The following is the text of a report set out on pages I-1 to I-2, received from the Company's reporting accountants, Confucius International CPA Limited, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this document. It is prepared and addressed to the directors of the Company and to the Sole Sponsor pursuant to the requirements of HKSIR 200, Accountants' Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants.

PAN-CHINA 天健國際會計師事務所有限公司
Confucius International CPA Limited Certified Public Accountants

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ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF BEIJING GEOENVIRON ENGINEERING & TECHNOLOGY, INC. AND CCB INTERNATIONAL CAPITAL LIMITED

Introduction

We report on the historical financial information of Beijing GeoEnviron Engineering & Technology, Inc. (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages I-3 to I-149, which comprises the consolidated statements of financial position of the Group and the statements of financial position of the Company as at December 31, 2023, 2024 and 2025, and the consolidated statements of profit or loss, and the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended December 31, 2023, 2024 and 2025 (the "**Track Record Period**") and material accounting policy information and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages I-3 to I-149 forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated **[REDACTED]** (the "**Document**") in connection with the initial **[REDACTED]** of H shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' Responsibility for the Historical Financial Information

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

Reporting Accountants' Responsibility

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

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

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

Adjustments

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

Dividends

We refer to Note 12 to the Historical Financial Information which contains information about the dividends paid by the Company in respect of the Track Record Period.

Confucius International CPA Limited
Certified Public Accountants
Hong Kong
[Date]

I HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

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

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

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

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

		Year ended December 31,		
	Notes	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
Revenue	*5*	10,580,366	14,499,545	14,732,257
Cost of sales	*8*	(8,721,412)	(12,509,746)	(12,047,999)
Gross profit		**1,858,954**	**1,989,799**	**2,684,258**
General and administrative expenses	*8*	(572,058)	(580,871)	(620,655)
Selling and marketing expenses	*8*	(143,587)	(97,683)	(106,424)
Research and development expenses	*8*	(324,018)	(509,082)	(458,549)
Net impairment losses on financial assets	*3.2*	(69,700)	(74,881)	(40,611)
Other income	*6*	133,011	162,264	131,175
Other gains/(losses), net	*7*	45,422	138,387	(204)
Operating profit		**928,024**	**1,027,933**	**1,588,990**
Finance income	*10*	1,546	2,493	3,146
Finance costs	*10*	(447,580)	(463,121)	(465,089)
Finance costs, net	*10*	**(446,034)**	**(460,628)**	**(461,943)**
Share of profit or loss of investments accounted for using the equity method	*14*	77,651	41,249	(6,536)
Profit before income tax		**559,641**	**608,554**	**1,120,511**
Income tax expenses	*11*	(51,477)	(65,336)	(80,879)
Profit for the year		**508,164**	**543,218**	**1,039,632**
Attributable to:				
– Owners of the Company		504,641	482,519	838,303
– Non-controlling interests		3,523	60,699	201,329
		508,164	**543,218**	**1,039,632**
Earnings per share for profit attributable to owners of the Company (expressed in RMB per share)				
• Basic	*13*	0.33	0.32	0.55
• Diluted	*13*	0.33	0.32	0.55

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Profit for the year	**508,164**	**543,218**	**1,039,632**
Other comprehensive income			
Items that may be reclassified to profit or loss in subsequent periods, net of tax:			
– Exchange differences on translation of foreign operations	–	–	299
Other comprehensive income for the year, net of tax	–	–	299
Attributable to:			
– Owners of the Company	–	–	299
Total comprehensive income for the year	**508,164**	**543,218**	**1,039,931**
Attributable to:			
– Owners of the Company	504,641	482,519	838,602
– Non-controlling interests	3,523	60,699	201,329
	508,164	**543,218**	**1,039,931**

