMB'000	As at 31 December 2024 RMB'000	As at 31 December 2025 RMB'000	As at 30 June 2026 RMB'000
Advances received from customers for property management services	<u>5,138</u>	<u>5,191</u>	<u>8,166</u>	<u>6,342</u>

Contract liabilities include short-term advances received to deliver property management services. The increase in contract liabilities was due to the increase in short-term advances received from customers in relation to the provision of property management services as at 31 December 2024 and 2025. The decrease in contract liabilities was due to the decrease in short-term advances received from customers in relation to the provision of property management services as at 30 June 2026.

21. INTEREST-BEARING BANK BORROWINGS

	As at 31 December 2024		
	Effective interest rate %	Maturity	RMB'000
Current			
Bank loans — secured	4.8	2025	<u>5,119</u>
Total			<u>5,119</u>
Non-current			
Bank loans — secured	4.8	2026–2032	<u>80,000</u>
Total			<u>80,000</u>
Analysed into:			
Within one year			5,119
In the second to fifth years, inclusive			36,000
Beyond five years			<u>44,000</u>
Total			<u>85,119</u>

APPENDIX I

ACCOUNTANTS’ REPORT

There are two related parties, which are controlled by the Company’s controlling shareholder, entered into the maximum mortgage guarantee contracts to guarantee bank facilities made to the Group up to RMB122,320,000 and RMB150,640,000, respectively. As of 25 June 2025, the outstanding loan balance was fully repaid, and both the loan agreements and the corresponding mortgage guarantee contracts were terminated.

22. DEFERRED TAX

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

Deferred tax assets

	Impairment losses on financial assets RMB’000	Lease liabilities RMB’000	Total RMB’000
As at 1 January 2024	192	3,314	3,506
Deferred tax credited to profit or loss during the year (<i>note 10</i>)	<u>36</u>	<u>9,151</u>	<u>9,187</u>
Gross deferred tax assets at 31 December 2024 and 1 January 2025	228	12,465	12,693
Deferred tax credited/(charged) to profit or loss during the year (<i>note 10</i>)	<u>882</u>	<u>(8,490)</u>	<u>(7,608)</u>
Gross deferred tax assets at 31 December 2025 and 1 January 2026	1,110	3,975	5,085
Deferred tax credited to profit or loss during the period (<i>note 10</i>)	<u>434</u>	<u>83</u>	<u>517</u>
Gross deferred tax assets at 30 June 2026	<u><u>1,544</u></u>	<u><u>4,058</u></u>	<u><u>5,602</u></u>

APPENDIX I

ACCOUNTANTS’ REPORT

Deferred tax liabilities

	Right-of-use assets RMB’000	Investment properties RMB’000	Net investment in leases RMB’000	Total RMB’000
At 1 January 2024	34	784	5,485	6,303
Deferred tax (credited)/charged to profit or loss during the year (note 10)	<u>(15)</u>	<u>4,628</u>	<u>4,794</u>	<u>9,407</u>
Gross deferred tax liabilities at 31 December 2024 and 1 January 2025	19	5,412	10,279	15,710
Deferred tax charged/(credited) to profit or loss during the year (note 10)	<u>60</u>	<u>(5,284)</u>	<u>(2,450)</u>	<u>(7,674)</u>
Gross deferred tax liabilities at 31 December 2025 and 1 January 2026	79	128	7,829	8,036
Deferred tax charged/(credited) to profit or loss during the period (note 10)	<u>28</u>	<u>(30)</u>	<u>87</u>	<u>85</u>
Gross deferred tax liabilities at 30 June 2026	<u>107</u>	<u>98</u>	<u>7,916</u>	<u>8,121</u>

APPENDIX I

ACCOUNTANTS’ REPORT

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

	As at 31 December		As at
	2024	2025	30 June
	RMB'000	RMB'000	2026
			RMB'000
Net deferred tax assets recognised in the consolidated statements of financial position	5	58	43
Net deferred tax liabilities recognised in the consolidated statements of financial position	<u>3,022</u>	<u>3,009</u>	<u>2,562</u>

The Group also had tax losses of arising in Chinese mainland of RMB1,260,000, RMB847,000 and RMB750,000 as at 31 December 2024 and 2025 and 30 June 2026, respectively, which would expire in one to five years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

23. SHARE CAPITAL

Group and Company

	As at 31 December		As at
	2024	2025	30 June
	RMB'000	RMB'000	2026
			RMB'000
Issued and fully paid:			
Ordinary shares with a nominal value of RMB1.00 each	<u>3,000</u>	<u>36,000</u>	<u>36,000</u>

A summary of movements in the Company’s share capital is as follows:

	Number of shares in issue '000	Share capital RMB'000
At 25 December 2024 (date of incorporation)	—	—
Issue of ordinary shares on 25 December 2024	<u>3,000</u>	<u>3,000</u>
At 31 December 2024	<u>3,000</u>	<u>3,000</u>
Contributions from the ultimate holding company	7,000	7,000
Transfer from capital reserve and retained profits	<u>26,000</u>	<u>26,000</u>
At 31 December 2025 and 30 June 2026	<u>36,000</u>	<u>36,000</u>

APPENDIX I

ACCOUNTANTS’ REPORT

On 25 December 2024, the Company was incorporated in the PRC. The initial share capital of the Company was RMB3,000,000 divided into a total of 3,000,000 ordinary shares with a nominal value of RMB1.00 each.

