

APPENDIX I

ACCOUNTANT’S REPORT

The following is the text of a report received from our Company’s reporting accountants, 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 HUAMING POWER EQUIPMENT CO., LTD., J.P. MORGAN SECURITIES (FAR EAST) LIMITED AND HAITONG INTERNATIONAL CAPITAL LIMITED

Introduction

We report on the historical financial information of Huaming Power Equipment Co., Ltd. (the “Company”) and its subsidiaries (together, the “Group”) set out on pages I-[●] to I-[●], which comprises the consolidated statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2023, 2024 and 2025 (the “Relevant Periods”), and the consolidated statements of financial position of the Group and the statements of financial position of the Company as at 31 December 2023, 2024 and 2025 and material accounting policy information and other explanatory information (together, the “Historical Financial Information”). The Historical Financial Information set out on pages I-[●] to I-[●] forms an integral part of this report, which has been prepared for inclusion in the [REDACTED] of the Company dated [●] (the [REDACTED]) in connection with the initial [REDACTED] of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

Directors’ responsibility for the Historical Financial Information

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

Reporting accountants’ responsibility

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

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

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

Opinion

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

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

Adjustments

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

Dividends

We refer to note 11 to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Relevant Periods.

Certified Public Accountants

Hong Kong

[date]

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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 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.

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CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	<i>Notes</i>	Year ended 31 December		
		2023	2024	2025
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
REVENUE	5	1,945,637	2,308,875	2,411,780
Cost of sales		(944,493)	(1,193,227)	(1,110,905)
Gross profit		1,001,144	1,115,648	1,300,875
Other income and gains	5	61,801	81,952	111,171
Sales and marketing expenses		(206,195)	(209,623)	(251,514)
Administrative expenses		(152,973)	(163,203)	(188,369)
Research and development expenses		(78,468)	(81,361)	(88,471)
Reversal of impairment losses/ (impairment losses) on financial and contract assets, net		25,927	(6,488)	455
Fair value gains on financial assets at fair value through profit or loss, net		6,728	–	7
Other expenses		(6,189)	(9,956)	(24,684)
Finance costs	7	(16,299)	(17,255)	(13,437)
Share of profits and losses of:				
A joint venture	18	(225)	(466)	2,179
An associate	18	10,527	17,388	–
PROFIT BEFORE TAX	6	645,778	726,636	848,212
Income tax expense	10	(95,120)	(106,855)	(128,585)
PROFIT FOR THE YEAR		<u>550,658</u>	<u>619,781</u>	<u>719,627</u>
Attributable to:				
Owners of the parent		542,405	614,299	709,737
Non-controlling interests		8,253	5,482	9,890
		<u>550,658</u>	<u>619,781</u>	<u>719,627</u>
EARNINGS PER SHARE				
ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT				
Basic and diluted (<i>RMB</i>)	12	<u>0.61</u>	<u>0.69</u>	<u>0.79</u>

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CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
PROFIT FOR THE YEAR	<u>550,658</u>	<u>619,781</u>	<u>719,627</u>
OTHER COMPREHENSIVE INCOME/(LOSS)			
Other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations	<u>3,233</u>	<u>(6,428)</u>	<u>7,211</u>
Net other comprehensive income/(loss) that may be reclassified to profit or loss in subsequent periods	<u>3,233</u>	<u>(6,428)</u>	<u>7,211</u>
Other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods:			
Equity investments designated at fair value through other comprehensive income:			
Changes in fair value	(22,870)	(13,875)	534
Income tax effect	<u>3,431</u>	<u>2,081</u>	<u>(80)</u>
	(19,439)	(11,794)	454
Net other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods	<u>(19,439)</u>	<u>(11,794)</u>	<u>454</u>
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF TAX	<u>(16,206)</u>	<u>(18,222)</u>	<u>7,665</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>534,452</u>	<u>601,559</u>	<u>727,292</u>
Attributable to:			
Owners of the parent	526,843	600,618	711,331
Non-controlling interests	<u>7,609</u>	<u>941</u>	<u>15,961</u>
	<u>534,452</u>	<u>601,559</u>	<u>727,292</u>

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CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December		
	Notes	2023	2024	2025
		RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment	13	919,839	948,626	1,170,424
Investment properties	14	3,999	3,780	3,561
Equity investments designated at fair value through other comprehensive income	20	72,145	58,270	58,804
Right-of-use assets	15	193,100	173,266	456,729
Goodwill	16	99,419	99,419	99,419
Other intangible assets	17	20,198	16,824	52,050
Investment in a joint venture	19	27,658	27,192	21,141
Investment in an associate	19	110,792	—	—
Deferred tax assets	21	87,474	94,555	68,205
Prepayments, other receivables and other assets	26	—	20,853	4,194
Total non-current assets		1,534,624	1,442,785	1,934,527
CURRENT ASSETS				
Inventories	22	324,174	352,190	386,796
Contract fulfilment cost	23	41,299	31,377	292
Trade and bills receivables	24	1,233,239	1,124,585	1,256,267
Contract asset	25	43,225	58,361	43,255
Prepayments, other receivables and other assets	26	230,129	155,605	290,914
Financial assets at fair value through profit or loss	27	56,254	2,129	2,477
Assets classified as held for sale	19	—	128,180	—
Tax recoverable		609	1,151	1,502
Pledged deposits	28	62,911	51,402	126,814
Restricted cash	28	—	6,028	—
Cash and cash equivalents	28	991,684	1,103,901	1,165,599
Total current assets		2,983,524	3,014,909	3,273,916
CURRENT LIABILITIES				
Trade and bills payables	29	385,526	422,388	401,334
Contract liabilities	31	83,274	54,414	67,676
Other payables and accruals	30	118,689	180,917	242,693
Interest-bearing bank and other borrowings	32	100,563	250,008	282,920
Lease liabilities	15	25,309	30,977	43,089
Tax payable		27,194	53,554	43,307

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	<i>Notes</i>	As at 31 December		
		2023	2024	2025
		<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Total current liabilities		740,555	992,258	1,081,019
NET CURRENT ASSETS		<u>2,242,969</u>	<u>2,022,651</u>	<u>2,192,897</u>
TOTAL ASSETS LESS CURRENT				
LIABILITIES		<u>3,777,593</u>	<u>3,465,436</u>	<u>4,127,424</u>
NON-CURRENT LIABILITIES				
Interest-bearing bank and other				
borrowings	32	321,128	220,275	553,736
Lease liabilities	15	34,023	11,210	336,425
Deferred tax liabilities	21	30,028	25,977	41,732
Provision		–	1,088	3,038
Deferred income	33	29,703	25,543	20,121
Total non-current liabilities		<u>414,882</u>	<u>284,093</u>	<u>955,052</u>
Net assets		<u>3,362,711</u>	<u>3,181,343</u>	<u>3,172,372</u>
EQUITY				
Equity attributable to owners of the				
parent				
Share capital	34	227,247	227,247	227,247
Reserves	36	<u>3,122,759</u>	<u>2,938,463</u>	<u>2,914,942</u>
		3,350,006	3,165,710	3,142,189
Non-controlling interests		<u>12,705</u>	<u>15,633</u>	<u>30,183</u>
Total equity		<u><u>3,362,711</u></u>	<u><u>3,181,343</u></u>	<u><u>3,172,372</u></u>

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CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2023

	Attributable to owners of the parent									
	Share capital	Share premium*	Special reserve*	Fair value reserve of financial assets at fair value through other comprehensive income*	Statutory surplus reserve*	Exchange fluctuation reserve*	Retained profits*	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	Note 34	Note 36	Note 36		Note 36	Note 36				
As at 1 January 2023	227,247	1,264,631	–	(36,836)	18,997	38,296	1,821,607	3,333,942	4,720	3,338,662
Profit for the year	–	–	–	–	–	–	542,405	542,405	8,253	550,658
Other comprehensive income/(loss) for the year:										
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax	–	–	–	(19,439)	–	–	–	(19,439)	–	(19,439)
Exchange differences on translation of foreign operations	–	–	–	–	–	3,877	–	3,877	(644)	3,233
Total comprehensive income/(loss) for the year	–	–	–	(19,439)	–	3,877	542,405	526,843	7,609	534,452
Capital injection from non-controlling shareholders	–	–	–	–	–	–	–	–	887	887
Dividends declared	–	–	–	–	–	–	(510,848)	(510,848)	–	(510,848)
Dividends declared to non-controlling equity holders of subsidiaries	–	–	–	–	–	–	–	–	(511)	(511)
Appropriation and utilisation of special reserve, net	–	–	69	–	–	–	–	69	–	69
As at 31 December 2023	227,247	1,264,631	69	(56,275)	18,997	42,173	1,853,164	3,350,006	12,705	3,362,711

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Year ended 31 December 2024

	Attributable to owners of the parent									
	Share capital	Share premium*	Special reserve*	Fair value reserve of financial assets at fair value through other comprehensive income*	Statutory surplus reserve*	Exchange fluctuation reserve*	Retained profits*	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	Note 34	Note 36	Note 36		Note 36	Note 36				
As at 1 January 2024	227,247	1,264,631	69	(56,275)	18,997	42,173	1,853,164	3,350,006	12,705	3,362,711
Profit for the year	-	-	-	-	-	-	614,299	614,299	5,482	619,781
Other comprehensive loss for the year:										
Changes in fair value of equity investments at fair value through other comprehensive loss, net of tax	-	-	-	(11,794)	-	-	-	(11,794)	-	(11,794)
Exchange differences on translation of foreign operations	-	-	-	-	-	(1,887)	-	(1,887)	(4,541)	(6,428)
Total comprehensive income/(loss) for the year	-	-	-	(11,794)	-	(1,887)	614,299	600,618	941	601,559
Capital injection from non-controlling shareholders	-	-	-	-	-	-	-	-	1,987	1,987
Dividends declared	-	-	-	-	-	-	(785,094)	(785,094)	-	(785,094)
Appropriation and utilisation of special reserve, net	-	-	180	-	-	-	-	180	-	180
As at 31 December 2024	227,247	1,264,631	249	(68,069)	18,997	40,286	1,682,369	3,165,710	15,633	3,181,343

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Year ended 31 December 2025

	Attributable to owners of the parent											
	Share capital	Share premium*	Share-based payment reserves*	Treasury shares*	Special reserve*	Fair value reserve of financial assets at fair value through other comprehensive income*	Statutory surplus reserve*	Exchange fluctuation reserve*	Retained profits*	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	Note 34	Note 36	Note 36			Note 36	Note 36	Note 36				
As at 1 January 2025	227,247	1,264,631	-	-	249	(68,069)	18,997	40,286	1,682,369	3,165,710	15,633	3,181,343
Profit for the year	-	-	-	-	-	-	-	-	709,737	709,737	9,890	719,627
Other comprehensive income for the year:												
Changes in fair value of equity investments at fair value through other comprehensive income, net of tax	-	-	-	-	-	454	-	-	-	454	-	454
Exchange differences on translation of foreign operations	-	-	-	-	-	-	-	1,140	-	1,140	6,071	7,211
Total comprehensive income for the year	-	-	-	-	-	454	-	1,140	709,737	711,331	15,961	727,292
Repurchase of shares and granted	-	(121,296)	-	(99,637)	-	-	-	-	-	(220,933)	-	(220,933)
Capital injection from non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	390	390
Share-based payments	-	-	38,051	-	-	-	-	-	-	38,051	-	38,051
Dividends declared	-	-	-	-	-	-	-	-	(552,922)	(552,922)	-	(552,922)
Dividends declared to non-controlling equity holders of subsidiaries	-	-	-	-	-	-	-	-	-	-	(1,801)	(1,801)
Appropriation and utilisation of special reserve, net	-	-	-	-	952	-	-	-	-	952	-	952
As at 31 December 2025	227,247	1,143,335	38,051	(99,637)	1,201	(67,615)	18,997	41,426	1,839,184	3,142,189	30,183	3,172,372

* These reserve accounts represent the total consolidated reserves of RMB3,122,759,000, RMB2,938,463,000 and RMB2,914,942,000 in the consolidated statements of financial position as at 31 December 2023, 2024 and 2025, respectively.

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CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended 31 December		
	Notes	2023	2024	2025
		RMB'000	RMB'000	RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		645,778	726,636	848,212
Adjustments for:				
Finance costs	7	16,299	17,255	13,437
Interest income	5	(26,838)	(35,127)	(30,822)
Investment income from structured deposits and wealth management products	5	(1,628)	(203)	(77)
Dividend income from equity investments at fair value through other comprehensive income	5	–	(1,767)	(1,767)
Loss/(gain) on disposal of items of property, plant and equipment and right-of-use assets	6	1,630	1,275	(39,135)
Gain on disposal of assets classified as held for sale	5	–	–	(77)
Gain on bargain purchase	6	–	–	(233)
Gain on disposal of financial assets at fair value through profit or loss	6	–	(179)	(104)
Loss on disposal of a subsidiary		–	–	15,107
Fair value gains on financial assets at fair value through profit or loss, net	6	(6,728)	–	(7)
Depreciation of property, plant and equipment	6, 13	63,377	72,040	76,602
Depreciation of right-of-use assets	6, 15	27,773	29,047	27,416
Depreciation of investment properties	6, 14	219	219	219
Amortisation of other intangible assets	6, 17	7,138	5,061	5,504
(Reversal of impairment)/impairment of trade receivables	6	(22,944)	3	324
(Reversal of impairment)/impairment of other receivables	6	(4,069)	4,546	476
Impairment/(reversal of impairment) of contract assets	6	1,086	1,939	(1,255)
Impairment losses on inventories	6	1,493	4,307	6,456
Share-based compensation	6	–	–	38,051
Net (gains)/losses on foreign exchange from non-operating activities		(4,254)	(3,752)	5,864
Share of profits and losses of joint ventures and associates	19	(10,302)	(16,922)	(2,179)

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	<i>Notes</i>	Year ended 31 December		
		2023	2024	2025
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Decrease/(increase) in trade receivables . . .		32,417	117,397	(230,294)
(Increase)/decrease in prepayments, other receivables and other assets		(89,603)	72,830	(5,607)
Increase in tax recoverable		(609)	(542)	(351)
(Increase)/decrease in contract assets		(3,443)	(17,075)	16,361
Increase in inventories		(19,802)	(32,323)	(41,062)
(Increase)/decrease in contract fulfillment cost		(41,118)	9,922	17,859
(Increase)/decrease in pledged deposits		(39,138)	11,509	(75,412)
Decrease/(increase) in restricted cash		1,400	(6,028)	6,028
Increase/(decrease) in contract liabilities		51,584	(28,860)	15,537
Increase in provisions		–	1,088	1,950
Increase/(decrease) in trade payables		94,499	9,087	(2,681)
(Decrease)/increase in other payables and accruals		(22,060)	6,553	21,013
Increase/(decrease) in deferred income		20,919	(4,160)	(5,422)
Cash generated from operations		<u>673,076</u>	<u>943,776</u>	<u>679,931</u>
Interest received		26,838	35,127	30,822
Income tax paid		<u>(78,235)</u>	<u>(89,546)</u>	<u>(106,722)</u>
Net cash flows from operating activities		<u>621,679</u>	<u>889,357</u>	<u>604,031</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of items of property, plant and equipment		(62,959)	(113,169)	(106,560)
Purchase of other intangible assets		(57)	(608)	(5,577)
Purchases of structured deposits and wealth management products		(60,000)	(72,819)	(52,427)
Redemption of structured deposits and wealth management products		180,000	100,000	52,217
Interest received from financial assets at fair value through profit or loss		1,805	590	77
Dividend received from equity instruments at fair value through other comprehensive income		–	1,767	1,767
Proceeds from disposal of property, plant and equipment		1,786	434	11,862
Withdraw investment in a joint venture		–	–	24,000
Investment in a joint venture		(27,000)	–	(18,400)
Investment in an associate		(30,000)	–	–
Acquisition of a subsidiary		–	–	11,758

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	<i>Notes</i>	Year ended 31 December		
		2023	2024	2025
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Disposal of assets classified as held for sale		–	–	128,257
Dividends received from a joint venture . . .		–	–	2,630
Disposal of a subsidiary		2,000	–	925
Proceeds from disposal of financial assets at fair value through profit or loss		892	26,758	–
Net cash flows from/(used in) investing activities		6,467	(57,047)	50,529
CASH FLOWS FROM FINANCING ACTIVITIES				
New interest-bearing bank and other borrowings		160,000	419,364	510,143
Repayment of interest-bearing bank and other borrowings		(238,000)	(370,000)	(327,338)
Interest paid for interest-bearing bank and other borrowings		(11,158)	(15,300)	(9,522)
Proceeds from shares granted under restricted stocks		–	–	95,701
Proceeds from shares granted under compensation plans		–	5,476	5,476
Capital injection from non-controlling shareholders		887	1,987	390
Lease payments		(28,009)	(30,467)	(29,360)
Repurchase of shares held for a share award scheme		–	–	(220,945)
Payment of [REDACTED] expense		[REDACTED]	[REDACTED]	[REDACTED]
Dividends paid		(511,359)	(734,905)	(604,912)
Net cash flows used in financing activities .		(627,639)	(723,845)	(586,998)
NET INCREASE IN CASH AND CASH EQUIVALENTS		507	108,465	67,562
Cash and cash equivalents at beginning of year		986,923	991,684	1,103,901
Effect of foreign exchange rate changes, net		4,254	3,752	(5,864)
CASH AND CASH EQUIVALENTS AT END OF YEAR		991,684	1,103,901	1,165,599