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at December 31,		
	Notes	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
ASSETS				
Non-current assets				
Property, plant and equipment	*16*	3,956,192	4,269,047	3,967,059
Right-of-use assets	*17*	358,174	370,219	305,990
Deferred tax assets	*21*	108,058	161,303	194,803
Intangible assets	*18*	8,112,030	7,974,993	7,611,185
Investments accounted for using the equity method	*14*	843,147	216,844	180,643
Trade and notes receivables	*22*	64,836	36,642	–
Other financial assets at fair value through profit or loss	*3.5*	19,165	58,925	58,705
Investment properties	*19*	53,412	49,940	48,307
Other non-current assets	*23*	58,483	31,881	52,270
Total non-current assets		**13,573,497**	**13,169,794**	**12,418,962**
Current assets				
Inventories	*26*	4,931,280	5,165,271	5,996,958
Prepayments and other receivables	*23*	544,849	860,601	910,007
Trade and notes receivables	*22*	1,820,629	2,183,498	2,489,740
Other financial assets at fair value through profit or loss	*3.5*	6,274	217,406	36,906
Derivative financial instruments	*3.5*	47,708	9,912	17,875
Note receivables at fair value through other comprehensive income	*3.5*	93,625	70,972	109,561
Restricted cash and term deposits	*27*	572,427	592,457	555,832
Cash and cash equivalents	*27*	1,293,451	1,430,529	1,545,741
Contract assets	*24*	2,863,555	2,688,952	2,049,666
Other current assets	*23*	935,613	878,381	827,232
Total current assets		**13,109,411**	**14,097,979**	**14,539,518**
TOTAL ASSETS		**26,682,908**	**27,267,773**	**26,958,480**

		As at December 31,		
	Notes	2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
LIABILITIES				
Non-current liabilities				
Borrowings	*28*	5,028,483	5,567,014	4,974,928
Lease liabilities	*17*	9,231	8,964	4,910
Deferred tax liabilities	*21*	3,537	24,659	10,603
Deferred income	*29*	142,770	195,200	178,167
Provisions	*30*	208,106	251,828	288,498
Total non-current liabilities		**5,392,127**	**6,047,665**	**5,457,106**
Current liabilities				
Borrowings	*28*	6,923,200	7,526,700	7,428,785
Trade and notes payables	*31*	3,175,061	2,882,408	2,396,710
Contract liabilities	*5(e)*	181,985	259,841	228,668
Lease liabilities	*17*	2,824	5,190	2,551
Current income tax liabilities		32,530	59,540	95,472
Accruals and other payables	*32*	845,956	571,631	660,711
Other current liabilities	*33*	5,036	18,820	14,861
Total current liabilities		**11,166,592**	**11,324,130**	**10,827,758**
Net current assets		**1,942,819**	**2,773,849**	**3,711,760**
TOTAL LIABILITIES		**16,558,719**	**17,371,795**	**16,284,864**
EQUITY				
Equity attributable to owner of the Company				
Share capital	*34*	1,537,359	1,523,234	1,523,234
Treasury shares	*35*	(76,520)	–	(147,980)
Other reserves	*38*	4,254,266	4,157,318	4,216,829
Retained earnings	*37*	3,584,782	3,365,560	4,054,921
Non-controlling interests	*15*	824,302	849,866	1,026,612
TOTAL EQUITY		**10,124,189**	**9,895,978**	**10,673,616**
TOTAL LIABILITIES AND EQUITY		**26,682,908**	**27,267,773**	**26,958,480**

COMPANY'S STATEMENTS OF FINANCIAL POSITION

		As at December 31,		
	Notes	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
ASSETS				
Non-current assets				
Property, plant and equipment	*16*	127,265	125,135	106,434
Right-of-use assets	*17*	48,665	45,297	45,116
Deferred tax assets	*21*	68,229	75,826	125,732
Intangible assets	*18*	20,350	18,043	32,253
Investments accounted for using the equity method	*14*	298,716	221,132	189,233
Investments in subsidiaries	*15*	5,463,783	6,395,764	6,126,071
Other financial assets at fair value through profit or loss	*3.5*	7,550	47,835	47,635
Trade and notes receivables	*22*	12,845	8,301	–
Investment properties	*19*	53,412	49,940	48,307
Other non-current assets	*23*	531	–	–
Total non-current assets		**6,101,346**	**6,987,273**	**6,720,781**
Current assets				
Inventories	*26*	73,888	42,494	25,919
Prepayments and other receivables	*23*	5,265,605	3,734,357	3,368,990
Trade and notes receivables	*22*	943,494	968,632	1,260,557
Other financial assets at fair value through profit or loss	*3.5*	6,274	7,026	35,156
Derivative financial instruments	*3.5*	–	4,142	10,403
Note receivables at fair value through other comprehensive income	*3.5*	14,810	17,667	8,167
Restricted cash and term deposits	*27*	182,497	171,324	222,566
Cash and cash equivalents	*27*	513,142	427,782	228,873
Contract assets	*24*	2,786,382	2,517,407	2,019,641
Other current assets	*23*	3,624	7,403	16,162
Total current assets		**9,789,716**	**7,898,234**	**7,196,434**
TOTAL ASSETS		**15,891,062**	**14,885,507**	**13,917,215**