On 15 December 2025, the Company’s registered capital was increased by RMB33,000,000 (33,000,000 ordinary shares of RMB1 each), with RMB19,000,000 from the capitalisation of retained profits, RMB7,000,000 from the capitalisation of capital reserve, and RMB7,000,000 from the ultimate holding company as a cash contribution. As a result, the registered capital of the Company increased from RMB3,000,000 to RMB36,000,000.

24. RESERVES

Group

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

Capital reserve

The capital reserve of the Group represents the paid-up capital of the subsidiaries comprising the Group prior to the incorporation of the Company and capital contributions from shareholders.

On 12 August 2024, Jinhua Lianji Chuangtong Information Technology Co., Ltd., a subsidiary of the Company, provided a guarantee to a bank in connection with facilities granted to a related party, an entity under common control by the controlling shareholder. The fair value of the financial guarantee was recorded as the deemed distribution reserve on initial recognition, as further detailed in note 20(b) to the Historical Financial Information. In December 2025, the financial guarantee contract was terminated.

In 2025, Yiwu Lianji Enterprise Management Consulting Co., Ltd., the then shareholder of Zhejiang Lianji prior to the Reorganisation, made a cash capital injection of RMB3,000,000 to Zhejiang Lianji.

Statutory surplus reserve

In accordance with the Company Law of the PRC, certain subsidiaries of the Group which are domestic enterprises are required to allocate 10% of their profit after tax, as determined in accordance with the relevant PRC accounting standards, to their respective statutory surplus reserves until the reserves reach 50% of their respective registered capital. Subject to certain restrictions set out in the Company Law of the PRC, part of the statutory surplus reserves may be converted to increase share capital, provided that the remaining balance after the capitalisation is not less than 25% of the registered capital.

APPENDIX I

ACCOUNTANTS’ REPORT

Company

	Capital reserve <i>RMB’000</i>	Retained profits <i>RMB’000</i>	Total <i>RMB’000</i>
As at 25 December 2024 (date of incorporation), 31 December 2024 and 1 January 2025	—	—	—
Contributions from a shareholder	8,000	—	8,000
Transferred to share capital	(7,000)	—	(7,000)
Issuance of shares	—	(19,000)	(19,000)
Profit for the year and total comprehensive income for the year	<u>—</u>	<u>19,464</u>	<u>19,464</u>
At 31 December 2025 and 1 January 2026	<u><u>1,000</u></u>	<u><u>464</u></u>	<u><u>1,464</u></u>
Loss for the period and total comprehensive loss for the period	<u>—</u>	<u>(1)</u>	<u>(1)</u>
At 30 June 2026	<u><u>1,000</u></u>	<u><u>463</u></u>	<u><u>1,463</u></u>

25. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the Relevant Periods and the six months ended 30 June 2025, the Group had non-cash additions to (i) right-of-use assets and lease liabilities of nil, RMB375,000, RMB180,000 and RMB375,000, respectively, in respect of lease arrangements for employee apartments and office premises; and (ii) investment properties and lease liabilities of RMB66,533,000, RMB1,330,000, RMB259,000 and nil, respectively, in respect of subleasing under operating lease arrangements.

APPENDIX I

ACCOUNTANTS’ REPORT

(b) Changes in liabilities arising from financing activities

	Interest-bearing bank borrowings <i>RMB'000</i>	Lease liabilities <i>RMB'000</i>	Due to related parties non-trade <i>RMB'000</i>	Accrued [REDACTED] included in other payables and accruals <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2024	—	21,243	43,459	—	64,702
Changes from financing cash flows	80,887	(12,095)	(1,848)	(258)	66,686
Changes from operating cash flows	—	—	—	(772)	(772)
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Deferred [REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Non-cash settlement of termination of lease contracts	—	(28,566)	—	—	(28,566)
Interest expense	4,232	2,743	—	—	6,975
New leases	—	66,533	—	—	66,533
At 31 December 2024 and 1 January 2025	85,119	49,858	41,611	741	177,329
Changes from financing cash flows	(86,944)	(968)	(41,598)	(474)	(129,984)
Changes from operating cash flows	—	—	—	(2,254)	(2,254)
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Deferred [REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Non-cash settlement of termination of lease contracts	—	(36,607)	—	—	(36,607)
Interest expense	1,825	1,909	—	—	3,734
New leases	—	1,705	—	—	1,705
At 31 December 2025	—	15,897	13	6,293	22,203