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STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at 31 December		
	Notes	2023	2024	2025
		RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment	13	82,985	79,421	55,552
Right-of-use assets	15	66,670	61,484	47,738
Other intangible assets	17	20	13	3,166
Investments in subsidiaries	18	3,339,768	3,339,768	3,472,539
Investment in a joint venture	19	27,658	27,192	21,141
Investment in an associate	19	110,792	–	–
Deferred tax assets	21	18,365	14,824	6,348
Total non-current assets		<u>3,646,258</u>	<u>3,522,702</u>	<u>3,606,484</u>
CURRENT ASSETS				
Trade and bills receivables	24	197,973	81,121	101,671
Prepayments, other receivables and other assets	26	1,213,739	1,117,596	1,033,264
Pledged deposits	28	10,367	14,137	1,253
Cash and cash equivalents	28	29,560	34,812	130,871
Assets classified as held for sale	19	–	128,180	–
Total current assets		<u>1,451,639</u>	<u>1,375,846</u>	<u>1,267,059</u>
CURRENT LIABILITIES				
Trade and bills payables	29	48,817	133,383	102,415
Other payables and accruals	30	21,236	58,891	143,428
Lease liabilities	15	3,827	4,037	4,004
Tax payable		–	4,305	8,802
Contract liabilities	31	147,328	41,437	237,536
Total current liabilities		<u>221,208</u>	<u>242,053</u>	<u>496,185</u>
NET CURRENT ASSETS		<u>1,230,431</u>	<u>1,133,793</u>	<u>770,874</u>
TOTAL ASSETS LESS CURRENT LIABILITIES				
		<u>4,876,689</u>	<u>4,656,495</u>	<u>4,377,358</u>
NON-CURRENT LIABILITIES				
Lease liabilities	15	10,519	6,482	17,054
Deferred income	33	5,483	5,153	121
Deferred tax liabilities	21	3,552	2,645	–
Total non-current liabilities		<u>19,554</u>	<u>14,280</u>	<u>17,175</u>
Net assets		<u>4,857,135</u>	<u>4,642,215</u>	<u>4,360,183</u>
EQUITY				
Share capital	34	896,225	896,225	896,225
Reserves	36	3,960,910	3,745,990	3,463,958
Total equity		<u>4,857,135</u>	<u>4,642,215</u>	<u>4,360,183</u>

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II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE AND GROUP INFORMATION

The Company was established in the People’s Republic of China (the “PRC”) and the shares of which are listed on the Shenzhen Stock Exchange. The registered office of the Company is located at Room 302, Site No. 1, Century Avenue 2222, Suncun Street, Gaoxin District, Jinan City, Shandong Province, PRC.

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

- Power equipment business: research and development, manufacturing, sales and full life-cycle operation and maintenance of tap changers;
- CNC equipment business: research and development (R&D), manufacture, and sale of integrated complete computer numerical control (CNC) equipment;
- Power station EPC business: engineering-procurement-construction (EPC) of photovoltaic power stations;
- Others: electricity sales generated from certain photovoltaic power stations.

As at 31 December 2025, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies, the particulars of the subsidiaries are set out below:

Name	Notes	Place of incorporation/ registration and operations	Nominal value of issued ordinary share capital/ registered capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
			(‘000)	%	%	
Shanghai Huaming Power Equipment Co., Ltd. 上海華明電力設備製造有限公司	(1)	PRC/Chinese mainland	RMB39,112	100.00	–	Tap-changer R&D and sales
Shanghai Huaming High Voltage Switchgear Manufacturing Co., Ltd. 上海華明高壓電氣開關製造有限公司	(1)	PRC/Chinese mainland	RMB50,000	–	100.00	Manufacture of tap-changers
Shanghai Huaming Electrical Switch Manufacturing Co., Ltd. 上海華明電氣開關製造有限公司	(1)	PRC/Chinese mainland	RMB500	–	100.00	Manufacture of electrical equipment
Shanghai Huaming Electric Equipment Engineering Co., Ltd. 上海華明電力設備工程有限公司	(1)	PRC/Chinese mainland	RMB20,000	100.00	–	Sale of tap-changers and other electrical power equipment, as well as power engineering construction services
Shanghai Huaming Power Equipment Maintenance Service Co., Ltd. 上海華明電力設備檢修服務有限公司	(1)	PRC/Chinese mainland	RMB10,000	–	100.00	Power equipment maintenance
Shandong Fin Cnc Machine Co., Ltd. 山東法因數控機械設備有限公司	(1)	PRC/Chinese mainland	RMB92,000	86.96	13.04	Manufacture and sale of CNC equipment
Shandong Fincm Future Intelligent Manufacture Co., Ltd. 山東法因未來智能製造有限公司	(1)	PRC/Chinese mainland	RMB10,000	–	70.00	Manufacture and sale of laser-based products

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Name	Notes	Place of incorporation/ registration and operations	Nominal value of issued ordinary share capital/ registered capital (‘000)	Percentage of equity attributable to the Company		Principal activities
				Direct %	Indirect %	
Jiangsu Longji Yunneng Power Technology Co., Ltd. 江蘇隆基雲能電力科技有限公司	(1)	PRC/Chinese mainland	RMB50,000	100.00	–	Development, operation, and management of power distribution and sale projects
Shanghai Chenting Technology Development Co., Ltd. 上海辰廷科技發展有限公司	(1)	PRC/Chinese mainland	RMB287,000	100.00	–	Technical services
Shandong Xingqiu Enterprise Incubation Co., Ltd. 山東星球企業孵化有限公司 . .	(1)	PRC/Chinese mainland	RMB80,000	–	100.00	Photovoltaic (PV) power generation
Changfeng NuoYang Photovoltaic Power Generation Co., Ltd. 長豐諾陽光伏發電有限公司 . .	(1)	PRC/Chinese mainland	RMB33,000	–	100.00	PV power generation
Zunyi Huaming Power Equipment Manufacturing Co., Ltd. 遵義華明電力設備製造有限公司	(1)	PRC/Chinese mainland	RMB50,000	–	100.00	Manufacture and sale of tap-changers
Huaming Overseas Company Limited	(2)	Hong Kong	USD5,000	–	100.00	Tap-changer sale
Hua Ming Power Electronics Equipment Hong Kong Limited	(3)	Hong Kong	HKD10	–	100.00	Power project investment
Hua Ming Power Grid Limited	(3)	Hong Kong	HKD10	–	100.00	Power project investment
HUAMING Turkey CORPORATION	(5)	Turkey	EUR2,515	–	98.32	Manufacture and sale of tap-changers
HUAMING Russia CORPORATION	(5)	Russia	RUB11,537	–	65.00	Manufacture and sale of electrical power equipment
HUAMING USA CORPORATION	(5)	The United States	USD2,000	–	100.00	Sale of tap-changers
HUAMING LATINO AMERICANA COMPONENTES ELETRICOS LTDA	(5)	Brazil	BRL448	–	55.00	Tap-changer sale and repair and maintenance services
HUAMING POWER EQUIPMENT SINGAPORE PTE. LTD . .	(5)	Singapore	USD13,550	–	100.00	Sale of tap-changers and other power equipment
HUAMING POWER INDONESIA, PT	(5)	Indonesia	IDR32,000,000	–	90.00	Manufacture and sale of tap-changers
Guizhou Chenting Power Equipment Manufacturing Co., Ltd. 貴州辰廷電力設備製造有限公司	(1)	PRC/Chinese mainland	RMB60,000	–	100.00	Manufacture and sale of tap-changers
Shanghai Huaming Chenting New Energy Co., Ltd. 上海華明辰廷新能源有限公司	(5)	PRC/Chinese mainland	RMB100,000	95.00	5.00	Enterprise Management
Henan Jingfeng Optoelectronic New Energy Co., Ltd. 河南勁風光電新能源有限公司 . . .	(4)	PRC/Chinese mainland	RMB10,000	–	100.00	Investment in power projects

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Name	Notes	Place of incorporation/ registration and operations	Nominal value of issued ordinary share capital/ registered capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
			('000)	%	%	
Neixiang Tianhai New Energy Co., Ltd. 內鄉天海新能源有限公司	(4)	PRC/Chinese mainland	RMB10,000	–	100.00	PV power generation
HUAMING NEW ENERGY SOLUTION SINGAPORE PTE. LTD.	(5)	Singapore	–	–	100.00	Investment in power projects
HUAMING RENEWABLE ENERGY INVESTMENT SINGAPORE PTE. LTD. .	(5)	Singapore	–	–	100.00	Investment in power projects
HUAMING RENEWABLE ENERGY SOLUTION DEVELOPMENT SINGAPORE PTE. LTD. .	(5)	Singapore	–	–	100.00	Investment in power projects

The English names of all group companies registered in the PRC, Republic of Turkey, Russian Federation, Federative Republic of Brazil and Republic of Indonesia represent the best efforts made by the management of the Company to translate the names of these companies as they do not have official English names.

Notes:

- (1) The statutory financial statements of these entities for the years ended 31 December 2023 and 2024 prepared in accordance with Generally Accepted Accounting Principles in Chinese mainland were audited by Shinewing Certified Public Accountants (信永中和會計師事務所(特殊普通合伙)), a certified public accounting firm registered in the PRC.
- (2) The statutory financial statements of these entities for the years ended 31 December 2023 and 2024 prepared in accordance with Generally Accepted Accounting Principles in Hong Kong were audited by SIDUS CPA LIMITED (辰雋會計師事務所有限公司), a certified public accounting firm registered in the Hong Kong.
- (3) The statutory financial statements of these entities for the years ended 31 December 2023 and 2024 prepared in accordance with Generally Accepted Accounting Principles in Hong Kong were audited by Roger Kam&Co. (甘志成會計師事務所有限公司), a certified public accounting firm registered in the Hong Kong.
- (4) The statutory financial statements of these entities for the years ended 31 December 2023 and 2024 prepared in accordance with Generally Accepted Accounting Principles in Chinese mainland were audited by Zhongshenzhonghuan Certified Public Accountants LLP (中審眾環會計師事務所), a certified public accounting firm registered in the PRC.
- (5) No audited financial statements have been prepared for these entities for each of the Relevant Periods, as these entities were not subject to any statutory audit requirements under the relevant rules and regulations in their jurisdiction of incorporation.

2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards, which comprise all standards and interpretations approved by the International Accounting Standards Board (the “IASB”). All IFRS Accounting Standards effective for the accounting period commencing from 1 January 2026, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods.

The Historical Financial Information has been prepared under the historical cost convention except for equity investments designated at fair value through other comprehensive income, certain bills receivable measured at fair value through other comprehensive income and financial assets at fair value through profit or loss which have been measured at fair value.

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Basis of consolidation

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

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

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

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

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

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

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

2.2 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

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

IFRS 18	<i>Presentation and Disclosure in Financial Statements¹</i>
IFRS 19	<i>Subsidiaries without Public Accountability: Disclosures¹</i>
Amendments to IAS 21 . .	<i>Translation to a Hyperinflationary Presentation Currency¹</i>
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture²</i>

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

² No mandatory effective date yet determined but available for adoption

IFRS 18 replaces IAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from IAS 1 with limited changes, IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss 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

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and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in IAS 1 are moved to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as IAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of IFRS 18, limited, but widely applicable, amendments are made to IAS 7 *Statement of Cash Flows*, IAS 33 *Earnings per Share* and IAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other IFRS Accounting Standards. IFRS 18 and the consequential amendments to other IFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. Based on a preliminary assessment, the adoption of IFRS 18 is not expected to have any impact on the Group’s results of operations and financial position but has impact on the presentation and disclosure of the Group’s financial statements.

Amendments to IAS 21 *Translation to a Hyperinflationary Presentation Currency* require the translation from a non-hyperinflationary functional currency into a hyperinflationary presentation currency at the closing rate. The amendments also require an entity whose functional currency and presentation currency are the currency of a hyperinflationary economy to restate the comparative amounts of a foreign operation whose functional currency is that of a non-hyperinflationary economy, by applying the general price index, in accordance with paragraph 34 of IAS 29 *Financial Reporting in Hyperinflationary Economies*, to the foreign operation’s comparative figures. The amendments introduce certain additional disclosures. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group’s financial statements.

The Group has already commenced an assessment of the impact of these new and amended IFRS, which are relevant to the Group’s operations. According to the preliminary assessment made by the directors, no significant impact on the financial performance and financial position of the Group is expected when other new and amended IFRS Accounting Standards become effective.

2.3 MATERIAL ACCOUNTING POLICIES

Investments in associates

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The Group’s investments in associates are stated in the consolidated statement of financial position at the Group’s share of net assets under the equity method of accounting, less any impairment losses. The Group’s share of the post-acquisition results and other comprehensive income of associates is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group’s investments in the associates, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates is included as part of the Group’s investments in associates.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree’s identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

The Group determines that it has acquired a business when the acquired set of activities and assets includes an input and a substantive process that together significantly contribute to the ability to create outputs.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

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Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group’s previously held equity interests in the acquiree over the identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group’s cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its structured deposits, wealth management products, certain bills receivables and equity investments designated at fair value at the end of each reporting period. 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

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

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

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

An assessment is made at the end of each 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);
 - (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);

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- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

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

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of 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.

Land is not depreciated. Other property and equipment’s depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	2.71% to 4.75%
Photovoltaic power station	3.80%
Machinery	5.28% to 19.00%
Office equipment and electronic devices	11.88% to 31.67%
Vehicles	19.00% to 23.75%
Leasehold improvements	20.00% to 33.33%

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 the statement of 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.

Investment properties

Investment properties are interests in buildings held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less any impairment loss and are depreciated on the straight-line basis over their estimated useful lives.

	<u>Estimated useful lives</u>
Buildings	20 years

Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of the retirement or disposal.

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Intangible assets (other than goodwill)

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

Software

Purchased software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of 2 to 12 years.

Patents and licences

Patents and licences are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 2 to 25 years.

Trademark

Trademark is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful live of 10 years.

Research and development expenses

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

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

Development costs are stated at cost less any impairment losses and are amortised using the straight-line basis over the commercial lives of the underlying products, commencing from the date when the products are put into commercial production.

Leases

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

Group as a lessee

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

(a) Right-of-use assets

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

Leasehold land	50 years
Buildings	2 to 10 years
Photovoltaic power station	25 years

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

(b) Lease liabilities

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

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

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

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

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

(d) Sale and leaseback transactions

The Group considers whether the initial transfer of the underlying asset to the buyer-lessor is a sale. The Group applies IFRS 15 to determine whether a sale has taken place.

When the transfer to the buyer-lessor is a sale, the Group derecognises the underlying asset and applies the lessee accounting model to the leaseback. The Group measures the right-of-use asset at the retained portion of the previous carrying amount of the underlying asset (i.e. at cost), and recognises only the amount of any gain or loss related to the rights transferred to the buyer-lessor.

When the transfer to the buyer-lessor is not a sale, the Group continues to recognise the underlying asset, and recognises a financial liability for any amount received from the buyer-lessor.

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 an operating 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 the statement of 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.

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Investments and other financial assets

Initial recognition and measurement

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

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

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

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

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

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

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

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

Financial assets at fair value through other comprehensive income are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to the statement of profit or loss.

Financial assets designated at fair value through other comprehensive income (equity investments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity investments designated at fair value through other comprehensive income when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to the statement of profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity investments designated at fair value through other comprehensive income are not subject to impairment assessment.

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Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

Derecognition of financial assets

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

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

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

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

Impairment of financial assets

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

General approach

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

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 a financial asset in default when contractual payments are 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.

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

- Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
- Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
- Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

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

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

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

Subsequent measurement

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

Financial liabilities at amortised cost (trade and other payables, and borrowings)

After initial recognition, trade and bills payables, financial liabilities included in other payables and accruals and interest-bearing bank and other 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 the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

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

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 the statement of profit or loss.

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Treasury shares

Own equity instruments which are reacquired and held by the Company or the Group (treasury shares) are recognised directly in equity at cost. No gain or loss is recognised in the statement of profit or loss on the purchase, sale, issue or cancellation of the Group’s own equity instruments.

Inventories

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

Cash and cash equivalents

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

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

Provisions

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

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

The Group provides for warranties in relation to the sale of newly launched products for general repairs of defects occurring during the warranty period. Provisions for these assurance-type warranties granted by the Group are initially recognised based on sales volume and past experience of the level of repairs and returns, discounted to their present values as appropriate. The warranty-related cost is revised annually.