	Notes	As at December 31, 2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
LIABILITIES				
Non-current liabilities				
Borrowings	*28*	425,760	–	60,033
Deferred tax liabilities	*21*	–	3,146	8,274
Deferred income	*29*	9,546	5,454	1,951
Total non-current liabilities		**435,306**	**8,600**	**70,258**
Current liabilities				
Borrowings	*28*	3,552,569	3,342,052	1,979,168
Trade and notes payables	*31*	1,957,465	1,822,029	1,784,854
Contract liabilities		70,452	178,228	110,907
Lease liabilities	*17*	2,383	–	–
Accruals and other payables	*32*	1,642,432	1,525,555	1,803,098
Other current liabilities	*33*	1,396	16,458	9,378
Total current liabilities		**7,226,697**	**6,884,322**	**5,687,405**
Net current assets		**2,563,019**	**1,013,912**	**1,509,029**
TOTAL LIABILITIES		**7,662,003**	**6,892,922**	**5,757,663**
EQUITY				
Share capital	*34*	1,537,359	1,523,234	1,523,234
Treasury shares	*35*	(76,520)	–	(147,980)
Other reserves	*38*	4,503,733	4,459,236	4,501,841
Retained earnings	*37*	2,264,487	2,010,115	2,282,457
TOTAL EQUITY		**8,229,059**	**7,992,585**	**8,159,552**
TOTAL LIABILITIES AND EQUITY		**15,891,062**	**14,885,507**	**13,917,215**

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company							
	Share capital	**Share premium**	**Treasury shares**	**Other reserves**	**Retained earnings**	**Sub-total**	**Non-controlling interests**	**Total equity**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 34)	*(Note 38)*	*(Note 35)*	*(Note 38)*	*(Note 37)*			
Balance at January 1, 2023	**1,525,519**	**3,740,897**	**(31,990)**	**422,467**	**3,221,233**	**8,878,126**	**809,057**	**9,687,183**
Profit for the year	–	–	–	–	504,641	504,641	3,523	508,164
Other comprehensive income	–	–	–	–	–	–	–	–
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**504,641**	**504,641**	**3,523**	**508,164**
Capital contributions by non-controlling interests	–	–	–	–	–	–	54,165	54,165
Appropriation to statutory reserve	–	–	–	43,403	(43,403)	–	–	–
Share-based payment:								
– Share-based compensation expenses	–	–	–	2,476	–	2,476	–	2,476
– Grant of restricted shares by way of private placement under share schemes	11,840	42,861	(54,701)	–	–	–	–	–
– Restricted shares vested	–	4,644	10,171	(4,644)	–	10,171	–	10,171
Declaration of dividends	–	–	–	–	(76,275)	(76,275)	(49,035)	(125,310)
Transactions with non-controlling interests	–	1,122	–	–	(21,414)	(20,292)	(101,751)	(122,043)
Acquisition of subsidiaries	–	–	–	–	–	–	109,559	109,559
Disposal of a subsidiary	–	–	–	–	–	–	(1,208)	(1,208)
Disposal of associates	–	–	–	(11,533)	–	(11,533)	–	(11,533)
Share of other changes in net assets of associates and joint venture	–	–	–	12,778	–	12,778	–	12,778
Others	–	–	–	(205)	–	(205)	(8)	(213)
Balance at December 31, 2023	**1,537,359**	**3,789,524**	**(76,520)**	**464,742**	**3,584,782**	**9,299,887**	**824,302**	**10,124,189**

	Attributable to owners of the Company							
	Share capital	**Share premium**	**Treasury shares**	**Other reserves**	**Retained earnings**	**Sub-total**	**Non-controlling interests**	**Total equity**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 34)	*(Note 38)*	*(Note 35)*	*(Note 38)*	*(Note 37)*			
Balance at January 1, 2024	**1,537,359**	**3,789,524**	**(76,520)**	**464,742**	**3,584,782**	**9,299,887**	**824,302**	**10,124,189**
Profit for the year	–	–	–	–	482,519	482,519	60,699	543,218
Other comprehensive income	–	–	–	–	–	–	–	–
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**482,519**	**482,519**	**60,699**	**543,218**
Capital contributions by non-controlling interests	–	–	–	–	–	–	68,150	68,150
Appropriation to statutory reserve	–	–	–	44,666	(44,666)	–	–	–
Share-based payment:								
– Share-based compensation expenses	–	–	–	(3,302)	–	(3,302)	–	(3,302)
– Restricted shares vested	–	4,519	11,093	(4,519)	–	11,093	–	11,093
– Repurchase and cancellation of restricted shares under share schemes	(14,125)	(51,302)	65,427	–	–	–	–	–
Declaration of dividends	–	–	–	–	(656,374)	(656,374)	(70,074)	(726,448)
Transactions with non-controlling interests	–	18,553	–	–	–	18,553	(33,211)	(14,658)
Appropriation of safety funds, net	–	–	–	701	(701)	–	–	–
Share of other changes in net assets of associates and joint venture	–	–	–	1,060	–	1,060	–	1,060
Disposal of associates and joint venture	–	–	–	(107,324)	–	(107,324)	–	(107,324)
Balance at December 31, 2024	**1,523,234**	**3,761,294**	**–**	**396,024**	**3,365,560**	**9,046,112**	**849,866**	**9,895,978**