APPENDIX I

ACCOUNTANTS’ REPORT

	Interest-bearing bank borrowings <i>RMB’000</i>	Lease liabilities <i>RMB’000</i>	Due to related parties non-trade <i>RMB’000</i>	Accrued [REDACTED] included in other payables and accruals <i>RMB’000</i>	Total <i>RMB’000</i>
As at 1 January 2025	85,119	49,858	41,611	741	177,329
Changes from financing cash flows (unaudited)	(66,904)	(696)	(6,761)	(88)	(74,449)
Changes from operating cash flows (unaudited)	—	—	—	(293)	(293)
[REDACTED] (unaudited)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Deferred [REDACTED] (unaudited)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Non-cash settlement of termination of lease contracts (unaudited)	—	—	—	—	—
Interest expense (unaudited)	1,785	1,143	—	—	2,928
New leases (unaudited)	—	375	—	—	375
At 30 June 2025 (unaudited)	<u>20,000</u>	<u>50,680</u>	<u>34,850</u>	<u>2,325</u>	<u>107,855</u>
At 31 December 2025 and 1 January 2026	—	15,897	13	6,293	22,203
Changes from financing cash flows	—	(471)	(13)	(806)	(1,290)
Changes from operating cash flows	—	—	—	(2,417)	(2,417)
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Deferred [REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Interest expense	—	365	—	—	365
New leases	—	439	—	—	439
At 30 June 2026	<u>—</u>	<u>16,230</u>	<u>—</u>	<u>5,487</u>	<u>21,717</u>

APPENDIX I

ACCOUNTANTS’ REPORT

(c) Total cash outflow for leases

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

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
			(Unaudited)	
Within operating activities	141	209	74	49
Within financing activities	12,095	968	696	471
Total	12,236	1,177	770	520

26. RELATED PARTY TRANSACTIONS

Details of the Group’s principal related parties are as follows:

Name of related party	Relationship with the Group
Mr. Chen Qixing	Director of the Company
Zhejiang Guanji Industrial Co., Ltd.	An entity controlled by the controlling shareholder
Chengde Baida Real Estate Co., Ltd.	An entity controlled by the controlling shareholder
Huzhou Panglong Jicheng Industrial Co., Ltd.	An entity controlled by the controlling shareholder
Jiangshan Jicheng Real Estate Co., Ltd.	An entity controlled by the controlling shareholder
Miaoyun Restaurant (Jindong, Jinhua)	An entity controlled by a close relative of the controlling shareholder
Jinhua Zhiyu E-commerce Co., Ltd.	An entity controlled by the controlling shareholder
Lanxi Jicheng Enterprise Management Co., Ltd.	An entity controlled by the controlling shareholder
Lanxi Lanchuang Jicheng Industrial Park Development Co., Ltd.	An associate of the ultimate holding company
Yiwu Lianji Enterprise Management Consulting Co., Ltd.	An entity controlled by the controlling shareholder
Zhejiang Jichuang Supply Chain Management Co., Ltd.	An entity controlled by the controlling shareholder
Zhejiang Jicheng Industrial Co., Ltd.	An entity controlled by the controlling shareholder
Huzhou Jicheng Industrial Co., Ltd.	An entity controlled by the controlling shareholder
Lanxi Shengrun Industrial Co., Ltd.	An entity controlled by the controlling shareholder
Huzhou Xingchi New Energy Technology Co., Ltd.	An entity controlled by the controlling shareholder
Lanxi Shengchi New Energy Technology Co., Ltd.	An entity controlled by the controlling shareholder
Pujiang Chengde Industrial Co., Ltd.	An entity controlled by the controlling shareholder
Zhejiang Zhuhong Industrial Co., Ltd.	An entity controlled by the controlling shareholder
Zhejiang Chuanzhuo Construction Engineering Co., Ltd.	An entity controlled by a close relative of the controlling shareholder

APPENDIX I

ACCOUNTANTS’ REPORT

Name of related party	Relationship with the Group
Pujiang Lianji New Materials Technology Co., Ltd.	An entity controlled by the controlling shareholder
Zhejiang Xingchi New Energy Technology Co., Ltd.	An entity controlled by the controlling shareholder
Yangjiang Jicheng Real Estate Co., Ltd.	An entity controlled by the controlling shareholder
Linxiang Jicheng Industrial Co., Ltd.	An entity controlled by the controlling shareholder
Yiwu Litao Electronic Technology Co., Ltd.	An entity controlled by the controlling shareholder
Zhejiang Panglong Group Co., Ltd.	Ultimate shareholder
Zhu Huijuan	A close relative of the controlling shareholder
Jinhua Bianji Hotel Management Co., Ltd.	An entity controlled by the controlling shareholder
Xinchang Jicheng Real Estate Co., Ltd.	An entity controlled by the controlling shareholder