Income tax

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

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

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

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

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

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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, associates and deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

Government grants

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

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of 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.

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.

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(a) Power and CNC equipment business

The Group sells power equipment and CNC equipment to customers. Revenue from the sale of products is recognised at the point in time when control of the products is transferred to the customer, generally when the products are delivered to the customer, and there is no unfulfilled obligation that could affect the customer’s acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

The Group also provide operation and maintenance services of power equipment business. Revenue from operation and maintenance of power equipment business is recognised when the service has been completed.

(b) Power station EPC business

The Group provides power engineering services. Revenue from the provision of power station EPC business is recognised over time, using an input method to measure progress towards complete satisfaction of the service, because the Group’s performance creates or enhances an asset that the customer controls as the asset is created or enhanced. The input method recognises revenue based on the proportion of the actual costs incurred relative to the estimated total costs for satisfaction of the construction services.

(c) Others

The Group is also engaged in photovoltaic power generation businesses. The Group’s revenue from photovoltaic power generation business is primarily derived from two sources: (i) electricity sales; and (ii) national renewable energy electricity price surcharge subsidies received in accordance with relevant regulations. Revenue is recognised through settlement based on the grid-connected electricity price and power generation as stipulated in the contract. For the national renewable energy electricity price surcharge subsidy funds obtained in accordance with regulations, revenue is recognised based on the amount of subsidies received or receivable.

Revenue from other sources

Rental income

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.

Interest 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.

Dividend income

Dividend income is recognised when the shareholders’ right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

Contract assets

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

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Contract liabilities

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

Share-based payments

An employee incentive schemes is operated for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments (“equity-settled transactions”). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by closing price on the grant date, further details of which are given in note 35 to the Historical Financial Information.

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

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

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

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

Other employee benefits

Pension schemes

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

Housing fund and other social insurances

The Group has participated in defined social security contribution schemes for its employees pursuant to the relevant laws and regulations of the PRC. These include housing fund, basic medical insurance, unemployment insurance, injury insurance and maternity insurance. The Group makes monthly contributions to the housing fund and other social insurances. The contributions are charged to profit or loss on an accrual basis. The Group’s liability in respect of these funds is limited to the contributions payable in each reporting period.

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Termination benefits

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

Events after the reporting period

If the Group receives information after the reporting period, but prior to the date of authorisation for issue of the Historical Financial Information, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its financial statements. The Group will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group will not change the amounts recognised in its financial statements, but will disclose the nature of the non-adjusting. Events and an estimate of their financial effects, or a statement that such an estimate cannot be made, if applicable.

Dividends

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

Foreign currencies

The Historical Financial Information is presented in RMB, which is the Company’s functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of overseas subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

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3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

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

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits, together with future tax planning strategies.

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 groupings of various customer segments that have similar loss patterns (i.e., by product and customer type).

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

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group’s historical credit loss experience and forecast of economic conditions may also not be representative of a customer’s actual default in the future.

Impairment of inventories

The Group periodically assesses the net realisable value of its inventories and provides for inventory impairment based on the difference between the cost of the inventory and the net realisable value. When estimating the net realisable value of inventories, management considers the purpose for which the inventories are held, as well as future use or sales as the basis for estimation. Where the expectation is different from the original estimate, such difference will impact on the carrying value of the inventories and write-down of inventories in the period in which such estimates have been changed.

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Further details are given in note 16 to the Historical Financial Information.

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Fair value for unlisted investments

The Group made unlisted investments in some companies and those investments are accounted for as financial assets at fair value. The fair values of those investments are determined using valuation techniques and the Group exercises judgement to select a variety of methods and makes assumptions that are mainly based on market conditions existing at the end of each reporting date. Further details are included in note 45. Should any of the estimates and assumptions change, it may lead to a material change in the respective fair values of these financial assets.

Leases — Estimating the incremental borrowing rate

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

4. OPERATING SEGMENT INFORMATION

The Group is principally engaged in power equipment business and CNC equipment business, power station EPC business and others. 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 financial information is available. Accordingly, no operating segment information is presented.

Geographical information

(a) Revenue from external customers

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Chinese mainland	1,671,366	2,001,285	1,933,013
Overseas	274,271	307,590	478,767
Total revenue	<u>1,945,637</u>	<u>2,308,875</u>	<u>2,411,780</u>

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

(b) Non-current assets

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Chinese mainland	1,369,449	1,247,989	1,741,583
Other countries/regions	5,556	41,971	65,935
Total	<u>1,375,005</u>	<u>1,289,960</u>	<u>1,807,518</u>

The non-current asset information above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

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Information about major customers

There was no single external customer that contributed 10% or more of the total revenue of the Group during each of the Relevant Periods.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Revenue from contracts with customers	1,945,060	2,308,298	2,411,539
Revenue from other sources			
Gross rental income from investment property operating leases	577	577	241
Total	<u>1,945,637</u>	<u>2,308,875</u>	<u>2,411,780</u>

Revenue from contracts with customers

(a) Disaggregated revenue information

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Types of goods or services			
Power equipment business	1,611,018	1,798,909	2,088,230
Power station EPC business	116,749	286,711	28,890
CNC equipment business	160,953	174,319	243,481
Others	56,340	48,359	50,938
Total	<u>1,945,060</u>	<u>2,308,298</u>	<u>2,411,539</u>
Geographical markets			
Chinese mainland	1,670,789	2,000,708	1,932,772
Overseas	274,271	307,590	478,767
Total	<u>1,945,060</u>	<u>2,308,298</u>	<u>2,411,539</u>
Timing of revenue recognition			
Transferred at a point in time	1,828,311	2,021,587	2,382,649
Transferred over time	116,749	286,711	28,890

The following table shows the amounts of revenue recognised in the Relevant Periods that were included in the contract liabilities at the beginning of each of the Relevant Periods:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Revenue recognised that was included in contract liabilities at the beginning of the reporting period	<u>31,690</u>	<u>83,274</u>	<u>54,414</u>

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(b) Performance obligations

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

Sale of power equipment and CNC equipment

The performance obligation is satisfied upon delivery of the equipment and payment is usually made generally within 90 days from delivery.

Power station EPC business

The performance obligation is satisfied over time as services are rendered. Power station EPC business generally requires advance payment and regular application for progress payment. The payment is generally due within 30 days from the date of billing.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) resulting from long-term contracts as at 31 December are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Amounts expected to be recognised as revenue:			
Within one year	286,711	28,890	—
After one year	28,890	—	—
Total	315,601	28,890	—

Other contracts at the end of each reporting period had an original expected duration of one year or less and thus the Group applied the expedient under IFRS 15 for not disclosing of unsatisfied performance obligations.

An analysis of other income and gains is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Other income			
Government grants	25,966	34,573	22,130
Interest income	26,838	35,127	30,822
Dividend income from equity investments at fair value through other comprehensive income	—	1,767	1,767
Investment income from structured deposits and wealth management products	1,628	203	77
Additional value-added tax deduction	3,038	3,109	4,332
Others	2,209	6,994	2,017
Total other income	59,679	81,773	61,145
Gains			
Foreign exchange gains, net	2,122	—	10,477
Gain on disposal of financial assets at fair value through profit or loss, net	—	179	104
Gain on disposal of assets classified as held for sale	—	—	77
Gain on bargain purchase	—	—	233
Gain on disposal of items of property, plant and equipment and right-of-use assets	—	—	39,135
Total gains	2,122	179	50,026
Total other income and gains	61,801	81,952	111,171

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6. PROFIT BEFORE TAX

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

	Notes	Year ended 31 December		
		2023	2024	2025
		RMB’000	RMB’000	RMB’000
Cost of products sold*		791,542	881,619	1,005,107
Cost of services provided*		151,458	307,301	99,342
Depreciation of property, plant and equipment*	13	63,377	72,040	76,602
Depreciation of right-of-use assets*	15	27,773	29,047	27,416
Depreciation of investment properties*	14	219	219	219
Amortisation of other intangible assets*	17	7,138	5,061	5,504
Research and development expenses*		78,468	81,361	88,471
Lease payments not included in the measurement of lease liabilities	15	1,924	1,884	3,576
Employee benefit expense (including directors’, chief executive’s and supervisors’ remuneration (note 8)*:				
Wages and salaries		256,304	279,535	309,321
Share-based payments		–	–	38,051
Pension scheme contributions and social welfare		25,635	28,483	31,382
Total		281,939	308,018	378,754
Reversal of impairment losses/(impairment losses) on financial and contract assets, net				
(Reversal of impairment)/impairment of trade receivables	24	(22,944)	3	324
(Reversal of impairment)/impairment of other receivables		(4,069)	4,546	476
Impairment/(reversal of impairment) of contract assets	25	1,086	1,939	(1,255)
Total		(25,927)	6,488	(455)
Provision for inventories		1,493	4,307	6,456
Loss/(gain) on disposal of items of property, plant and equipment and right-of-use assets		1,630	1,275	(39,135)
Fair value gain on financial assets at fair value through profit or loss, net		(6,728)	–	(7)
Gain on disposal of investment measured at fair value through profit or loss, net		–	(179)	(104)
Dividend income from equity investments at fair value through other comprehensive income		–	(1,767)	(1,767)
Gain on bargain purchase		–	–	(233)
Provision		–	1,088	1,950
Foreign exchange differences, net		(2,122)	3,453	(10,477)

* Certain depreciation of property, plant and equipment, certain depreciation of right-of-use assets, the depreciation of investment properties and certain amortisation of other intangible assets related to manufacturing and research and development for the Relevant Periods are included in “Cost of products sold and services provided” and “Research and development expenses”, respectively. The employee costs and share-based payments related to manufacturing and research and development for the Relevant Periods are included in “Cost of products sold and services provided” and “Research and development expenses”, respectively.

Various government grants have been received for setting up research activities in an enterprise zone within Shanghai and Shandong Province, the Chinese mainland. The government grants received have been included in the other income and gains to which they relate. Government grants received for which related expenditure has not yet been undertaken are included in deferred income in the statement of financial position. There are no unfulfilled conditions or contingencies relating to these grants.

Gain on bargain purchase is included in “Other income and gains” in the consolidated statement of profit or loss.

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7. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Interest on interest-bearing bank and other borrowings	12,544	14,720	10,468
Interest on lease liabilities	3,755	2,535	2,969
Total	<u>16,299</u>	<u>17,255</u>	<u>13,437</u>

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

The remuneration paid or payable to directors and supervisors of the Company during the Relevant Periods is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Fees	450	450	450
Other emoluments:			
Salaries, allowances and bonuses	5,170	5,188	5,474
Share-based payment expenses	–	–	3,738
Pension scheme contributions and social welfare	902	861	694
Subtotal	<u>6,072</u>	<u>6,049</u>	<u>9,906</u>
Total	<u>6,522</u>	<u>6,499</u>	<u>10,356</u>

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

During the Relevant Periods, certain directors, chief executive and supervisors were granted restricted shares, in respect of their services to the Group, under the employee incentive scheme of the Company, further details of which are set out in note 35 to the Historical Financial Information. The difference between the fair value of the shares granted and the subscription price was recorded in the share-based payment reserve within equity with the corresponding “share-based payment expenses” recognised in profit or loss over the vesting period. The amounts of the share-based payment expenses during the Relevant Periods are included in the above directors’, chief executive’s and supervisors’ remuneration disclosures.

(a) Independent non-executive directors

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

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Mr. Chen Dongcai	98	–	–
Mr. Zhang Jian	150	150	43
Mr. Cui Yuan	150	150	43
Mr. Jiang Xiuchen	52	150	150
Mr. Li Qingyuan	–	–	107
Mr. Wang Xumiao	–	–	107
Total	<u>450</u>	<u>450</u>	<u>450</u>

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- (i) Mr. Chen Dongcai, Mr. Zhang Jian and Mr. Cui Yuan were appointed as independent non-executive directors on 12 September 2019. Mr. Chen Dongcai resigned on 28 August 2023. Mr. Zhang Jian and Mr. Cui Yuan resigned on 15 May 2025.
- (ii) Mr. Jiang Xiuchen was appointed as an independent non-executive director on 28 August 2023.
- (iii) Mr. Li Qingyuan and Mr. Wang Xumiao were appointed as independent non-executive directors on 15 May 2025.

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

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

	Salaries, allowances and bonuses	Share-based payment expenses	Pension scheme contributions and social welfare	Total remuneration
	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2023				
Executive director:				
Mr. Xiao Yi	995	—	145	1,140
Mr. Lu Weili	701	—	111	812
Ms. Yang Jianqin	795	—	145	940
Mr. Xie Jing	660	—	82	742
Mr. Zhang Xin	540	—	120	660
Mr. Yu Jian	275	—	56	331
Sub-total	3,966	—	659	4,625
Supervisors:				
Ms. You Deqin	317	—	51	368
Mr. Shen Xu	436	—	96	532
Ms. Zhu Yongqin	451	—	96	547
Sub-total	1,204	—	243	1,447
Total	5,170	—	902	6,072

	Salaries, allowances and bonuses	Share-based payment expenses	Pension scheme contributions and social welfare	Total remuneration
	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2024				
Executive director:				
Mr. Xiao Yi	1,003	—	147	1,150
Mr. Lu Weili	801	—	122	923
Ms. Yang Jianqin	800	—	147	947
Mr. Yu Jian	280	—	40	320
Mr. Xie Jing	565	—	—	565
Mr. Zhang Xin	544	—	147	691
Sub-total	3,993	—	603	4,596
Supervisors:				
Ms. You Deqin	335	—	56	391
Mr. Shen Xu	385	—	95	480
Ms. Zhu Yongqin	475	—	107	582
Sub-total	1,195	—	258	1,453
Total	5,188	—	861	6,049

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	Salaries, allowances and bonuses	Share-based payment expenses	Pension scheme contributions and social welfare	Total remuneration
	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2025				
Executive director:				
Ms. Yang Jianqin	939	1,040	148	2,127
Mr. Lu Weili	901	981	70	1,952
Mr. Zhang Xin	645	863	148	1,656
Mr. Xiao Yi	1,284	–	148	1,432
Mr. Xie Jing	662	701	–	1,363
Mr. Yu Jian	270	–	–	270
Sub-total	4,701	3,585	514	8,800
Non-executive directors:				
Mr. Zhu Bin	300	–	–	300
Supervisors:				
Ms. You Deqin	123	38	42	203
Mr. Shen Xu	192	86	63	341
Ms. Zhu Yongqin	158	29	75	262
Sub-total	473	153	180	806
Total	5,474	3,738	694	9,906

- (i) On 11 January 2016, Mr. Xiao Yi was appointed as a director of the Company.
- (ii) On 17 April 2017, Ms. Yang Jianqin was appointed as a director of the Company.
- (iii) On 12 September 2019, Mr. Yu Jian and Mr. Xie Jing were appointed as directors of the Company. Mr. Yu Jian ceased to serve as a director on 15 May 2025.
- (iv) On 12 May 2022, Mr. Lu Weili was appointed as a director of the Company.
- (v) On 9 September 2022, Mr. Zhang Xin was appointed as a director of the Company.
- (vi) On 15 May 2025, Mr. Zhu Bin was appointed as a director of the Company.
- (vii) On 12 September 2019, Ms. You Deqin was appointed as a supervisor of the Company.
- (viii) On 21 April 2021, Ms. Zhu Yongqin was appointed as a supervisor of the Company.
- (ix) On 9 September 2022, Mr. Shen Xu was appointed as a supervisor of the Company.
- (x) The Board of Supervisors was abolished in August 2025. Ms. You Deqin, Ms. Zhu Yongqin and Mr. Shen Xu ceased to serve as supervisors on 26 August 2025.

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

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9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the years ended 31 December 2023 and 2024 and 2025 included 1, 1 and 2 director(s), respectively. Details of the remuneration for the Relevant Periods of the highest paid employees who are neither a director nor supervisor of the Company are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Salaries, allowances and bonuses	4,716	6,098	4,276
Share-based payment expense	–	–	2,644
Pension scheme contributions	577	609	400
Total	<u>5,293</u>	<u>6,707</u>	<u>7,320</u>

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

	Number of employees		
	Year ended 31 December		
	2023	2024	2025
HKD1,000,001 to HKD1,500,000	3	2	–
HKD1,500,001 to HKD2,000,000	1	1	–
HKD2,000,001 to HKD2,500,000	–	–	1
HKD2,500,001 to HKD3,000,000	–	1	1
HKD3,000,001 to HKD3,500,000	–	–	1
Total	<u>4</u>	<u>4</u>	<u>3</u>

10. INCOME TAX

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

Chinese mainland

Pursuant to the income tax rules and regulations of the PRC, the provision for PRC income tax for the group entities was calculated based on the statutory tax rate of 25% during the Relevant Periods, except for certain subsidiaries of the Company in Chinese mainland which are registered as High and New Technology Enterprises pursuant to the PRC tax regulations and were entitled to a preferential tax rate of 15% during the Relevant Periods.