	Attributable to owners of the Company								
	Share capital	**Share premium**	**Treasury shares**	**Other reserves**	**Translation reserve**	**Retained earnings**	**Sub-total**	**Non-controlling interests**	**Total equity**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(Note 34)	*(Note 38)*	*(Note 35)*	*(Note 38)*	*(Note 38)*	*(Note 37)*			
Balance at January 1, 2025	**1,523,234**	**3,761,294**	**–**	**396,024**	**–**	**3,365,560**	**9,046,112**	**849,866**	**9,895,978**
Profit for the year	–	–	–	–	–	838,303	838,303	201,329	1,039,632
Other comprehensive income	–	–	–	–	299	–	299	–	299
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**299**	**838,303**	**838,602**	**201,329**	**1,039,931**
Capital contributions by non-controlling interests	–	–	–	–	–	–	–	3,444	3,444
Appropriation to statutory reserve	–	–	–	42,108	–	(42,108)	–	–	–
Share-based payment:									
– Share-based compensation expenses	–	–	–	139	–	–	139	13	152
Repurchase of ordinary shares	–	–	(147,980)	–	–	–	(147,980)	–	(147,980)
Declaration of dividends	–	–	–	–	–	(106,626)	(106,626)	(66,440)	(173,066)
Transactions with non-controlling interests	–	16,530	–	–	–	–	16,530	110,305	126,835
Appropriation of safety funds, net	–	–	–	208	–	(208)	–	2	2
Share of other changes in net assets of associates and joint venture	–	–	–	227	–	–	227	–	227
Disposal of subsidiaries	–	–	–	–	–	–	–	(71,907)	(71,907)
Balance at December 31, 2025	**1,523,234**	**3,777,824**	**(147,980)**	**438,706**	**299**	**4,054,921**	**9,647,004**	**1,026,612**	**10,673,616**

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended December 31,		
		2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Cash flows from operating activities				
Cash (used in)/generated from operations	*39(a)*	(898,516)	747,462	1,252,905
Interest received		10,758	17,053	14,694
Income tax paid		(113,723)	(75,334)	(103,228)
Net cash (used in)/generated from operating activities		**(1,001,481)**	**689,181**	**1,164,371**
Cash flows from investing activities				
Proceeds from investment income		26,025	17,361	11,483
Proceeds from disposal of derivative		363,849	105,926	56,361
Proceeds from disposal of property, plant and equipment, intangible assets and other non-current assets		5,272	11,450	80,489
Proceeds from disposal of other financial assets at fair value through profit or loss		151,391	2,204	277,359
Proceeds from disposal of associates		93,124	425,560	52,816
Receive loans principal and interest from external entities		5,422	15,392	11
Government grants received in relation to assets		48,897	70,329	15,333
Proceeds from contingent considerations		–	–	4,318
Loans advanced to related parties		–	–	(6,420)
Payments for purchase of property, plant and equipment, intangible assets and other non-current assets		(1,506,648)	(894,919)	(340,302)
Payments for purchase of investments in associates and joint venture		(9,200)	(1,000)	–
Net cash outflow from disposal of subsidiaries		(1,174)	–	100,700
Net cash outflow from the acquisition of subsidiaries		(33,330)	(90,800)	(9,000)
Payments for other financial assets at fair value through profit or loss		(5,052)	–	–
Payments for purchase of derivative financial instruments		(312,605)	(99,155)	(32,356)
Net cash (used in)/generated from investing activities		**(1,174,029)**	**(437,652)**	**210,792**