- (a) In addition to the transactions detailed in notes 14, 15, 20, 21 and 24 to the Historical Financial Information, the Group had the following transactions with related parties during the Relevant Periods and the six months ended 30 June 2025:

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
			(Unaudited)	
Basic property management services*:				
Huzhou Panglong Jicheng Industrial Co., Ltd.	1,745	1,201	653	518
Jinhua Zhiyu E-commerce Co., Ltd.	1,573	1573	786	786
Jiangshan Jicheng Real Estate Co., Ltd.	1,557	2,411	1,279	1,008
Yiwu Lianji Enterprise Management Consulting Co., Ltd.	1,163	1,163	582	582
Chengde Baida Real Estate Co., Ltd.	789	1,126	464	567
Lanxi Jicheng Enterprise Management Co., Ltd.	181	569	312	240
Zhejiang Guanji Industrial Co., Ltd.	25	747	373	373
Miaoyun Restaurant (Jindong, Jinhua)	21	—	—	—
Zhejiang Jichuang Supply Chain Management Co., Ltd.	5	—	—	—
Zhejiang Jicheng Industrial Co., Ltd.	—	1,256	628	628
Lanxi Lanchuang Jicheng Industrial Park Development Co., Ltd.	—	472	156	156
Huzhou Jicheng Industrial Co., Ltd.	—	232	116	116
Lanxi Shengrun Industrial Co., Ltd.	—	220	110	110
Pujiang Chengde Industrial Co., Ltd.	—	447	224	224

APPENDIX I

ACCOUNTANTS’ REPORT

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
			(Unaudited)	
Energy-related services*:				
Lanxi Shengchi New Energy Technology Co., Ltd.	9	—	—	64
Huzhou Xingchi New Energy Technology Co., Ltd.	68	786	270	483
Park ancillary services*:				
Jinhua Zhiyu E-commerce Co., Ltd	—	186	—	10
Yiwu Lianji Enterprise Management Consulting Co., Ltd	—	92	—	47
Jiangshan Jicheng Real Estate Co., Ltd.	—	126	—	—
Jinhua Bianji Hotel Management Co., Ltd.	—	—	—	7
Operational support services*:				
Miaoyun Restaurant (Jindong, Jinhua)	276	—	—	—
Zhejiang Jichuang Supply Chain Management Co., Ltd.	36	—	—	—
Zhejiang Jicheng Industrial Co., Ltd.	—	3,065	1,462	1,316
Zhejiang Guanji Industrial Co., Ltd.	—	1,547	810	782
Pujiang Chengde Industrial Co., Ltd.	—	916	435	416
Huzhou Panglong Jicheng Industrial Co., Ltd.	—	635	307	358
Lanxi Jicheng Enterprise Management Co., Ltd.	—	580	206	229
Lanxi Shengrun Industrial Co., Ltd.	—	575	287	287
Huzhou Jicheng Industrial Co., Ltd.	—	385	198	222
Lanxi Lanchuang Jicheng Industrial Park Development Co., Ltd.	—	286	114	174
Yangjiang Jicheng Real Estate Co., Ltd.	—	773	—	1,481
Jiangshan Jicheng Real Estate Co., Ltd.	—	—	—	92
Xinchang Jicheng Real Estate Co., Ltd.	—	—	—	243
Linxiang Jicheng Industrial Co., Ltd.	—	—	—	92
Loans from:				
Zhu Huijuan	23,374	—	—	—
Zhejiang Jicheng Industrial Co., Ltd.	10,000	23,580	—	—
Jinhua Zhiyu E-commerce Co., Ltd.	1,800	—	—	—

APPENDIX I

ACCOUNTANTS’ REPORT

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
			(Unaudited)	
Repayment of loans from:				
Zhu Huijuan	31,833	—	—	—
Zhejiang Jicheng Industrial Co., Ltd.	5,189	63,391	4,961	—
Jinhua Zhiyu E-commerce Co., Ltd.	—	1,800	1,800	—
Loans to:				
Huzhou Xingchi New Energy Technology Co., Ltd.	1,255	—	—	—
Jinhua Zhiyu E-commerce Co., Ltd.	18,035	3,670	3,670	—
Yiwu Litao Electronic Technology Co., Ltd.	1,000	—	—	—
Yiwu Lianji Enterprise Management Consulting Co., Ltd.	23,382	28,820	14,141	—
Zhejiang Chuanzhuo Construction Engineering Co., Ltd.	90,000	—	—	—
Zhejiang Xingchi New Energy Technology Co., Ltd.	4,538	—	—	—
Pujiang Lianji New Material Technology Co., Ltd.	1,700	—	—	—
Zhejiang Panglong Group Co., Ltd.	—	4,500	4,500	—
Zhejiang Jicheng Industrial Co., Ltd.	—	4,173	3,101	—
Repayment of loans to:				
Huzhou Xingchi New Energy Technology Co., Ltd.	255	1,071	1,071	—
Jinhua Zhiyu E-commerce Co., Ltd.	18,035	3,670	3,670	—
Yiwu Litao Electronic Technology Co., Ltd.	1,000	—	—	—
Yiwu Lianji Enterprise Management Consulting Co., Ltd.	21,193	61,228	9,649	—
Zhejiang Chuanzhuo Construction Engineering Co., Ltd.	—	90,000	70,150	—
Zhejiang Xingchi New Energy Technology Co., Ltd.	4,638	—	—	—
Pujiang Lianji New Materials Technology Co., Ltd.	1,789	350	—	—
Zhejiang Panglong Group Co., Ltd.	—	4,500	4,500	—
Zhejiang Jicheng Industrial Co., Ltd.	—	4,962	—	—
Zhejiang Zhuhong Industrial Co., Ltd.	—	15	15	—
Mr. Chen Qixing	—	36	—	—