Meanwhile, certain subsidiaries of the Company that have applied the Income Tax Policy for Western Development pursuant to the PRC tax regulations were entitled to a preferential tax rate of 15% during the Relevant Periods.

Certain subsidiaries of the Company that have applied the Small-Scaled Minimal Profit Corporate Income Tax Preferential Policy, pursuant to which the portion of annual taxable income amount not exceeding RMB3,000,000 shall be computed at a reduced rate of 25% as taxable income amount and shall be levied at a reduced tax rate of 20%.

The Circular of the State Administration of Taxation on Issuing the Outline of the Spiritual Publicity of the New Enterprise Income Tax Law (Guo Shui Han [2008] No. 159), pursuant to which the portion of annual taxable income amount shall be computed at a reduced rate of 50% as taxable income during the Relevant Periods.

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Hong Kong

The subsidiary incorporated in Hong Kong was subject to Hong Kong profits tax at the rate of 8.25% for taxable income not exceeding HKD2,000,000, and 16.5% for taxable income exceeding HKD2,000,000 on any estimated assessable profits arising in Hong Kong during the Relevant Periods.

Turkey

Pursuant to the relevant tax laws, the subsidiary located in Turkey was subject to corporate income tax at a rate of 25% during the Relevant Periods.

Russia

The subsidiary incorporated in Russia was subject to Russia profits tax at the statutory rate of 20% on any estimated assessable profits arising in Russia during the Relevant Periods.

The United States

Pursuant to the relevant tax laws, the subsidiary incorporated in the United States was subject to federal corporation income tax at the rate of 21% on its federal taxable income as well as California state corporate income tax at the rate of 9% on its California taxable income during the Relevant Periods.

Brazil

Pursuant to the relevant tax laws, the subsidiary located in Brazil was subject to corporate income tax at a rate of 15% during the Relevant Periods.

Singapore

Pursuant to the relevant tax laws, the subsidiaries located in Singapore were subject to corporate income tax at a rate of 17% during the Relevant Periods.

Indonesia

Pursuant to the relevant tax laws, the subsidiary located in Jakarta was subject to corporate income tax at a rate of 22% during the Relevant Periods.

The income tax expense of the Group for the Relevant Periods is analysed as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current tax expense	86,369	115,906	96,474
Deferred tax expense (<i>note 21</i>)	8,751	(9,051)	32,111
Total tax expense for the year	<u>95,120</u>	<u>106,855</u>	<u>128,585</u>

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

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Profit before tax	<u>645,778</u>	<u>726,636</u>	<u>848,212</u>
Tax at the statutory tax rate of 25%	161,445	181,659	212,053
Impact of different tax rates on subsidiaries	(54,258)	(65,974)	(94,550)

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	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Adjustments in respect of current income tax of previous periods	(103)	784	2,959
Expenses not deductible for tax (a)	2,553	2,275	12,022
Income not subject to tax	–	(265)	(265)
Super deductible on research and development costs (b)	(12,899)	(11,796)	(13,684)
Effect on opening deferred tax of change in rates	(1,541)	–	1,183
Tax losses and temporary differences not recognized and others	(77)	172	8,867
Tax expense at the Group’s effective tax rate . . .	<u>95,120</u>	<u>106,855</u>	<u>128,585</u>

- (a) Expenses not deductible for tax mainly include the tax effect of share-based payments and non-deductible business entertainment expenses.
- (b) The super deductible allowance was for qualified research and development expenses. According to the relevant laws and regulations promulgated by the State Taxation Administration of Chinese mainland, a certain enterprise engaging in research and development activities is entitled to claim 200% of its research and development expenses incurred as tax deductible expenses when determining its assessable profits.

11. DIVIDENDS

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Dividends declared for ordinary shareholders of the Company recognised during the year:			
Interim dividends (note ii, iv, v, vii, viii)	241,981	292,169	358,391
Final dividends (note i, iii, vi)	268,867	492,925	194,531
Total	<u>510,848</u>	<u>785,094</u>	<u>552,922</u>

Notes:

- (i) On 4 May 2023, the Company declared a cash dividend distribution for 2022, amounting to RMB3.00 (inclusive of tax) for every 10 ordinary shares to the shareholders based on the total number of shares of 896,225,431.
- (ii) On 28 August 2023, the Company declared a cash dividend distribution for the first half of 2023, amounting to RMB2.70 (inclusive of tax) for every 10 ordinary shares to the shareholders based on the total number of shares of 896,225,431.
- (iii) On 15 May 2024, the Company declared a cash dividend distribution for 2023, amounting to RMB5.50 (inclusive of tax) for every 10 ordinary shares to the shareholders based on the total number of shares of 896,225,431.
- (iv) On 29 August 2024, the Company declared a cash dividend distribution for the first half of 2024, amounting to RMB2.70 (inclusive of tax) for every 10 ordinary shares to the shareholders based on the total number of shares of 896,225,431.
- (v) On 8 November 2024, the Company declared a cash dividend distribution for the first three quarters of 2024, amounting to RMB0.56 (inclusive of tax) for every 10 ordinary shares to the shareholders based on the total number of shares of 896,225,431.

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- (vi) On 15 May 2025, the Company declared a cash dividend distribution for 2024, amounting to RMB2.2 (inclusive of tax) for every 10 ordinary shares to the shareholders based on the total number of shares of 884,229,822.
- (vii) On 26 August 2025, the Company declared a cash dividend distribution for the first half of 2025, amounting to RMB2.0 (inclusive of tax) for every 10 ordinary shares to the shareholders based on the total number of shares of 895,979,822.
- (viii) On 14 November 2025, the Company declared a cash dividend distribution for the first three quarters of 2025, amounting to RMB2.0 (inclusive of tax) for every 10 ordinary shares to the shareholders based on the total number of shares of 895,979,822.

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

The calculation of the basic earnings per share amounts is based on the profit for the Relevant Periods attributable to ordinary equity holders of the parent, and the weighted average numbers of ordinary shares outstanding during the Relevant Periods.

	Year ended 31 December		
	2023	2024	2025
Earnings			
Profit attributable to owners of the parent	542,405	614,299	709,737
Less: dividends payable to expected unlocked restricted stocks	—	—	10,945
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation (RMB'000)	<u>542,405</u>	<u>614,299</u>	<u>698,792</u>
Shares			
Weighted average number ('000) of ordinary shares outstanding during the year	<u>896,225</u>	<u>896,225</u>	<u>888,806</u>
Earnings per share			
Basic and diluted (RMB)	<u>0.61</u>	<u>0.69</u>	<u>0.79</u>

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2025 in respect of a dilution as the impact of the restricted stocks outstanding had an anti-dilutive effect on the basic earnings per share amounts presented.

The Group had no potentially dilutive ordinary shares in issue for the years ended 31 December 2023 and 2024.

13. PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings	Machinery	Photovoltaic power station	Office equipment and electronic devices	Vehicles	Land	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2023									
At 1 January 2023:									
Cost	514,012	245,096	346,007	45,322	11,310	—	16,808	152,301	1,330,856
Accumulated depreciation	(136,204)	(156,958)	(50,279)	(34,324)	(9,115)	—	(3,168)	—	(390,048)
Impairment	—	(684)	—	—	—	—	—	(16,581)	(17,265)
Net carrying amount	<u>377,808</u>	<u>87,454</u>	<u>295,728</u>	<u>10,998</u>	<u>2,195</u>	<u>—</u>	<u>13,640</u>	<u>135,720</u>	<u>923,543</u>
At 1 January 2023, net of accumulated depreciation	377,808	87,454	295,728	10,998	2,195	—	13,640	135,720	923,543

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ACCOUNTANT’S REPORT

	Buildings	Machinery	Photovoltaic power station	Office equipment and electronic devices	Vehicles	Land	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Additions	262	25,936	–	2,957	1,474	1,978	15,608	28,547	76,762
Transfers	200	1,993	128,534	–	–	–	7,855	(138,582)	–
Transfer to investment properties	(4,218)	–	–	–	–	–	–	–	(4,218)
Disposals	(2,521)	(7,383)	–	(22)	(40)	–	–	(2,698)	(12,664)
Depreciation provided during the year	(23,921)	(13,174)	(16,718)	(3,512)	(654)	–	(5,398)	–	(63,377)
Exchange realignment	–	(81)	–	(61)	8	(73)	–	–	(207)
At 31 December 2023, net of accumulated depreciation	<u>347,610</u>	<u>94,745</u>	<u>407,544</u>	<u>10,360</u>	<u>2,983</u>	<u>1,905</u>	<u>31,705</u>	<u>22,987</u>	<u>919,839</u>
At 31 December 2023:									
Cost	506,705	255,407	474,541	47,794	11,780	1,905	39,414	22,987	1,360,533
Accumulated depreciation	(159,095)	(160,458)	(66,997)	(37,434)	(8,797)	–	(7,709)	–	(440,490)
Impairment	–	(204)	–	–	–	–	–	–	(204)
Net carrying amount	<u>347,610</u>	<u>94,745</u>	<u>407,544</u>	<u>10,360</u>	<u>2,983</u>	<u>1,905</u>	<u>31,705</u>	<u>22,987</u>	<u>919,839</u>

	Buildings	Machinery	Photovoltaic power station	Office equipment and electronic devices	Vehicles	Land	Leasehold improvements	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2024									
At 1 January 2024:									
Cost	506,705	255,407	474,541	47,794	11,780	1,905	39,414	22,987	1,360,533
Accumulated depreciation	(159,095)	(160,458)	(66,997)	(37,434)	(8,797)	–	(7,709)	–	(440,490)
Impairment	–	(204)	–	–	–	–	–	–	(204)
Net carrying amount	<u>347,610</u>	<u>94,745</u>	<u>407,544</u>	<u>10,360</u>	<u>2,983</u>	<u>1,905</u>	<u>31,705</u>	<u>22,987</u>	<u>919,839</u>
At 1 January 2024, net of accumulated depreciation	<u>347,610</u>	<u>94,745</u>	<u>407,544</u>	<u>10,360</u>	<u>2,983</u>	<u>1,905</u>	<u>31,705</u>	<u>22,987</u>	<u>919,839</u>
Additions	–	9,347	–	2,931	2,154	–	2,727	90,143	107,302
Transfers	44,132	3,743	–	2,287	–	–	4,174	(54,336)	–
Disposals	(3,188)	(1,207)	(310)	(85)	(429)	–	–	(873)	(6,092)
Depreciation provided during the year	(25,332)	(14,560)	(18,026)	(4,121)	(965)	–	(9,036)	–	(72,040)
Exchange realignment	–	(32)	–	(12)	(2)	(337)	–	–	(383)
At 31 December 2024, net of accumulated depreciation	<u>363,222</u>	<u>92,036</u>	<u>389,208</u>	<u>11,360</u>	<u>3,741</u>	<u>1,568</u>	<u>29,570</u>	<u>57,921</u>	<u>948,626</u>
At 31 December 2024:									
Cost	546,304	264,228	474,128	51,352	11,473	1,568	46,315	57,921	1,453,289
Accumulated depreciation	(183,082)	(171,988)	(84,920)	(39,992)	(7,732)	–	(16,745)	–	(504,459)
Impairment	–	(204)	–	–	–	–	–	–	(204)
Net carrying amount	<u>363,222</u>	<u>92,036</u>	<u>389,208</u>	<u>11,360</u>	<u>3,741</u>	<u>1,568</u>	<u>29,570</u>	<u>57,921</u>	<u>948,626</u>

	Buildings	Machinery	Photovoltaic power station	Office equipment and electronic devices	Vehicles	Land	Leasehold improvements and others	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2025									
At 1 January 2025:									
Cost	546,304	264,228	474,128	51,352	11,473	1,568	46,315	57,921	1,453,289
Accumulated depreciation	(183,082)	(171,988)	(84,920)	(39,992)	(7,732)	–	(16,745)	–	(504,459)
Impairment	–	(204)	–	–	–	–	–	–	(204)

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	Buildings	Machinery	Photovoltaic power station	Office equipment and electronic devices	Vehicles	Land	Leasehold improvements and others	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Net carrying amount	363,222	92,036	389,208	11,360	3,741	1,568	29,570	57,921	948,626
At 1 January 2025, net of									
accumulated depreciation	363,222	92,036	389,208	11,360	3,741	1,568	29,570	57,921	948,626
Additions	–	18,552	–	4,608	1,855	–	1,463	107,434	133,912
Transfers	66,411	26,404	–	983	240	–	–	(94,038)	–
Acquisition of a subsidiary	–	–	126,280	139	46	–	913	62,539	189,917
Disposal of a subsidiary	–	(3)	–	–	–	–	–	–	(3)
Disposals	(23,262)	(821)	–	(140)	(88)	–	–	–	(24,311)
Depreciation provided during the									
year	(27,752)	(14,918)	(18,392)	(4,055)	(1,433)	–	(10,052)	–	(76,602)
Exchange realignment	–	116	–	37	(69)	522	(14)	(1,707)	(1,115)
At 31 December 2025, net of									
accumulated depreciation	378,619	121,366	497,096	12,932	4,292	2,090	21,880	132,149	1,170,424
At 31 December 2025:									
Cost	572,482	303,952	600,408	56,084	11,907	2,090	48,677	132,149	1,727,749
Accumulated depreciation	(193,863)	(182,382)	(103,312)	(43,152)	(7,615)	–	(26,797)	–	(557,121)
Impairment	–	(204)	–	–	–	–	–	–	(204)
Net carrying amount	378,619	121,366	497,096	12,932	4,292	2,090	21,880	132,149	1,170,424

The Company

	Buildings	Machinery	Office equipment and electronic devices	Total
	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2023				
At 1 January 2023:				
Cost	142,579	10,850	4,744	158,173
Accumulated depreciation	(56,461)	(10,157)	(3,425)	(70,043)
Net carrying amount	86,118	693	1,319	88,130
At 1 January 2023, net of				
accumulated depreciation	86,118	693	1,319	88,130
Depreciation provided during the				
year	(4,492)	(98)	(555)	(5,145)
At 31 December 2023, net of				
accumulated depreciation	81,626	595	764	82,985
At 31 December 2023:				
Cost	142,579	10,850	4,736	158,165
Accumulated depreciation	(60,953)	(10,255)	(3,972)	(75,180)
Net carrying amount	81,626	595	764	82,985

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	Buildings	Machinery	Office equipment and electronic devices	Construction in progress	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2024					
At 1 January 2024:					
Cost	142,579	10,850	4,736	–	158,165
Accumulated depreciation . . .	(60,953)	(10,255)	(3,972)	–	(75,180)
Net carrying amount	<u>81,626</u>	<u>595</u>	<u>764</u>	<u>–</u>	<u>82,985</u>
At 1 January 2024, net of accumulated depreciation . .	81,626	595	764	–	82,985
Additions	–	–	11	1,458	1,469
Disposals	–	–	(5)	–	(5)
Depreciation provided during the year	<u>(4,492)</u>	<u>(53)</u>	<u>(483)</u>	<u>–</u>	<u>(5,028)</u>
At 31 December 2024, net of accumulated depreciation . .	<u>77,134</u>	<u>542</u>	<u>287</u>	<u>1,458</u>	<u>79,421</u>
At 31 December 2024:					
Cost	142,579	10,850	4,661	1,458	159,548
Accumulated depreciation . . .	(65,445)	(10,308)	(4,374)	–	(80,127)
Net carrying amount	<u>77,134</u>	<u>542</u>	<u>287</u>	<u>1,458</u>	<u>79,421</u>

	Buildings	Machinery	Office equipment and electronic devices	Construction in progress	Leasehold improvements	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2025						
At 1 January 2025:						
Cost	142,579	10,850	4,661	1,458	–	159,548
Accumulated depreciation	(65,445)	(10,308)	(4,374)	–	–	(80,127)
Net carrying amount . . .	<u>77,134</u>	<u>542</u>	<u>287</u>	<u>1,458</u>	<u>–</u>	<u>79,421</u>
At 1 January 2025, net of accumulated depreciation	77,134	542	287	1,458	–	79,421
Additions	–	–	61	4,879	1,463	6,403
Disposals	(24,350)	–	(5)	(1,458)	–	(25,813)
Depreciation provided during the year	<u>(3,974)</u>	<u>–</u>	<u>(60)</u>	<u>–</u>	<u>(425)</u>	<u>(4,459)</u>
At 31 December 2025, net of accumulated depreciation	<u>48,810</u>	<u>542</u>	<u>283</u>	<u>4,879</u>	<u>1,038</u>	<u>55,552</u>
At 31 December 2025:						
Cost	100,402	10,850	4,615	4,879	1,463	122,209
Accumulated depreciation	(51,592)	(10,308)	(4,332)	–	(425)	(66,657)
Net carrying amount . . .	<u>48,810</u>	<u>542</u>	<u>283</u>	<u>4,879</u>	<u>1,038</u>	<u>55,552</u>

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14. INVESTMENT PROPERTIES

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Carrying amount at 1 January	–	3,999	3,780
Transfer from an owner-occupied property	4,218	–	–
Depreciation charge	(219)	(219)	(219)
Carrying amount at 31 December	<u>3,999</u>	<u>3,780</u>	<u>3,561</u>

The Group’s investment properties consist of several factory buildings located in Zunyi, further summary details of which are included in note 15 to the Historical Financial Information. The directors of the Company have determined the buildings to be investment properties based on the nature, characteristics and risks of each property.

15. LEASES

The Group as a lessee

The Group has lease contracts for various items of leasehold land, buildings and machinery used in its operations. Leases of lump sum payments were made upfront to acquire the leasehold land from the owners with lease periods of 50 years, and no ongoing payments will be made under the terms of these land leases. Leases of buildings generally have lease terms between 2 and 10 years. Other equipment generally has lease terms of 12 months or less or is individually of low value. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

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

The Group

	Leasehold land	Buildings	Photovoltaic power station	Total
	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	186,232	75,760	–	261,992
Additions	–	1,847	–	1,847
Decreases	(40,544)	–	–	(40,544)
Depreciation charge	(4,551)	(23,222)	–	(27,773)
Exchange realignment	–	(2,422)	–	(2,422)
At 31 December 2023 and 1 January 2024	141,137	51,963	–	193,100
Additions	–	9,292	–	9,292
Depreciation charge	(4,048)	(24,999)	–	(29,047)
Exchange realignment	–	(79)	–	(79)
At 31 December 2024 and 1 January 2025	137,089	36,177	–	173,266
Additions	5,844	115,455	–	121,299
Decreases	(37,407)	(270)	–	(37,677)
Acquisition of a subsidiary	9,142	–	220,649	229,791
Depreciation charge	(3,603)	(23,002)	(811)	(27,416)
Exchange realignment	–	(2,534)	–	(2,534)
At 31 December 2025	<u>111,065</u>	<u>125,826</u>	<u>219,838</u>	<u>456,729</u>

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The Company

	Leasehold land	Buildings	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2023	54,019	18,008	72,027
Decreases	–	(174)	(174)
Depreciation charge	(1,558)	(3,625)	(5,183)
At 31 December 2023 and 1 January 2024	52,461	14,209	66,670
Depreciation charge	(1,558)	(3,628)	(5,186)
At 31 December 2024 and 1 January 2025	50,903	10,581	61,484
Additions	5,844	14,104	19,948
Decreases	(28,866)	–	(28,866)
Depreciation charge	(1,201)	(3,627)	(4,828)
At 31 December 2025	26,680	21,058	47,738

(b) Lease liabilities

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

The Group

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Carrying amount at the beginning of the year . . .	81,697	59,332	42,187
New leases	1,847	9,292	115,455
Acquisition of a subsidiary	–	–	252,483
Decreases	(2,422)	–	(2,710)
Accretion of interest recognised during the year .	3,755	2,535	2,969
Exchange realignment	2,464	1,495	(1,510)
Payments	(28,009)	(30,467)	(29,360)
Carrying amount at the end of the year	59,332	42,187	379,514
Analysed into:			
Current portion	25,309	30,977	43,089
Non-current portion	34,023	11,210	336,425

The Company

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Carrying amount at the beginning of the year . . .	17,806	14,346	10,519
New leases	–	–	14,104
Decreases	(174)	–	–
Accretion of interest recognised during the year .	844	395	277
Payments	(4,130)	(4,222)	(3,842)
Carrying amount at the end of the year	14,346	10,519	21,058
Analysed into:			
Current portion	3,827	4,037	4,004
Non-current portion	10,519	6,482	17,054

The maturity analysis of lease liabilities is disclosed in note 46 to the Historical Financial Information.

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

The Group

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Interest on lease liabilities	3,755	2,535	2,969
Depreciation charge of right-of-use assets	27,773	29,047	27,416
Expenses relating to short-term leases and leases of low-value assets	1,924	1,884	3,576
Total amount recognised in profit or loss	<u>33,452</u>	<u>33,466</u>	<u>33,961</u>

The Company

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Interest on lease liabilities	844	395	277
Depreciation charge of right-of-use assets	5,183	5,186	4,828
Expenses relating to short-term leases and leases of low-value assets	91	10	25
Total amount recognised in profit or loss	<u>6,118</u>	<u>5,591</u>	<u>5,130</u>

(d) The total cash outflows for leases are disclosed in note 39 to the Historical Financial Information.

(e) *Sale and leaseback transactions*

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cash inflow of sale and leaseback transactions . .	100,000	—	—
Cash outflow of sale and leaseback transactions .	—	106,113	—

To better manage the Group’s capital structure and financing needs, the Group sometimes enters into sale and leaseback arrangements in relation to machinery leases. These legal transfers do not satisfy the requirements of IFRS 15 to be accounted for as a sale of the machinery. During the year ended 31 December, 2023, the Group has raised borrowings of RMB100,000,000 in respect of such sale and leaseback arrangement. The Group did not enter any sale and leaseback arrangement during the year ended 31 December, 2024. The newly acquired subsidiary in 2025 also has a leaseback arrangement not satisfy the requirements of IFRS 15 to be accounted for as a sale.

The Group as a lessor

The Group leases certain of its buildings under operating lease arrangements as lessor. At the end of each of the Relevant Periods, the undiscounted lease payments receivable by the Group in future periods under operating leases with its tenants are as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within one year	<u>577</u>	<u>241</u>	<u>241</u>

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16. GOODWILL

	Zunyi switch business cash- generating unit	Other cash- generating unit	Total
	RMB'000	RMB'000	RMB'000
At 31 December 2023, 2024, and 2025:			
Cost	99,419	270	99,689
Accumulated impairment	—	(270)	(270)
Net carrying amount	<u>99,419</u>	<u>—</u>	<u>99,419</u>
	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Pre-tax discount rate	14.0%	11.5%	12.3%
Perpetual growth rate	0%	0%	0%

Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to the following cash-generating unit for impairment testing during the Relevant Periods:

Zunyi switch business cash-generating unit

The recoverable amount of the Zunyi switch business cash-generating unit has been determined based on a value-in-use calculation using cash flow projections based on financial budgets covering a five-year period approved by management. The carrying amount of goodwill allocated to the Zunyi switch business cash-generating unit as at 31 December 2023, 2024 and 2025 was RMB99,419,000.

Assumptions were used in the value in use calculation of the Zunyi switch business cash-generating unit at the end of each of the Relevant Periods. The following are the key assumptions on which management has based its cash flow projections to undertake impairment testing of goodwill:

Budgeted revenue - Amounts of the budgeted sales are based on the historical data and management’s expectation of the future market.

Budgeted gross margins - The basis used to determine the value assigned to the budgeted gross margins is based on average gross margins achieved in the year immediately before the budget year, increased for expected efficiency improvements, and expected market development.

Raw materials price inflation - The basis used to determine the value assigned to raw materials price inflation is the forecast price indices during the budget year.

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

The values assigned to the key assumptions on the annual revenue growth rates and discount rate are consistent with external information sources.

The management of the Group believes that any reasonably possible change in the key assumptions used in the value-in-use calculation would not cause the carrying amount to exceed the recoverable amount of the cash-generating unit.

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17. OTHER INTANGIBLE ASSETS

The Group

	Patents and licences	Trademark	Software	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2023:				
Cost	75,283	221	12,402	87,906
Accumulated amortisation	(54,092)	(221)	(6,331)	(60,644)
Net carrying amount	<u>21,191</u>	<u>–</u>	<u>6,071</u>	<u>27,262</u>
Cost at 1 January 2023, net of accumulated amortisation	21,191	–	6,071	27,262
Additions	–	–	61	61
Exchange realignment	–	–	13	13
Amortisation provided during the year	(6,225)	–	(913)	(7,138)
At 31 December 2023	<u>14,966</u>	<u>–</u>	<u>5,232</u>	<u>20,198</u>
At 31 December 2023 and at 1 January 2024:				
Cost	75,283	221	12,462	87,966
Accumulated amortisation	(60,317)	(221)	(7,230)	(67,768)
Net carrying amount	<u>14,966</u>	<u>–</u>	<u>5,232</u>	<u>20,198</u>
At 1 January 2024:				
Cost	75,283	221	12,462	87,966
Accumulated amortisation	(60,317)	(221)	(7,230)	(67,768)
Net carrying amount	<u>14,966</u>	<u>–</u>	<u>5,232</u>	<u>20,198</u>
Cost at 1 January 2024, net of accumulated amortisation	14,966	–	5,232	20,198
Additions	–	–	1,700	1,700
Exchange realignment	–	–	(13)	(13)
Amortisation provided during the year	(4,041)	–	(1,020)	(5,061)
At 31 December 2024	<u>10,925</u>	<u>–</u>	<u>5,899</u>	<u>16,824</u>
At 31 December 2024:				
Cost	75,283	221	14,129	89,633
Accumulated amortisation	(64,358)	(221)	(8,230)	(72,809)
Net carrying amount	<u>10,925</u>	<u>–</u>	<u>5,899</u>	<u>16,824</u>
	Patents and licences	Trademark	Software	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 31 December 2025				
At 1 January 2025				
Cost	75,283	221	14,129	89,633
Accumulated amortisation	(64,358)	(221)	(8,230)	(72,809)
Net carrying amount	<u>10,925</u>	<u>–</u>	<u>5,899</u>	<u>16,824</u>
Cost at 1 January 2025, net of accumulated amortisation	10,925	–	5,899	16,824
Additions	–	–	5,577	5,577

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	Patents and licences	Trademark	Software	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Acquisition of a subsidiary	34,800	–	–	34,800
Amortisation provided during the year	(3,869)	–	(1,635)	(5,504)
Exchange realignment	–	–	353	353
At 31 December 2025	<u>41,856</u>	<u>–</u>	<u>10,194</u>	<u>52,050</u>
At 31 December 2025				
Cost	110,083	221	20,067	130,371
Accumulated amortisation	<u>(68,227)</u>	<u>(221)</u>	<u>(9,873)</u>	<u>(78,321)</u>
Net carrying amount	41,856	–	10,194	52,050

The Company

	Software
	<i>RMB'000</i>
At 1 January 2023:	
Cost	70
Accumulated depreciation	<u>(43)</u>
Net carrying amount	<u>27</u>
Cost at 1 January 2023, net of accumulated amortisation	27
Amortisation provided during the year	<u>(7)</u>
At 31 December 2023	<u>20</u>
At 31 December 2023 and 1 January 2024:	
Cost	70
Accumulated amortisation	<u>(50)</u>
Net carrying amount	<u>20</u>
At 1 January 2024:	
Cost	70
Accumulated depreciation	<u>(50)</u>
Net carrying amount	<u>20</u>
Cost at 1 January 2024, net of accumulated amortisation	20
Amortisation provided during the year	<u>(7)</u>
At 31 December 2024	<u>13</u>
At 31 December 2024:	
Cost	70
Accumulated amortisation	<u>(57)</u>
Net carrying amount	<u>13</u>
At 1 January 2025:	
Cost	70
Accumulated depreciation	<u>(57)</u>
Net carrying amount	<u>13</u>
Cost at 1 January 2025, net of accumulated amortisation	13

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	Software
	<i>RMB'000</i>
Additions	3,326
Amortisation provided during the year	(173)
At 31 December 2025	<u>3,166</u>
At 31 December 2025:	
Cost	3,396
Accumulated amortisation	(230)
Net carrying amount	<u>3,166</u>

18. INVESTMENTS IN SUBSIDIARIES

The Company

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Investments, at cost	3,339,768	3,339,768	3,472,539

The Company’s outstanding balances with the subsidiaries are disclosed in note 42 to the Historical Financial Information.

19. INVESTMENTS IN A JOINT VENTURE AND AN ASSOCIATE

The Group and the Company

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Share of net assets	<u>138,450</u>	<u>27,192</u>	<u>21,141</u>

The Company and Jinkai New Energy Technology Co., Ltd. entered into a partnership share transfer agreement on 31 December 2024 and the Company shall transfer all investments in Jinkaieyu (Beijing) New Energy Development Partnership (Limited Partnership) to Jinkai New Energy Technology Co., Ltd. in 2025. The Company’s investment in Jinkaieyu (Beijing) New Energy Development Partnership (Limited Partnership) has been reclassified from an investment in an associate to assets held for sale as at 31 December 2024. The transaction was finalized in 2025.

The Group’s shareholdings in the joint venture and associate all comprise equity shares held by the Company.

The joint venture and associates of the Group are considered not individually material for the Relevant Periods and the following table illustrates the aggregate financial information of the Group’s associates:

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Share of the joint venture and associate’s profit for the year	10,302	16,922	2,179
Share of the joint venture and associate’s total comprehensive income	10,302	16,922	2,179
Aggregate carrying amount of the Group’s investments in the joint venture and associate’s	<u>138,450</u>	<u>27,192</u>	<u>21,141</u>

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The Group’s outstanding balances with the joint venture and associate are disclosed in note 42 to the Historical Financial Information.

20. EQUITY INVESTMENTS DESIGNATED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Non-current portion:			
Unlisted equity investments, at fair value	72,145	58,270	58,804

The above equity investments were irrevocably designated at fair value through other comprehensive income as the Group considers these investments to be strategic in nature.

21. DEFERRED TAX

The Group

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

Deferred tax assets

	Tax losses	Impairment provision	Change in fair value	Fair value adjustments arising from acquisition of subsidiaries	Deferred income	Lease liabilities	Unrealised profit on intra-group transactions	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Gross deferred tax assets at 1 January 2023	15,542	64,437	–	–	1,899	14,054	1,063	26	97,021
Deferred tax credited to other comprehensive income during the year	–	–	1,944	–	–	–	–	–	1,944
Deferred tax (charged)/credited to profit or loss during the year	(2,555)	(9,354)	–	–	3,105	(2,936)	(148)	397	(11,491)
Gross deferred tax assets at 31 December 2023 . . .	12,987	55,083	1,944	–	5,004	11,118	915	423	87,474
Deferred tax credited to other comprehensive income during the year	–	–	2,081	–	–	–	–	–	2,081
Deferred tax credited/(charged) to profit or loss during the year	4,789	625	–	–	(657)	(3,072)	2,767	548	5,000
Gross deferred tax assets at 31 December 2024 . . .	17,776	55,708	4,025	–	4,347	8,046	3,682	971	94,555
Deferred tax charged to other comprehensive income during the year	–	–	(80)	–	–	–	–	–	(80)
Disposal of a subsidiary during the year	(6,072)	(4,261)	–	–	–	–	–	–	(10,333)
Acquisition of a subsidiary during the year	18,393	–	–	4,196	–	63,121	–	–	85,710
Deferred tax (credited)/charged to profit or loss during the year	(2,913)	(32,714)	–	–	(1,317)	13,637	(684)	(410)	(24,401)
Gross deferred tax assets at 31 December 2025 . . .	27,184	18,733	3,945	4,196	3,030	84,804	2,998	561	145,451

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Deferred tax liabilities

	Fair value adjustments of investments at fair value through profit	Change in fair value	Right-of-use assets	Unremitted earnings of foreign subsidiaries	Tax differences in the cost of investment in subsidiaries	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Gross deferred tax liabilities at 1 January 2023	–	5,880	12,785	15,590	–	–	34,255
Deferred tax credited to other comprehensive income during the year	–	(1,487)	–	–	–	–	(1,487)
Deferred tax charged/(credited) to profit or loss during the year . . .	880	(514)	(3,366)	–	–	260	(2,740)
Gross deferred tax liabilities at 31 December 2023	880	3,879	9,419	15,590	–	260	30,028
Deferred tax credited to profit or loss during the year	(880)	(202)	(2,915)	–	–	(54)	(4,051)
Gross deferred tax liabilities at 31 December 2024	–	3,677	6,504	15,590	–	206	25,977
Acquisition of a subsidiary during the year	–	–	56,041	–	–	29,250	85,291
Deferred tax (credited)/charged to profit or loss during the year . . .	–	(1,335)	14,652	(2,588)	25,413	(28,432)	7,710
Gross deferred tax liabilities at 31 December 2025	–	2,342	77,197	13,002	25,413	1,024	118,978

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

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position . .	87,474	94,555	68,205
Net deferred tax liabilities recognised in the consolidated statement of financial position . .	30,028	25,977	41,732

The Company

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

Deferred tax assets

	Tax losses	Impairment provision	Deferred income	Lease liabilities	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Gross deferred tax assets at 1 January 2023	9,383	12,692	1,453	4,882	–	28,410
Deferred tax charged to profit or loss during the year	(7,700)	(1,398)	(82)	(865)	–	(10,045)
Gross deferred tax assets at 31 December 2023	1,683	11,294	1,371	4,017	–	18,365
Deferred tax charged to profit or loss during the year	(1,683)	(837)	(83)	(938)	–	(3,541)
Gross deferred tax assets at 31 December 2024	–	10,457	1,288	3,079	–	14,824
Deferred tax (charged)/credited to profit or loss during the year . . .	–	(4,209)	(1,258)	2,185	70	(3,212)
Gross deferred tax assets at 31 December 2025	–	6,248	30	5,264	70	11,612

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Deferred tax liabilities

	Right-of-use assets
	RMB'000
Gross deferred tax liabilities at 1 January 2023	4,502
Deferred tax credited to profit or loss during the year	(950)
Gross deferred tax liabilities at 31 December 2023	3,552
Deferred tax credited to profit or loss during the year	(907)
Gross deferred tax liabilities at 31 December 2024	2,645
Deferred tax charged to profit or loss during the year	2,619
Gross deferred tax liabilities at 31 December 2025	5,264

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

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Net deferred tax assets recognised in the Company statement of financial position	18,365	14,824	6,348
Net deferred tax liabilities recognised in the Company statement of financial position	3,552	2,645	—

22. INVENTORIES

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Raw materials	76,485	91,786	97,014
Consigned processing materials	1,719	851	989
Work in progress	164,704	174,181	193,249
Goods in transit	20,002	25,991	31,947
Finished goods	67,683	66,531	74,681
Subtotal	330,593	359,340	397,880
Less: Provision for inventories	(6,419)	(7,150)	(11,084)
Total	324,174	352,190	386,796

23. CONTRACT FULFILMENT COST

Details of contract fulfilment are as follows.