APPENDIX I

ACCOUNTANTS’ REPORT

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB'000	RMB'000	RMB'000	RMB'000
			(Unaudited)	
Purchase of services:				
Zhejiang Guanji Industrial Co., Ltd.*	2,454	—	—	—
Lanxi Jicheng Enterprise Management Co., Ltd.*	1,204	—	—	—
Zhejiang Jicheng Industrial Co., Ltd.*	4,617	—	—	—
Pujiang Chengde Industrial Co., Ltd.*	620	—	—	—
Huzhou Jicheng Industrial Co., Ltd.*	824	—	—	—
Lanxi Lanchuang Jicheng Industrial Park Development Co., Ltd.*	1,168	—	—	—
Lanxi Shengrun Industrial Co., Ltd.*	593	—	—	—
Huzhou Panglong Jicheng Industrial Co., Ltd.*	681	—	—	—
Zhejiang Xingchi New Energy Technology Co., Ltd.	92	24	16	—
Rental charges**:				
Zhejiang Jicheng Industrial Co., Ltd.	60	135	67	68

* The above services purchased were leasing services received from related parties, which were determined in accordance with the terms and conditions mutually agreed by the contracting parties. The Group then subleases related properties to tenants.

** The rental fee was determined in accordance with the terms and conditions mutually agreed by the contracting parties.

(b) Other transactions with related parties:

- (i) On 26 May 2025, the Group acquired a 51% interest in Zhejiang Zhanxu Firefighting Technology Co., Ltd. from Zhejiang Xingchi New Energy Technology Co., Ltd., a related party controlled by the controlling shareholder, with nil consideration. The differences between the consideration and net assets of Zhejiang Zhanxu Firefighting Technology Co., Ltd. of RMB381,000 has been debited to the capital reserve.
- (ii) In 2024, Jiangsu Panglong Enterprise Management Co., Ltd. and Zhejiang Jicheng Industrial Co., Ltd., entities under common control of the controlling shareholder, have entered into the maximum mortgage guarantee contracts to guarantee bank facilities made to the Group up to RMB122,320,000 and RMB150,640,000, respectively. As at 31 December 2024, the not yet past due facilities drawn by the Group amounted to RMB85,119,000, respectively, as further disclosed in note 21 to the Historical Financial Information. The guarantee contracts from the related parties were terminated in June 2025.

APPENDIX I

ACCOUNTANTS’ REPORT

- (iii) On 12 August 2024, the Group guaranteed a bank facility granted to Pujiang Chengde Industrial Co., Ltd., an entity under common control of the controlling shareholder, amounting to RMB87,200,000, which was terminated in December 2025. At 31 December 2024, the not yet past due facility drawn by the related party amounted to RMB57,000,000. For further details, please refer to note 20(b) to the Historical Financial Information.
- (iv) On 9 July 2025, the Group disposed of 70% equity interests in Chengde Lianji Technology Co., Ltd., to Zhengjiang Jicheng Industrial Co., Ltd., an entity under common control of the controlling shareholder, at nil consideration. The difference between the consideration and net assets of Chengde Lianji Technology Co., Ltd. of RMB97,000 has been debited to the capital reserve.
- (v) On 19 December 2023, Zhejiang Chuanzhuo Construction Engineering Co., Ltd. (“Zhejiang Chuanzhuo”), an entity controlled by a close relative of the controlling shareholder, Zhejiang Guanji Industrial Co., Ltd. (“Zhejiang Guanji”), an entity controlled by the controlling shareholder and the Group entered into a joint guarantee contract to guarantee the quality of factory premises constructed by Zhejiang Chuanzhuo and sold by Zhejiang Guanji to a third-party property owner, covering a potential compensation of RMB1,000,000 to the property owner if quality defects arise. Based on legal advice obtained and management’s assessment of the project’s quality status, claim history and contractual arrangements, the Directors consider the likelihood of any outflow of economic benefits arising from the guarantee to be remote. Accordingly, no provision has been recognised as at the end of the Relevant Periods.
- (c) Outstanding balance with related parties:

	As at 31 December		As at
	2024	2025	30 June
	RMB’000	RMB’000	RMB’000
Due from related companies:			
Trading:			
Huzhou Xingchi New Energy Technology Co., Ltd.	77	—	295
Lanxi Shengchi New Energy Technology Co., Ltd.	10	—	173
Yiwu Lianji Enterprise Management Consulting Co., Ltd.	1,233	—	631
Jiangshan Jicheng Real Estate Co., Ltd.	194	734	—
Jinhua Zhiyu E-commerce Co., Ltd.	1,667	110	834
Chengde Baida Real Estate Co., Ltd.	499	1,440	939
Zhejiang Guanji Industrial Co., Ltd.	26	750	411
Huzhou Panglong Jicheng Industrial Co., Ltd.	1,188	318	651
Miaoyun Restaurant (Jindong, Jinhua)	146	—	—
Zhejiang Jichuang Supply Chain Management Co., Ltd.	44	—	—
Zhejiang Zhuhong Industrial Co., Ltd.	—	22	—
Huzhou Jicheng Industrial Co., Ltd.	—	109	152

APPENDIX I

ACCOUNTANTS’ REPORT

	As at 31 December		As at
	2024	2025	30 June
	RMB'000	RMB'000	RMB'000
Lanxi Jicheng Enterprise Management Co., Ltd.	—	215	309
Lanxi Lanchuang Jicheng Industrial Park Development Co., Ltd.	—	68	252
Lanxi Shengrun Industrial Co., Ltd.	—	213	—
Pujiang Chengde Industrial Co., Ltd.	—	215	258
Zhejiang Jicheng Industrial Co., Ltd.	—	852	1,010
Yangjiang Jicheng Real Estate Co., Ltd.	—	781	—
Linxiang Jicheng Industrial Co., Ltd.	—	—	93
Xinchang Jicheng Real Estate Co., Ltd.	—	—	257
Subtotal	<u>5,084</u>	<u>5,827</u>	<u>6,265</u>
Non-trading:			
Zhejiang Chuanzhuo Construction Engineering Co., Ltd.	90,000	—	—
Yiwu Lianji Enterprise Management Consulting Co., Ltd.	73,792	39,873	39,873
Huzhou Xingchi New Energy Technology Co., Ltd.	1,071	—	—
Zhejiang Jicheng Industrial Co., Ltd.	789	—	—
Pujiang Lianji New Materials Technology Co., Ltd.	350	—	—
Zhejiang Zhuhong Industrial Co., Ltd.	80	65	—
Mr. Chen Qixing	36	—	—
Pujiang Chengde Industrial Co., Ltd.	<u>15</u>	<u>15</u>	<u>15</u>
Subtotal	<u>166,133</u>	<u>39,953</u>	<u>39,888</u>
Total	<u><u>171,217</u></u>	<u><u>45,780</u></u>	<u><u>46,153</u></u>

APPENDIX I

ACCOUNTANTS’ REPORT

	As at 31 December		As at
	2024	2025	30 June
	RMB'000	RMB'000	2026
			RMB'000
Due to related companies:			
Trading:			
Huzhou Jicheng Industrial Co., Ltd.	3,024	—	81
Yiwu Lianji Enterprise Management Consulting Co., Ltd.	843	—	19
Lanxi Jicheng Enterprise Management Co., Ltd.	9	—	26
Huzhou Xingchi New Energy Technology Co., Ltd.	899	—	—
Lanxi Lanchuang Jicheng Industrial Park Development Co., Ltd.	6	—	419
Zhejiang Jicheng Industrial Co., Ltd.	1	—	599
Huzhou Panglong Jicheng Industrial Co., Ltd.	434	—	417
Jiangshan Jicheng Real Estate Co., Ltd.	77	—	—
Pujiang Lianji New Materials Technology Co., Ltd.	90	—	—
Jinhua Zhiyu E-commerce Co., Ltd.	2	—	602
Yiwu Litao Electronic Technology Co., Ltd.	852	—	—
Zhejiang Xingchi New Energy Technology Co., Ltd.	146	—	—
Lanxi Shengchi New Energy Technology Co., Ltd.	120	—	—
Yangjiang Jicheng Real Estate Co., Ltd.	—	—	10
Xinchang Jicheng Real Estate Co., Ltd.	—	—	2
Zhejiang Guanji Industrial Co., Ltd.	—	—	40
Pujiang Chengde Industrial Co., Ltd.	—	—	58
Lanxi Shengrun Industrial Co., Ltd.	—	—	168
Linxiang Jicheng Industrial Co., Ltd.	—	—	4
Subtotal	6,503	—	2,445
Non-trading:			
Zhejiang Jicheng Industrial Co., Ltd.	39,811	—	—
Jinhua Zhiyu E-commerce Co., Ltd.	1,800	—	—
Yangjiang Jicheng Real Estate Co., Ltd.	—	7	—
Lanxi Lanchuang Jicheng Industrial Park Development Co., Ltd.	—	6	—
Subtotal	41,611	13	—
Total	48,114	13	2,445

The balances with related parties are unsecured, interest-free and repayable on demand.