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Contract fulfilment cost	41,299	31,377	292

Contract fulfilment cost is recognised as expenses in the consolidated statement of profit or loss in the period in which the corresponding revenue is recognised.

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There was no impairment in relation to the opening balance of capitalised costs or the costs capitalised during the Relevant Periods.

24. TRADE AND BILLS RECEIVABLES

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade receivables	636,318	717,960	609,629
Bank acceptance notes	632,185	494,192	616,184
Commercial acceptance notes	180,429	127,527	106,388
Less: Impairment losses	(215,693)	(215,094)	(75,934)
Net carrying amount	<u>1,233,239</u>	<u>1,124,585</u>	<u>1,256,267</u>

As of 31 December 2023, 2024 and 2025, bills receivable of RMB574,050,000, RMB394,707,000 and RMB577,485,000 were classified as financial assets at fair value through other comprehensive income, respectively, and the remaining bills receivable were measured at amortised cost.

The Group’s trading terms with its customers are mainly on credit. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group’s trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

The Group has pledged bills receivable of RMB58,136,000, RMB99,485,000 and RMB37,497,000 at 31 December 2023, 2024 and 2025, respectively, as security for new bills receivable.

An ageing analysis of the Group’s trade receivables, bank and commercial acceptance notes as at the end of each of the Relevant Periods, based on transaction dates and net of loss allowance, is as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year	1,163,181	1,054,795	1,169,527
1 to 2 year	41,960	36,322	68,433
2 to 3 year	12,662	18,137	11,677
3 to 4 year	10,259	9,460	1,522
4 to 5 year	5,177	5,871	1,039
Over 5 years	–	–	4,069
Total	<u>1,233,239</u>	<u>1,124,585</u>	<u>1,256,267</u>

The movements in the impairment losses on trade receivables and commercial acceptance notes are as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At beginning of year	252,140	215,693	215,094
Impairment losses (reversed)/recognised	(22,944)	3	324
Amount written off as uncollectible	(13,503)	(602)	(3,000)
Disposal of a subsidiary	–	–	(19,484)
Acquisition of a subsidiary	–	–	(117,000)
At end of year	<u>215,693</u>	<u>215,094</u>	<u>75,934</u>

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The bank acceptance notes were issued by reputable banks and with short-term maturity. Accordingly, the expected impairment loss was immaterial at the end of each of the Relevant Periods.

The Group applies the simplified approach in calculating ECLs for trade receivables. Trade receivables relating to customers not sharing similar credit risk with others are assessed individually for impairment allowance, for instance, customers with known financial difficulties or significant doubt on collection. The remaining trade receivables are grouped and collectively assessed for impairment allowance. Under the collective approach, an impairment analysis is performed at the end of each of the each reporting period using a provision matrix to measure expected credit losses. The provision rates are based on past due information for groupings of customers that have similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Group

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

	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
As at 31 December 2023							
<i>On collective basis:</i>							
Expected credit loss rate . . .	1.3%	11.6%	19.7%	32.6%	76.7%	100.0%	6.2%
Gross carrying amount							
(RMB’000)	1,178,495	47,488	15,775	15,212	22,194	35,337	1,314,501
Expected credit losses							
(RMB’000)	15,315	5,529	3,112	4,952	17,017	35,337	81,262
<i>On individual basis:</i>							
Expected credit loss rate . . .							100.0%
Gross carrying amount							
(RMB’000)							134,431
Expected credit losses							
(RMB’000)							134,431

The collective basis is split as follows:

	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
As at 31 December 2023							
<i>Bills receivable:</i>							
Expected credit loss rate . . .	0.7%	–	–	–	–	–	0.7%
Gross carrying amount							
(RMB’000)	812,614	–	–	–	–	–	812,614
Expected credit losses							
(RMB’000)	5,413	–	–	–	–	–	5,413
<i>Power equipment:</i>							
Expected credit loss rate . . .	1.3%	14.0%	32.5%	35.3%	57.7%	100.0%	10.3%
Gross carrying amount							
(RMB’000)	244,187	3,695	1,911	9,435	2,222	20,011	281,461
Expected credit losses							
(RMB’000)	3,224	519	622	3,331	1,282	20,011	28,989
<i>Power engineering:</i>							
Expected credit loss rate . . .	7.0%	25.0%	30.0%	50.0%	80.0%	100.0%	32.5%
Gross carrying amount							
(RMB’000)	70,333	7,633	2,778	–	18,200	14,720	113,664
Expected credit losses							
(RMB’000)	4,923	1,908	833	–	14,560	14,720	36,944
<i>CNC equipment:</i>							
Expected credit loss rate . . .	2.5%	7.1%	14.8%	28.1%	66.3%	100.0%	10.6%

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	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
Gross carrying amount							
(RMB'000)	24,903	17,620	2,465	5,777	1,772	606	53,143
Expected credit losses							
(RMB'000)	635	1,248	364	1,621	1,175	606	5,649
<i>Photovoltaic power:</i>							
Expected credit loss rate . . .	4.2%	10.0%	15.0%	–	–	–	8.0%
Gross carrying amount							
(RMB'000)	26,458	18,540	8,621	–	–	–	53,619
Expected credit losses							
(RMB'000)	1,120	1,854	1,293	–	–	–	4,267

	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
As at 31 December 2024							
<i>On a collective basis:</i>							
Expected credit loss rate . . .	1.1%	13.0%	20.8%	29.3%	54.8%	100.0%	6.9%
Gross carrying amount							
(RMB'000)	1,034,705	41,758	22,886	13,385	12,991	48,277	1,174,002
Expected credit losses							
(RMB'000)	11,160	5,436	4,750	3,925	7,121	48,277	80,669
<i>On individual basis:</i>							
Expected credit loss rate . . .							81.1%
Gross carrying amount							
(RMB'000)							165,677
Expected credit losses							
(RMB'000)							134,425

The collective basis is split as follows:

	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
As at 31 December 2024							
<i>Bills receivable:</i>							
Expected credit loss rate . . .	0.6%	–	–	–	–	–	0.6%
Gross carrying amount							
(RMB'000)	621,719	–	–	–	–	–	621,719
Expected credit losses							
(RMB'000)	3,826	–	–	–	–	–	3,826
<i>Power equipment:</i>							
Expected credit loss rate . . .	0.9%	22.4%	32.9%	43.2%	47.9%	100.0%	8.3%
Gross carrying amount							
(RMB'000)	302,591	11,910	1,096	1,272	7,669	18,613	343,151
Expected credit losses							
(RMB'000)	2,675	2,670	361	550	3,675	18,613	28,544
<i>Power engineering:</i>							
Expected credit loss rate . . .	5.0%	11.8%	30.0%	50.0%	80.0%	100.0%	34.3%
Gross carrying amount							
(RMB'000)	63,062	17	7,633	2,778	–	27,920	101,410
Expected credit losses							
(RMB'000)	3,153	2	2,290	1,389	–	27,920	34,754
<i>CNC equipment:</i>							
Expected credit loss rate . . .	2.6%	7.1%	14.6%	32.0%	64.8%	100.0%	15.6%
Gross carrying amount							
(RMB'000)	27,223	7,460	6,249	990	5,322	1,744	48,988
Expected credit losses							
(RMB'000)	710	527	913	317	3,446	1,744	7,657
<i>Photovoltaic power:</i>							
Expected credit loss rate . . .	4.0%	10.0%	15.0%	20.0%	–	–	10.0%

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	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
Gross carrying amount (RMB'000)	20,110	22,371	7,908	8,345	–	–	58,734
Expected credit losses (RMB'000)	796	2,237	1,186	1,669	–	–	5,888

	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
As at 31 December 2025							
<i>On collective basis:</i>							
Expected credit loss rate . . .	0.8%	10.7%	18.0%	40.9%	74.3%	100.0%	5.2%
Gross carrying amount (RMB'000)	1,178,760	76,611	14,250	2,575	4,036	44,553	1,320,785
Expected credit losses (RMB'000)	9,234	8,178	2,572	1,053	2,997	44,553	68,587
<i>On individual basis:</i>							
Expected credit loss rate . . .							64.4%
Gross carrying amount (RMB'000)							11,416
Expected credit losses (RMB'000)							7,347

The collective basis is split as follows:

	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
As at 31 December 2025							
<i>Bills receivable:</i>							
Expected credit loss rate . . .	0.4%	–	–	–	–	–	0.4%
Gross carrying amount (RMB'000)	722,572	–	–	–	–	–	722,572
Expected credit losses (RMB'000)	3,223	–	–	–	–	–	3,223
<i>Power equipment:</i>							
Expected credit loss rate . . .	1.1%	15.2%	41.3%	49.0%	57.8%	100.0%	4.2%
Gross carrying amount (RMB'000)	413,089	13,811	1,420	979	933	10,357	440,589
Expected credit losses (RMB'000)	4,649	2,101	587	480	539	10,357	18,713
<i>Power engineering:</i>							
Expected credit loss rate . . .	5.0%	10.0%	29.4%	50.0%	80.0%	100.0%	50.2%
Gross carrying amount (RMB'000)	–	36,602	17	–	2,778	27,920	67,317
Expected credit losses (RMB'000)	–	3,660	5	–	2,222	27,920	33,807
<i>CNC equipment:</i>							
Expected credit loss rate . . .	2.6%	7.7%	16.0%	35.9%	72.6%	100.0%	20.9%
Gross carrying amount (RMB'000)	21,198	8,979	6,067	1,596	325	6,276	44,441
Expected credit losses (RMB'000)	557	695	969	573	236	6,276	9,306
<i>Photovoltaic power:</i>							
Expected credit loss rate . . .	3.7%	10.0%	15.0%	–	–	–	7.7%
Gross carrying amount (RMB'000)	21,900	17,220	6,746	–	–	–	45,866
Expected credit losses (RMB'000)	804	1,722	1,012	–	–	–	3,538

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The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade receivables	–	14,041	–
Bank acceptance notes	153,241	58,352	80,110
Commercial acceptance notes	46,115	9,722	22,228
Less: Impairment losses	(1,383)	(994)	(667)
Net carrying amount	197,973	81,121	101,671

An ageing analysis of the Company’s trade receivables, bank and commercial acceptance notes as at the end of each of the Relevant Periods, based on the ageing analysis and net of loss allowance, is as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year	197,973	81,121	101,671
Total	197,973	81,121	101,671

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

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At beginning of year	747	1,383	994
Impairment losses recognised/(reversed)	636	(389)	(327)
At end of year	1,383	994	667

The bank acceptance notes were issued by reputable banks and with short-term maturity. Accordingly, the expected impairment loss was immaterial as at the end of each of the Relevant Periods.

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

	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
As at 31 December 2023							
<i>On a collective basis:</i>							
Expected credit loss rate . . .	0.7%	–	–	–	–	–	0.7%
Gross carrying amount							
(RMB'000)	199,356	–	–	–	–	–	199,356
Expected credit losses							
(RMB'000)	1,383	–	–	–	–	–	1,383
	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
As at 31 December 2024							
<i>On a collective basis:</i>							
Expected credit loss rate . . .	1.2%	–	–	–	–	–	1.2%
Gross carrying amount							
(RMB'000)	82,115	–	–	–	–	–	82,115
Expected credit losses							
(RMB'000)	994	–	–	–	–	–	994

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	Within 1 year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
As at 31 December 2025							
<i>On a collective basis:</i>							
Expected credit loss rate . . .	0.7%	–	–	–	–	–	0.7%
Gross carrying amount							
(RMB’000)	102,338	–	–	–	–	–	102,338
Expected credit losses							
(RMB’000)	667	–	–	–	–	–	667

The net carrying amount of an amount due from a related party included in the above is as follows:

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Shanghai Huaming High Voltage Switchgear			
Manufacturing Co., Ltd.	–	13,339	–
	=	=	=

The balance is unsecured, interest-free and on credit terms similar to those offered to the major customers of the Company.

25. CONTRACT ASSETS

The Group

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Contract assets arising from:			
Power engineering project	37,861	47,142	27,057
Warranty deposit	9,208	17,002	20,726
	47,069	64,144	47,783
Impairment	(3,844)	(5,783)	(4,528)
	43,225	58,361	43,255
	=	=	=

Contract assets are initially recognised for revenue earned from the sale of CNC equipment and the provision of related installation services and construction services as the receipt of consideration is conditional on successful completion of the installation of CNC equipment and the related construction, respectively. Included in contract assets for construction services are the warranty deposit. Upon completion of installation or construction and acceptance by the customer, the amounts recognised as contract assets are reclassified to trade receivables.

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

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
At beginning of year	2,758	3,844	5,783
Impairment losses, net (note 6)	1,086	1,939	(1,255)
At end of year	3,844	5,783	4,528
	=	=	=

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26. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current portion:			
Deposits and other receivables	57,625	64,088	145,095
Prepayments to suppliers	97,455	35,793	44,971
Other tax recoverable	81,566	63,309	95,612
[REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]
Due from related parties	3,528	3,528	3,528
Others	1,178	4,656	3,143
	<u>241,352</u>	<u>171,374</u>	<u>298,980</u>
Impairment allowance	(11,223)	(15,769)	(8,066)
	<u>230,129</u>	<u>155,605</u>	<u>290,914</u>
Non-current portion:			
Prepayments for items of property, plant and equipment	–	20,853	4,194
Total	<u>230,129</u>	<u>176,458</u>	<u>295,108</u>

These balances were interest-free, unsecured and repayable on demand.

An impairment analysis was performed at the end of each of the Relevant Periods. Impairment allowance for financial assets included in other receivables and other assets was mainly due to the uncollectability of these receivables as at 31 December 2023, 2024 and 2025.

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current portion:			
Due from subsidiaries*	1,244,404	1,142,216	961,964
Due from related parties	1,084	1,084	1,084
Prepayments to suppliers	11,133	15,111	1,619
Deposits and other receivables	–	–	85,061
Other tax recoverable	890	–	1,206
[REDACTED] expenses	[REDACTED]	[REDACTED]	[REDACTED]
Others	19	19	23
	<u>1,257,530</u>	<u>1,158,430</u>	<u>1,057,588</u>
Impairment allowance	(43,791)	(40,834)	(24,324)
	<u>1,213,739</u>	<u>1,117,596</u>	<u>1,033,264</u>
Total	<u>1,213,739</u>	<u>1,117,596</u>	<u>1,033,264</u>

* These balances were interest-free and unsecured (note 42).

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27. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current portion:			
Unlisted equity investments	25,868	–	–
Structured deposits and wealth management products	30,386	2,129	2,477
Total	56,254	2,129	2,477

The structured deposits and wealth management products were issued by banks and securities companies. They were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

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

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cash and cash equivalents	991,684	1,103,901	1,165,599
Restricted cash	–	6,028	–
Pledged deposits	62,911	51,402	126,814
Total	1,054,595	1,161,331	1,292,413

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cash and cash equivalents			
Denominated in RMB	378,012	392,595	515,919
Denominated in USD	569,966	662,685	586,518
Denominated in other foreign currencies	43,706	48,621	63,162
Total	991,684	1,103,901	1,165,599
Restricted cash denominated in RMB	–	6,028	–
Pledged deposits denominated in RMB	62,911	51,402	126,814

Pledged deposits of RMB62,911,000, RMB51,402,000 and RMB126,814,000 at 31 December 2023, 2024 and 2025, respectively, were pledged for the issuance of bank acceptance notes and bank guarantee letters. Restricted cash of RMB6,028,000 at 31 December 2024 was restricted for litigation involved.

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cash and cash equivalents	29,560	34,812	130,871
Pledged deposits	10,367	14,137	1,253
Total	39,927	48,949	132,124

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	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Cash and cash equivalents			
Denominated in RMB	29,560	34,812	130,871
Pledged deposits denominated in RMB	10,367	14,137	1,253

The RMB is not freely convertible into other currencies, however, under Chinese mainland’s Foreign Exchange Control Regulations and Administration of Settlement, and Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business. Short-term deposits are made depending on the immediate cash requirements of the Group and earn interest at the respective short-term time deposit rates. Cash at banks earns interest at floating rates based on daily bank deposit rates.

As at 31 December 2023, 2024 and 2025, the Group and the Company assessed the credit risk of cash and cash equivalents, pledged deposits and restricted cash to be minimal as they were placed in reputable financial institutions.

29. TRADE AND BILLS PAYABLES

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade payables	187,251	268,376	221,465
Bills payable	198,275	154,012	179,869
Total	385,526	422,388	401,334

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

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year	360,086	407,088	378,093
Over 1 year	25,440	15,300	23,241
Total	385,526	422,388	401,334

The trade payables are interest-free and are normally settled within 90 days upon receipt of the invoice.

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade payables	30,563	58,094	46,992
Bills payable	18,254	75,289	55,423
Total	48,817	133,383	102,415

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

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year	48,817	132,437	101,691
Over 1 year	–	946	724
Total	<u>48,817</u>	<u>133,383</u>	<u>102,415</u>

30. OTHER PAYABLES AND ACCRUALS

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Current portion:			
Payroll and welfare payable	60,808	64,240	65,878
Other tax payables	21,588	24,860	32,769
Dividends payable	–	50,189	–
Advance of grant of shares under restricted stocks	–	–	95,701
Advance of compensation plans	–	5,476	10,952
Deposits and other payables	<u>36,293</u>	<u>36,152</u>	<u>37,393</u>
Total	<u>118,689</u>	<u>180,917</u>	<u>242,693</u>

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Payroll and welfare payable	1,151	1,186	1,239
Other tax payables	20,028	6,283	31,580
Dividends payable	–	50,189	–
Advance of grant of shares under restricted stocks	–	–	95,701
Due to subsidiaries	–	–	11,908
Accrued expenses	<u>57</u>	<u>1,233</u>	<u>3,000</u>
Total	<u>21,236</u>	<u>58,891</u>	<u>143,428</u>

Other payables in current portion were interest-free, unsecured and repayable on demand.

31. CONTRACT LIABILITIES

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Contract liabilities	<u>83,274</u>	<u>54,414</u>	<u>67,676</u>

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The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Contract liabilities	147,328	41,437	237,536

32. INTEREST-BEARING BANK AND OTHER BORROWINGS

The Group

	As at 31 December 2023		
	Effective interest rate (%)	Maturity	RMB'000
Current			
Bank borrowings – secured	2.50-2.70	2024	60,046
Current portion of long term bank borrowings – secured	2.90-3.15	2024	40,000
Current portion of other borrowing in respect of sale and leaseback – secured	5.03	2024	517
Total – current			100,563
Non-current			
Other borrowing in respect of sale and leaseback – secured	5.03	2025-2038	100,726
Bank borrowings – secured	2.90-3.15	2025	220,402
Total – non current			321,128
Total			421,691

	As at 31 December 2024		
	Effective interest rate (%)	Maturity	RMB'000
Current			
Bank borrowings – secured	2.45	2025	10,008
Other borrowings – secured	0.72	2025	110,000
Current portion of long term bank borrowings – secured	2.58-3.15	2025	130,000
Total – current			250,008
Non-current			
Bank borrowings – secured	2.58-2.70	2026-2027	220,275
Total – current			220,275
Total			470,283

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As at 31 December 2025			
	Effective interest rate (%)	Maturity	RMB'000
Current			
Bank borrowings – unsecured	2.60	2026	10,008
Bank borrowings – secured	2.50-2.60	2026	30,026
Other borrowings – secured	0.58-0.85	2026	180,000
Current portion of long term bank borrowings – secured	2.35-3.00	2026	51,100
Current portion of other borrowing in respect of sale and leaseback – secured	4.52	2026	11,786
Total – current			282,920
Non-current			
Other borrowing in respect of sale and leaseback – secured	4.52	2037	161,017
Bank borrowings – secured	2.35-3.00	2027-2040	392,719
Total – non-current			553,736
Total			836,656

As at 31 December			
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Analysed into:			
Bank loans and overdrafts repayable:			
Within one year or on demand	100,046	250,008	91,134
In the second year	220,402	30,275	214,819
In the third to fifth years, inclusive	–	190,000	119,400
Beyond five years	–	–	58,500
Subtotal	320,448	470,283	483,853
Other borrowings repayable:			
Within one year	517	–	191,786
In the second year	500	–	12,319
In the third to fifth years, inclusive	22,846	–	40,401
Beyond five years	77,380	–	108,297
Subtotal	101,243	–	352,803
Total	421,691	470,283	836,656

As at 31 December 2023, 2024 and 2025, the Group’s interest-bearing bank and other borrowings of RMB320,448,000, RMB360,283,000 and RMB473,845,000, respectively, were guaranteed by the Company and subsidiaries of the Company.

The Group’s certain bank and other borrowings at 31 December 2023, 2024 and 2025 were RMB101,243,000, nil and RMB172,803,000, respectively, secured by the pledge of the following assets. The net book value of the assets at the end of each of the Relevant Period are as follows:

As at 31 December			
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade receivables	43,856	–	4,340
Property, plant and equipment	291,069	–	233,317
Investment in a subsidiary	80,000	–	10,000
Total	414,925	–	247,657

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33. DEFERRED INCOME

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Government grants			
Asset-related grants (a)	6,263	5,543	121
Income-related grants	23,440	20,000	20,000
Total	<u>29,703</u>	<u>25,543</u>	<u>20,121</u>

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Government grants			
Asset-related grants (a)	<u>5,483</u>	<u>5,153</u>	<u>121</u>

(a) Asset-related grants

The asset-related grants were the subsidies received from the government in relation to the Group’s property, plant and equipment.

34. SHARE CAPITAL

The Group

Shares

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Issued and fully paid:			
Share capital (Ordinary shares: 896,225,431 with par value of RMB1.00 each)*	<u>227,247</u>	<u>227,247</u>	<u>227,247</u>

* Variance due to reverse acquisition in 2016.

No movement in the Company’s share capital during the Relevant Periods.

35. SHARE-BASED PAYMENTS

In April 2025, the board of directors of the Company approved the employee shareholding plan (the “Employee Shareholding Plan”), which aims to motivate core talents by linking employee interests with the Group’s long-term development. The restricted stock units granted would be unlocked in batches of 40%, 30% and 30% from the date of registration over the next three years, respectively, on condition that employees remain in service and certain non-market performance criteria are met.

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On 31 July 2025, pursuant to Employee Shareholding Plan, the Company granted 13,574,600 restricted stocks to eligible participants, including the Company’s directors and employees of the Group, at a subscription price of RMB7.05 per share. The fair value of each restricted stock is determined by the closing price of the Company’s ordinary share of RMB17.60 per share at the grant date. Since there are no cash settlement alternatives, the Group accounts for the restricted stocks granted under Employee Shareholding Plan as an equity-settled plan. The difference between the fair value of the shares granted and the subscription price was recognised in the share-based payment reserve within equity with the corresponding “share-based payment expenses” in profit or loss.

The following restricted stocks under the Employee Shareholding Plan were outstanding during the Relevant Periods:

	2025	
	Weighted average purchase price per share	Number of shares authorised
	<i>RMB per share</i>	<i>'000</i>
At 1 January 2025	—	—
Granted during the year	7.05	13,575
At 31 December 2025	7.05	13,575

The weighted-average remaining contractual lives for the outstanding restricted stocks granted under Employee Shareholding Plan were nil, nil and 1.48 years as at the end of Relevant Periods.

The total share-based payment expenses recognised in profit or loss for restricted stocks were approximately nil, nil and RMB38,510,000 during the Relevant Periods.

36. RESERVES AND TREASURY SHARES

The Group

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

(i) *Share premium*

Share premium of the Group mainly represents the premium in issuing shares.

(ii) *Statutory surplus reserve*

In accordance with the Company Law of Chinese mainland, companies 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 reserve 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 reserve may be converted to share capital, provided that the remaining balance after the capitalisation is not less than 25% of the registered capital.

(iii) *Special reserve*

According to relevant PRC regulations, the Group is required to set aside an amount to special reserves for safety funds. The funds can be used for maintenance of production and improvements of safety and are not available for distribution to shareholders.

(iv) *Exchange fluctuation reserve*

The exchange fluctuation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the Group’s presentation currency.

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(v) *Share-based payment reserve*

The share-based payment reserve represents the equity-settled share awards as set out in note 35 to the Historical Financial Information.

(vi) *Treasury shares*

	Number of shares	Treasury shares RMB'000
At 1 January 2025	–	–
Repurchase of shares (a)	13,820,809	220,933
Grant of restricted shares	(13,574,600)	(216,997)
Recognition of the repurchase obligation	13,574,600	95,701
At 31 December 2025	<u>13,820,809</u>	<u>99,637</u>

- (a) The Company purchased 13,820,809 of its shares on the Shenzhen Stock Exchange at a total cash consideration of RMB220,933,000 with the amount debited to the Share premium. As at 31 December 2025, the Group had 246,209 purchased shares classified as treasury shares held for the future share incentive plans.

The Company

	Share premium RMB'000	Treasury shares RMB'000	Share-based payment reserve RMB'000	Statutory surplus reserve RMB'000	Retained profits RMB'000	Total RMB'000
As at 1 January 2023	2,929,135	–	–	177,396	790,647	3,897,178
Profit for the year	–	–	–	–	574,580	574,580
Total comprehensive income for the year	–	–	–	–	574,580	574,580
Dividends declared	–	–	–	–	(510,848)	(510,848)
Transfer from retained profits	–	–	–	57,458	(57,458)	–
As at 31 December 2023 and 1 January 2024	2,929,135	–	–	234,854	796,921	3,960,910
Profit for the year	–	–	–	–	570,174	570,174
Total comprehensive income for the year	–	–	–	–	570,174	570,174
Transfer from retained profits	–	–	–	57,017	(57,017)	–
Dividends declared	–	–	–	–	(785,094)	(785,094)
As at 31 December 2024 and 1 January 2025	2,929,135	–	–	291,871	524,984	3,745,990
Profit for the year	–	–	–	–	453,772	453,772
Total comprehensive income for the year	–	–	–	–	453,772	453,772
Repurchase of shares and granted	(121,296)	(99,637)	–	–	–	(220,933)
Share-based payments	–	–	38,051	–	–	38,051
Transfer from retained profits	–	–	–	45,377	(45,377)	–
Dividends declared	–	–	–	–	(552,922)	(552,922)
As at 31 December 2025	<u>2,807,839</u>	<u>(99,637)</u>	<u>38,051</u>	<u>337,248</u>	<u>380,457</u>	<u>3,463,958</u>

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37. BUSINESS COMBINATION

On 30 November 2025, the Group acquired a 100% interest in Henan Jingfeng Photovoltaic New Energy Co., Ltd. Henan Jingfeng Photovoltaic New Energy Co., Ltd. is engaged in the PV power generation business. The purchase consideration for the acquisition was in the form of cash.

The fair values of the identifiable assets and liabilities of Henan Jingfeng Photovoltaic New Energy Co., Ltd. as at the date of acquisition were as follows:

	Notes	Fair value recognised on acquisition
		RMB'000
Property, plant and equipment	13	189,917
Right-of-use assets	15	229,791
Other intangible assets	17	34,800
Prepayments, other receivables and other assets		32,905
Cash and cash equivalents		11,758
Trade receivables		2,004
Deferred tax assets		419
Trade payables, other payables and accruals		(66,383)
Interest-bearing bank and other borrowings		(182,495)
Lease liabilities		(252,483)
Total identifiable net assets at fair value		233
Non-controlling interests		—
Gain on bargain purchase recognised in other income and gains in the consolidated statement of profit or loss		233
Satisfied by cash		—

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

	RMB'000
Cash consideration	—*
Cash and bank balances acquired	11,758
Net outflow of cash and cash equivalents included in cash flows from investing activities	11,758

* The cash consideration is RMB 1.

Since the acquisition, Henan Jingfeng Photovoltaic New Energy Co., Ltd. had contributed RMB1,823,000 to the Group’s revenue and caused a loss of RMB1,540,000 to the consolidated profit for the year ended 31 December 2025.

Had the combination taken place at the beginning of the year, the consolidated revenue of the Group and the consolidated profit of the Group for the 2025 would have been RMB2,395,683,000 and RMB716,155,000, respectively.

The fair values of the trade receivables and other receivables as at the date of acquisition amounted to RMB2,004,000 and nil, respectively, which are equal to the gross contractual amounts RMB2,004,000 and nil minutes expected uncollectible amount nil and nil, respectively.

38. DISPOSAL OF A SUBSIDIARY

On 12 May 2025, the Group disposed a 100% interest in Changzheng Electric Co., Ltd.

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The fair values of the identifiable assets and liabilities of Changzheng Electric Co., Ltd. as at the date of disposal were as follows:

	Notes	2025 RMB'000
Net assets disposed of:		
Property, plant and equipment	13	3
Cash and bank balances		75
Trade receivables		30,466
Prepayments and other receivables		1,496
Deferred tax assets	21	10,333
Trade payables		(20,215)
Accruals and other payables		(3,776)
Contract liabilities		(2,275)
Subtotal		16,107
Loss on disposal of a subsidiary		(15,107)
Total consideration		1,000
Satisfied by:		
Cash		1,000

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of a subsidiary is as follows:

	2025 RMB'000
Cash consideration	1,000
Cash and bank balances disposed of	(75)
Net inflow of cash and cash equivalents in respect of the disposal of a subsidiary . .	925

39. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the years ended 31 December 2023, 2024 and 2025, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB1,739,000, RMB9,292,000 and RMB115,455,000, respectively, in respect of lease arrangements for buildings.

(b) Changes in liabilities arising from financing activities

	Payables for [REDACTED] expense	Dividend payable	Advance of compensation plans	Advance of grant of shares under restricted stocks	Interest- bearing bank and other borrowings	Lease liabilities	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2023	[REDACTED]	—	—	—	503,229	81,697	584,926
Changes from financing cash flows	[REDACTED]	511,359	—	—	(89,158)	(28,009)	394,192
Dividends declared	[REDACTED]	(511,359)	—	—	—	—	(511,359)
New leases	[REDACTED]	—	—	—	—	1,847	1,847
Lease term termination	[REDACTED]	—	—	—	—	(2,422)	(2,422)
Interest expense	[REDACTED]	—	—	—	12,544	3,755	16,299
Non-cash payment	[REDACTED]	—	—	—	(4,924)	—	(4,924)
Exchange realignment	[REDACTED]	—	—	—	—	2,464	2,464

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	Payables for [REDACTED] expense	Dividend payable	Advance of compensation plans	Advance of grant of shares under restricted stocks	Interest- bearing bank and other borrowings	Lease liabilities	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2023 and 1 January 2024	[REDACTED]	–	–	–	421,691	59,332	481,023
Changes from financing cash flows	[REDACTED]	(734,905)	5,476	–	34,064	(30,467)	(725,832)
Dividends declared	[REDACTED]	785,094	–	–	–	–	785,094
New leases	[REDACTED]	–	–	–	–	9,292	9,292
Interest expense	[REDACTED]	–	–	–	14,720	2,535	17,255
Non-cash payment	[REDACTED]	–	–	–	(192)	–	(192)
Exchange realignment	[REDACTED]	–	–	–	–	1,495	1,495
At 31 December 2024 and 1 January 2025	[REDACTED]	50,189	5,476	–	470,283	42,187	568,135
Increase for [REDACTED] expense	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Changes from financing cash flows	[REDACTED]	(604,912)	5,476	95,701	173,283	(29,360)	(366,443)
Acquisition of a subsidiary . .	[REDACTED]	–	–	–	182,495	252,483	434,978
New leases	[REDACTED]	–	–	–	–	115,455	115,455
Lease term termination	[REDACTED]	–	–	–	–	(2,710)	(2,710)
Dividends declared	[REDACTED]	554,723	–	–	–	–	554,723
Interest expense	[REDACTED]	–	–	–	10,468	2,969	13,437
Exchange realignment	[REDACTED]	–	–	–	127	(1,510)	(1,383)
At 31 December 2025	[REDACTED]	–	10,952	95,701	836,656	379,514	1,322,823

(c) Total cash outflows for leases

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

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within operating activities	1,924	1,884	3,576
Within financing activities	28,009	30,467	29,360
Total	29,933	32,351	32,936

40. CONTINGENCIES

In November 2024, one former subsidiary of the Group which was acquired in 2018, became involved as one of the defendants in a litigation of approximately RMB277 million related to historical contingent matters incurred before the acquisition. As at 31 December 2024, as the litigation was still ongoing, the directors of the Company, having given due consideration to the legal advice and the relevant facts and circumstances, were of the opinion that there was significant uncertainty in the outcome of this pending litigation, hence any potential liability could not be reliably measured. The Group disposed this subsidiary in May 2025 and in addition, based on information available to the Group, the litigation was withdrawn in December 2025 after a settlement was agreed between the plaintiff and another defendant in the litigation. Therefore, in the opinion of the directors, the Group is no longer liable for any liabilities in relation to this litigation.