APPENDIX I

ACCOUNTANTS’ REPORT

Non-trading balances due from the Group’s related companies will be settled prior to the [REDACTED].

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

	Year ended 31 December		Six months ended 30 June	
	2024	2025	2025	2026
	RMB’000	RMB’000	RMB’000	RMB’000
			(Unaudited)	
Salaries, bonuses, allowances and benefits in kind	516	647	365	504
Pension scheme contributions	<u>76</u>	<u>79</u>	<u>51</u>	<u>59</u>
Total	<u><u>592</u></u>	<u><u>726</u></u>	<u><u>416</u></u>	<u><u>563</u></u>

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

27. COMMITMENTS

At the end of each of the Relevant Periods, the Group did not have any material capital commitments and the Group, as a lessee, had no lease contracts that have not yet commenced as at the end of the Relevant Periods.

28. FINANCIAL INSTRUMENTS BY CATEGORY

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

Financial assets

As at 31 December 2024	Financial assets at amortised cost RMB’000
Trade receivables	18,874
Financial assets included in prepayments, other receivables and other assets	174,098
Net investment in leases	41,114
Cash and cash equivalents	8,931
Restricted bank deposits	<u>5,524</u>
Total	<u><u>248,541</u></u>

APPENDIX I

ACCOUNTANTS’ REPORT

		Financial assets at amortised cost RMB’000
As at 31 December 2025		
Trade receivables		22,368
Financial assets included in prepayments, other receivables and other assets		42,145
Net investment in leases		31,317
Cash and cash equivalents		15,211
Restricted bank deposits		<u>657</u>
Total		<u><u>111,698</u></u>
		Financial assets at amortised cost RMB’000
As at 30 June 2026		
Trade receivables		25,771
Financial assets included in prepayments, other receivables and other assets		41,885
Net investment in leases		31,663
Cash and cash equivalents		16,877
Restricted bank deposits		<u>752</u>
Total		<u><u>116,948</u></u>
Financial liabilities		
		Financial liabilities at amortised cost RMB’000
As at 31 December 2024		
Trade payables		4,413
Financial liabilities included in other payables and accruals		81,388
Interest-bearing bank borrowings		<u>85,119</u>
Total		<u><u>170,920</u></u>
		Financial liabilities at amortised cost RMB’000
As at 31 December 2025		
Trade payables		7,866
Financial liabilities included in other payables and accruals		<u>16,212</u>
Total		<u><u>24,078</u></u>

APPENDIX I

ACCOUNTANTS’ REPORT

As at 30 June 2026	Financial liabilities at amortised cost RMB’000
Trade payables	3,795
Financial liabilities included in other payables and accruals	<u>22,442</u>
Total	<u><u>26,237</u></u>

29. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

All the carrying amounts of the Group’s financial instruments approximate to their fair values.

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

The Group’s finance department headed by the chief financial officer is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance department reports directly to the financial controller. At the end of each reporting period, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the financial controller. The valuation process and results are discussed with the directors periodically for financial reporting.

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

The fair values of the non-current portion of net investment in the lease and interest-bearing bank borrowing have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group’s own non-performance risk for interest-bearing bank borrowings as at 31 December 2024 were assessed to be insignificant.

The Group did not have any financial assets and financial liabilities measured at fair value as at 31 December 2024 and 2025 and 30 June 2026.

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

APPENDIX I

ACCOUNTANTS’ REPORT

	Carrying amounts			Fair values		
	As at 31 December 2024 RMB’000	As at 31 December 2025 RMB’000	As at 30 June 2026 RMB’000	As at 31 December 2024 RMB’000	As at 31 December 2025 RMB’000	As at 30 June 2026 RMB’000
Financial liabilities						
Interest-bearing bank borrowings	85,119	—	—	89,315	—	—

30. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group’s principal financial instruments include cash and cash equivalents and interest-bearing bank borrowings. The main purpose of these financial instruments is to raise finance for the Group’s operations. The Group has various other financial assets and liabilities such as trade and other receivables, other payables and accruals and trade payables, which arise directly from its operations.

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

Credit risk

The Group trades mainly with recognised and creditworthy third parties. It is the Group’s policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis.

Maximum exposure and year/period-end staging

The table below shows the credit quality and the maximum exposure to credit risk based on the Group’s credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at the end of each of the Relevant Periods. The amounts presented are gross carrying amounts for financial assets and the exposure to credit risk for the financial guarantee contracts.