At each of the relevant periods, except for the aforementioned contingencies, the Group did not have any material contingent liabilities.

41. COMMITMENTS

The Group had no capital commitments at each of the relevant periods.

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42. RELATED PARTY TRANSACTIONS

The related companies with which the Group had transactions were as follows:

(a) Transactions with related parties:

The Group had the following material related party transactions during the Relevant Periods:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Interest on lease liabilities*			
Controlled by the same Controlling Shareholders	1,836	1,298	691
(Decrease)/Increase in the right-of-use assets Controlled by the same Controlling Shareholders	(174)	–	62,713
Rent payment Controlled by the same Controlling Shareholders	14,614	15,147	15,324
Lease expenses			
Spouse of A Controlling Shareholder	–	276	276
A Controlling Shareholder	276	–	–
Total	276	276	276

* The lease expiration date of a lease contract has been modified in 2025 from 30 November 2027 to 31 December 2028.

(b) Outstanding balances with related parties:

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Due from related parties			
Trade related			
Other receivables			
Controlled by the same Controlling Shareholders	3,528	3,528	3,528
Less: Impairment allowance	(706)	(706)	(706)
	2,822	2,822	2,822
Trade related			
Lease liabilities			
Controlled by the same Controlling Shareholders	34,718	21,513	69,667

These balances except for lease liabilities were interest-free and unsecured.

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The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Due from subsidiaries			
Trade related			
Trade receivables	–	14,041	–
Less: Impairment allowance	–	(702)	–
	–	13,339	–
Contract liability	147,328	41,437	237,536
Non-trade related			
Due from subsidiaries	1,244,404	1,142,216	961,964
Less: Impairment allowance	(43,570)	(40,611)	(24,098)
	1,200,834	1,101,605	937,866
Due to subsidiaries			
Non-trade related			
Due to subsidiaries	–	–	11,908
Due from related parties			
Trade related			
Other receivables			
Controlled by the same Controlling			
Shareholders	1,084	1,084	1,084
Less: Impairment allowance	(217)	(217)	(217)
	867	867	867
Trade related			
Lease liabilities			
Controlled by the same Controlling			
Shareholders	14,346	10,519	21,058

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

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Salaries, allowances and bonuses	5,204	5,237	6,621
Pension scheme contributions and social welfare	940	892	957
Share-based payment expenses	–	–	6,151
Total	6,144	6,129	13,729

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

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43. FINANCIAL INSTRUMENTS BY CATEGORY

The Group

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

As at 31 December 2023

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income		Financial assets at amortised cost	Total
		Equity investments	Debt investments		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Equity investments at fair value through other comprehensive income	–	72,145	–	–	72,145
Financial assets at fair value through profit or loss	56,254	–	–	–	56,254
Trade and bills receivables (note 24)	–	–	574,050	659,189	1,233,239
Financial assets included in prepayments, other receivables and other assets (note 26)	–	–	–	7,280	7,280
Pledged deposits	–	–	–	62,911	62,911
Cash and cash equivalents	–	–	–	991,684	991,684
Total	<u>56,254</u>	<u>72,145</u>	<u>574,050</u>	<u>1,721,064</u>	<u>2,423,513</u>

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Trade and bills payables	385,526
Financial liabilities included in other payables and accruals	36,293
Interest-bearing bank and other borrowings	421,691
Total	<u>843,510</u>

As at 31 December 2024

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income		Financial assets at amortised cost	Total
		Equity investments	Debt investments		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Equity investments at fair value through other comprehensive income	–	58,270	–	–	58,270
Financial assets at fair value through profit or loss	2,129	–	–	–	2,129
Trade and bills receivables (note 24)	–	–	394,707	729,878	1,124,585
Financial assets included in prepayments, other receivables and other assets (note 26)	–	–	–	12,146	12,146
Pledged deposits	–	–	–	51,402	51,402
Restricted cash	–	–	–	6,028	6,028
Cash and cash equivalents	–	–	–	1,103,901	1,103,901
Total	<u>2,129</u>	<u>58,270</u>	<u>394,707</u>	<u>1,903,355</u>	<u>2,358,461</u>

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Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Trade and bills payables	422,388
Financial liabilities included in other payables and accruals	91,817
Interest-bearing bank and other borrowings	470,283
Total	<u>984,488</u>

As at 31 December 2025

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income		Financial assets at amortised cost	Total
	RMB'000	Equity investments	Debt investments	RMB'000	RMB'000
Equity investments at fair value through other comprehensive income	–	58,804	–	–	58,804
Financial assets at fair value through profit or loss	2,477	–	–	–	2,477
Trade and bills receivables (note 24)	–	–	577,485	678,782	1,256,267
Financial assets included in prepayments, other receivables and other assets (note 26)	–	–	–	8,245	8,245
Pledged deposits	–	–	–	126,814	126,814
Cash and cash equivalents	–	–	–	1,165,599	1,165,599
Total	<u>2,477</u>	<u>58,804</u>	<u>577,485</u>	<u>1,979,440</u>	<u>2,618,206</u>

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Trade and bills payables	401,334
Financial liabilities included in other payables and accruals	144,046
Interest-bearing bank and other borrowings	836,656
Total	<u>1,382,036</u>

44. TRANSFERS OF FINANCIAL ASSETS

Transferred financial assets that were derecognised in their entirety

During the Relevant Periods, the Group endorsed certain bank acceptance notes to certain suppliers in order to settle the trade payables such suppliers and discounted certain bank acceptance bills with commercial banks (collectively, the “Derecognised Bills”) with carrying amounts in aggregate of RMB150,795,000, RMB227,344,000 and RMB132,373,000 as at 31 December 2023, 2024 and 2025, respectively. The Derecognised Bills had a maturity ranging from 1 to 12 months at the end of each Relevant Periods. In accordance with the Law of Negotiable Instruments of Chinese mainland, the holders of the Derecognised Bills may exercise the right of recourse against any, several or all of the persons/entities who are liable for the Derecognised Bills, including the Group, regardless of the order of precedence (the “Continuing Involvement”). In the opinion of the Company’s directors, the Group has transferred substantially all the risks and rewards relating to the Derecognised Bills. Accordingly, the Group has derecognised the full carrying amounts of the Derecognised Bills and the associated trade payables. The maximum

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exposure to loss from the Group’s Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is their carrying amounts. In the opinion of the Company’s directors, the fair values of the Group’s Continuing Involvement in the Derecognised Bills are not significant.

During the Relevant Periods, expenses of RMB941,000, RMB2,257,000 and RMB1,520,000 were recognised on the dates of transfer of the Derecognised Bills. No gains or losses were recognised from the Continuing Involvement, both during the year or cumulatively.

45. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

The Group’s finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer. At each reporting date, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee four times a year for quarterly, interim and annual financial reporting.

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

The Group invests in financial assets at fair value through profit or loss, which represent unlisted equity investments, structured deposits and wealth management product issued by banks. The Group has estimated the fair value of equity investments using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates. For structured deposits and wealth management products, since the historical actual returns are consistent with expected returns, the Group measures the fair value of bank wealth management products classified as trading financial assets using the expected rate of return and the investment period.

The fair values of the interest-bearing bank and other borrowings have been assessed to be approximate to their carrying amounts as at 31 December 2023, 2024 and 2025, respectively. The fair values of the interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows.

The fair values of unlisted equity investments measured at fair value through profit or loss have been estimated by discounting the expected future cash flows.

The fair values of unlisted equity investments measured at fair value through other comprehensive income have been estimated using a market-based valuation technique based on assumptions that are not supported by observable market prices or rates. The valuation requires the directors to determine comparable public companies (peers) based on industry, size, leverage and strategy, and to calculate an appropriate price multiple, such as price to book (“P/B”) multiple, price to earnings (“P/E”) multiple and price to sales (“P/S”) multiple for each comparable company identified. The multiple is calculated by dividing the enterprise value of the comparable company by an book measure. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company-specific facts and circumstances. The discounted multiple is applied to the corresponding book measure of the unlisted equity investments to measure the fair value. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in profit or loss, are reasonable, and that they were the most appropriate values at the end of the reporting period.

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Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December 2023, 2024 and 2025:

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Financial assets				
Financial assets at fair value through profit or loss				
Unlisted equity investments	Discounted cash flow	Discount rate	31 December 2023: 44.7%	1% increase or decrease in discount rate would result in decrease or increase in fair value by RMB171,000
Equity investments at fair value through other comprehensive income				
Unlisted equity investments	Market approach	Price-to-Book (“P/B”)	31 December 2023: 42% to 58%	1% increase or decrease in P/B would result in decrease or increase in fair value by RMB1,285,000
			31 December 2024: 42% to 58%	1% increase or decrease in P/B would result in decrease or increase in fair value by RMB1,251,000
			31 December 2025: 42% to 58%	1% increase or decrease in P/B would result in decrease or increase in fair value by RMB1,262,000
		Discount for Lack Of Marketability (“DLOM”)	31 December 2023: 10% to 20%	1% increase or decrease in DLOM would result in decrease or increase in fair value by RMB721,000
			31 December 2024: 10% to 20%	1% increase or decrease in DLOM would result in decrease or increase in fair value by RMB582,000

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	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
			31 December 2025: 10% to 20%	1% increase or decrease in DLOM would result in decrease or increase in fair value by RMB587,000
Trade and bills receivables	Discounted cash flow	Discount rate	31 December 2023: 1.9% to 2.2%	1% increase or decrease in discount rate would result in decrease or increase in fair value by RMB3,947,000
			31 December 2024: 0.7% to 2.5%	1% increase or decrease in discount rate would result in decrease or increase in fair value by RMB5,740,000
			31 December 2025: 0.6% to 2.6%	1% increase or decrease in discount rate would result in decrease or increase in fair value by RMB8,398,000

Fair value hierarchy

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

Assets measured at fair value:

As at 31 December 2023

	Fair value measurement using			
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	Total
	Level 1	Level 2	Level 3	
	RMB’000	RMB’000	RMB’000	RMB’000
Unlisted equity investments measured at fair value through other comprehensive income	—	—	72,145	72,145
Trade and bills receivables	—	—	574,050	574,050
Unlisted equity investments measured at fair value through profit or loss	—	—	25,868	25,868
Structured deposits and wealth management products	—	30,386	—	30,386
Total	—	30,386	672,063	702,449

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As at 31 December 2024

	Fair value measurement using			Total
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	Level 1	Level 2	Level 3	
	RMB'000	RMB'000	RMB'000	RMB'000
Unlisted equity investments measured at fair value through other comprehensive income	—	—	58,270	58,270
Trade and bills receivables	—	—	394,707	394,707
Structured deposits and wealth management products	—	2,129	—	2,129
Total	—	2,129	452,977	455,106
	=	=	=	=

As at 31 December 2025

	Fair value measurement using			Total
	Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs	
	Level 1	Level 2	Level 3	
	RMB'000	RMB'000	RMB'000	RMB'000
Unlisted equity investments measured at fair value through other comprehensive income	—	—	58,804	58,804
Trade and bills receivables	—	—	577,485	577,485
Structured deposits and wealth management products	—	2,477	—	2,477
Total	—	2,477	636,289	638,766
	=	=	=	=

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.

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group’s principal financial instruments, other than a derivative, comprise bank loans, other interest-bearing borrowings and other borrowings, and cash and pledged deposits. The main purpose of these financial instruments is to raise finance for the Group’s operations. The Group has various other financial assets and liabilities such as trade and bills receivables and trade and bills payables, which arise directly from its operations.

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

Interest rate risk

The Group’s exposure to the risk of changes in market interest rates relates primarily to the Group’s debt obligations with a floating interest rate. The Group’s policy is to manage its interest cost using a mix of fixed and variable rate debts.

If the interest rate of bank borrowings had increased/decreased by 50 basis points and all other variables were held constant, the profit before tax of the Group, through the impact on floating rate borrowings, would have increased/decreased by approximately RMB1,220,000, RMB1,473,000 and RMB1,378,000 for the years ended 31 December 2023, 2024 and 2025, respectively.

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Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units’ functional currencies.

The following table demonstrates the sensitivity at the end of each of the Relevant Periods to a reasonably possible change in exchange rate, with all other variables held constant, of the Group’s profit before tax (due to changes in the fair value of monetary assets and liabilities) and the Group’s equity.

	Increase/(decrease) in rate of foreign exchange	Increase/(decrease) in profit before tax
	%	RMB’000
Year ended 31 December 2023		
If the USD strengthens against the RMB	10	59,275
If the USD weakens against the RMB	(10)	(59,275)
Year ended 31 December 2024		
If the USD strengthens against the RMB	10	69,349
If the USD weakens against the RMB	(10)	(69,349)
Year ended 31 December 2025		
If the USD strengthens against the RMB	10	65,276
If the USD weakens against the RMB	(10)	(65,276)

Credit risk

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

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group’s credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification. The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Trade and bills receivables*	–	–	–	1,448,932	1,448,932
Financial assets included in prepayments, other receivables and other assets					
– Normal**	457	–	11,480	–	11,937
Contract asset	–	–	–	47,069	47,069
Pledged deposits					
– Not yet past due	62,911	–	–	–	62,911
Cash and cash equivalents					
– Not yet past due	991,684	–	–	–	991,684
Total	<u>1,055,052</u>	<u>–</u>	<u>11,480</u>	<u>1,496,001</u>	<u>2,562,533</u>

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As at 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills receivables*	–	–	–	1,339,679	1,339,679
Financial assets included in prepayments, other receivables and other assets					
– Normal**	6,205	–	15,673	–	21,878
Contract asset	–	–	–	64,144	64,144
Pledged deposits					
– Not yet past due	51,402	–	–	–	51,402
Restricted cash					
– Not yet past due	6,028	–	–	–	6,028
Cash and cash equivalents					
– Not yet past due	1,103,901	–	–	–	1,103,901
Total	<u>1,167,536</u>	<u>–</u>	<u>15,673</u>	<u>1,403,823</u>	<u>2,587,032</u>

As at 31 December 2025

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills receivables*	–	–	–	1,332,201	1,332,201
Financial assets included in prepayments, other receivables and other assets					
– Normal**	8,807	–	7,504	–	16,311
Contract asset	–	–	–	47,783	47,783
Pledged deposits					
– Not yet past due	126,814	–	–	–	126,814
Cash and cash equivalents					
– Not yet past due	1,165,599	–	–	–	1,165,599
Total	<u>1,301,220</u>	<u>–</u>	<u>7,504</u>	<u>1,379,984</u>	<u>2,688,708</u>

* For trade and bills receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 24.

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

Liquidity risk

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

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

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

	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2023						
Interest-bearing bank and other borrowings	113,976	227,357	12,438	23,753	96,019	473,543
Lease liabilities	31,481	32,879	8,455	2,253	–	75,068
Trade and bills payables .	385,526	–	–	–	–	385,526
Financial liabilities included in other payables and accruals .	36,293	–	–	–	–	36,293
Total	567,276	260,236	20,893	26,006	96,019	970,430

	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2024						
Interest-bearing bank and other borrowings	258,582	35,572	193,525	–	–	487,679
Lease liabilities	35,500	9,750	3,033	814	2,038	51,135
Trade and bills payables .	422,388	–	–	–	–	422,388
Financial liabilities included in other payables and accruals .	91,817	–	–	–	–	91,817
Total	808,287	45,322	196,558	814	2,038	1,053,019

	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
31 December 2025						
Interest-bearing bank and other borrowings	301,461	241,432	131,348	53,597	216,719	944,557
Lease liabilities	55,155	54,042	53,537	107,098	188,447	458,279
Trade and bills payables .	401,334	–	–	–	–	401,334
Financial liabilities included in other payables and accruals .	144,046	–	–	–	–	144,046
Total	901,996	295,474	184,885	160,695	405,166	1,948,216

Capital management

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

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may return capital to shareholders or issue new shares.

APPENDIX I

ACCOUNTANT’S REPORT

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

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Total liabilities	1,155,437	1,276,351	2,036,071
Total assets	4,518,148	4,457,694	5,208,443
Debt-to-asset ratio	26%	29%	39%

47. EVENTS AFTER THE RELEVANT PERIODS

On 26 February 2026, The Company proposes that, with the total share capital of 896,225,431 shares (excluding 246,209 shares held in the repurchase special securities account) as reviewed at the 7th meeting of the 7th Board of Directors as the base, a cash dividend of RMB2.10 (tax-inclusive) will be distributed for every 10 shares. It is expected that a total cash dividend of RMB188,155,636.62 (tax-inclusive) will be distributed. No bonus shares will be issued, and no conversion of capital reserve into share capital will be made. The remaining undistributed profits shall be carried forward to subsequent years.

48. SUBSEQUENT FINANCIAL STATEMENTS

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