APPENDIX I

ACCOUNTANTS’ REPORT

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			Simplified approach	Total
	Stage 1 RMB’000	Stage 2 RMB’000	Stage 3 RMB’000		RMB’000	RMB’000
Trade receivables*	—	—	—	19,967		19,967
Net investment in leases — Normal**	41,114	—	—	—		41,114
Financial assets included in prepayments, other receivables and other assets — Normal**	174,098	—	—	—		174,098
Cash and cash equivalents	8,931	—	—	—		8,931
Restricted bank deposits	5,524	—	—	—		5,524
Guarantees given to banks in connection with facilities granted to and drawn by a related party — Facilities not yet drawn by a related party	30,200	—	—	—		30,200
— Facilities drawn by a related party — Not yet past due	57,000	—	—	—		57,000
Total	<u>316,867</u>	<u>—</u>	<u>—</u>	<u>19,967</u>		<u>336,834</u>

APPENDIX I

ACCOUNTANTS’ REPORT

As at 31 December 2025

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Trade receivables*	—	—	—	27,014	27,014
Net investment in leases — Normal**	31,317	—	—	—	31,317
Financial assets included in prepayments, other receivables and other assets — Normal**	42,145	—	—	—	42,145
Cash and cash equivalents	15,211	—	—	—	15,211
Restricted bank deposits	657	—	—	—	657
Total	89,330	—	—	27,014	116,344

As at 30 June 2026

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Trade receivables*	—	—	—	32,573	32,573
Net investment in lease — Normal**	31,663	—	—	—	31,663
Financial assets included in prepayments, other receivables and other assets — Normal**	41,885	—	—	—	41,885
Cash and cash equivalents	16,877	—	—	—	16,877
Restricted bank deposits	752	—	—	—	752
Total	91,177	—	—	32,573	123,750

* For trade receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 16 to the Historical Financial Information.

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

APPENDIX I

ACCOUNTANTS’ REPORT

Concentrations of credit risk are managed by customer. The Group had certain concentrations of credit risk. As at the end of each of the Relevant Periods, 24%, 32% and 23% of the Group’s trade receivables were due from the Group’s largest debtor, respectively, and 49%, 61% and 46% of the Group’s trade receivables were due from the Group’s five largest debtors, respectively.

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations.

The Group maintains a balance between continuity of funding and flexibility through the use of lease liabilities and interest-bearing bank loans.

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

	As at 31 December 2024				
	On demand RMB’000	Within 1 year RMB’000	1 to 5 years RMB’000	Over 5 years RMB’000	Total RMB’000
Trade payables	—	4,413	—	—	4,413
Financial liabilities included in other payables and accruals	71,088	—	—	—	71,088
Guarantees given to banks in connection with facilities granted to a related party	57,000	—	—	—	57,000
Lease liabilities	5,440	7,373	23,426	30,149	66,388
Interest-bearing bank borrowings	—	9,080	48,960	47,741	105,781
Total	<u>133,528</u>	<u>20,866</u>	<u>72,386</u>	<u>77,890</u>	<u>304,670</u>
	As at 31 December 2025				
	On demand RMB’000	Within 1 year RMB’000	1 to 5 years RMB’000	Over 5 years RMB’000	Total RMB’000
Trade payables	—	7,866	—	—	7,866
Financial liabilities included in other payables and accruals	16,212	—	—	—	16,212
Lease liabilities	<u>1,771</u>	<u>3,094</u>	<u>5,796</u>	<u>13,210</u>	<u>23,871</u>
Total	<u>17,983</u>	<u>10,960</u>	<u>5,796</u>	<u>13,210</u>	<u>47,949</u>

APPENDIX I

ACCOUNTANTS’ REPORT

	As at 30 June 2026				
	On demand	Within 1 year	1 to 5 years	Over 5 years	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Trade payables	—	3,795	—	—	3,795
Financial liabilities included in other payables and accruals	22,442	—	—	—	22,442
Lease liabilities	<u>2,064</u>	<u>1,753</u>	<u>4,162</u>	<u>11,706</u>	<u>19,685</u>
Total	<u>24,506</u>	<u>5,548</u>	<u>4,162</u>	<u>11,706</u>	<u>45,922</u>

Capital management

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

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

The Group monitors capital using a liability-to-asset ratio, which is total liabilities divided by total assets and multiplying by 100%. The liability-to-asset ratios as at the end of each of the Relevant Periods were as follows:

	As at 31 December		As at
	2024	2025	30 June
	RMB’000	RMB’000	RMB’000
Total assets	<u>278,256</u>	<u>120,795</u>	<u>126,607</u>
Total liabilities	<u>256,871</u>	<u>65,751</u>	<u>63,971</u>
Liability-to-asset ratio	<u>92%</u>	<u>54%</u>	<u>51%</u>

31. EVENTS AFTER THE REPORTING PERIOD

There were no other significant events that required additional disclosure or adjustments after the end of the Relevant Periods.

32. SUBSEQUENT FINANCIAL STATEMENTS

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