	Notes	Year ended December 31, 2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Cash flows from financing activities				
Capital contributions from non-controlling interests, net		53,365	70,100	2,668
Proceeds from share schemes		54,701	–	–
Proceeds from borrowings		7,632,977	10,232,084	8,068,632
Recovery of bill discount margin deposits		144,650	358,989	177,100
Proceeds from loans from third parties		–	7,000	–
Dividends paid to non-controlling interests		(50,995)	(70,074)	(52,090)
Dividends paid to the Company's shareholders		(76,275)	(656,374)	(106,626)
Payments for bill discount margin deposits		(186,239)	(397,100)	(177,320)
Payments for financing-related taxes and fees		(688)	–	–
Repayments of loans from third parties		–	(7,000)	–
Repayments of borrowings		(4,814,889)	(9,137,318)	(8,764,920)
Principal elements of lease payments		(2,482)	(3,537)	(6,278)
Payments for the repurchase of shares under share schemes		–	(65,427)	(147,980)
Transaction with non-controlling interests		(6,732)	(14,658)	26,884
Interests paid		(438,021)	(412,307)	(440,277)
Payments of **[REDACTED]** to be capitalized		–	–	**[REDACTED]**
Movement of restricted term deposits		(42,001)	(15,004)	167,004
Net cash generated from/(used in) financing activities		**2,267,371**	**(110,626)**	**(1,259,471)**
Net increase in cash and cash equivalents		**91,861**	**140,903**	**115,692**
Cash and cash equivalents at beginning of the year		1,201,762	1,293,451	1,430,529
Effects of exchange rate changes on cash and cash equivalents		(172)	(3,825)	(480)
Cash and cash equivalents at the end of the year	*27*	**1,293,451**	**1,430,529**	**1,545,741**

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL INFORMATION

Beijing GeoEnviron Engineering & Technology, Inc. (北京高能時代環境技術股份有限公司) (hereinafter referred to as "**the Company**"), is a joint stock company with limited liability incorporated in the People's Republic of China (the "**PRC**") on August 28, 1992, formerly known as Beijing High-Energy Liner Engineering Office (北京高能墊襯工程處). The Company was listed on the Main Board of the Shanghai Stock Exchange on December 29, 2014, with the stock code: 603588. The registered address of the Company is Unit 101, Level 1-4 Building No. 1, Courtyard 36, Qiufeng Road, Haidian District, Beijing, PRC, and its principal place of business is GeoEnviron Building, Building No. 1, Courtyard 36, Qiufeng Road, Haidian District, Beijing, PRC. The ultimate controlling party of the Company is Mr. Li Weiguo ("**Mr. Li**"), who is an executive director of the Company.

The Company and its subsidiaries (hereinafter collectively referred to as "**the Group**") are primarily engaged in comprehensive environmental protection service with resources recycling and utilization, environmental services projects operation, and environmental engineering services.

The Historical Financial Information are presented in Renminbi ("**RMB**"), which is also the functional currency of the Company, and all values are rounded to the nearest thousands (RMB'000) except when otherwise indicated.

The statutory financial statements of the Company for the years ended December 31, 2023, 2024 and 2025 were prepared in accordance with Accounting Standards for Business Enterprises issued by the Ministry of Finance of the PRC and were audited by Pan-China Certified Public Accountants LLP（天健會計師事務所（特殊普通合夥））which was the certified public accountants registered in the PRC.

2. BASIS OF PREPARATION

The Historical Financial Information of the Group have been prepared in accordance with all applicable IFRS Accounting Standards issued by the International Accounting Standards Board ("**IASB**"). The Historical Financial Information has been prepared under the historical cost convention, as modified by the revaluation of financial assets measured at fair value through profit or loss ("**FVPL**") and financial assets measured at fair value through other comprehensive income ("**FVOCI**").

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

New standards, amendments and interpretations to the existing standards that are effective during the Track Record Period have been adopted by the Group consistently throughout the years presented, unless prohibited by the relevant standard to apply retrospectively.

Other than those material accounting policies information as disclosed elsewhere in this Historical Financial Information, a summary of the other accounting policies information has been set out in Note 45 to this Historical Financial Information.

2.1 New Standards and Amendments to Standards Not Yet Adopted

Standards and amendments to standards that have been issued but not yet effective and not been early adopted by the Group during the Track Record Period are as follows:

Standards and amendments	Effective for accounting periods beginning on or after
Amendments to IFRS 10 and IAS 28 'Sale or Contribution of Assets between an Investor and its Associate or Joint Venture'	To be determined
Amendments to IFRS 9 and IFRS 7 'Amendments to the Classification and Measurement of Financial Instruments'	January 1, 2026
Amendments to IFRS 9 and IFRS 7 'Contracts Referencing Nature-dependent Electricity'	January 1, 2026
Amendments to IFRS Accounting Standards – Annual Improvements to IFRS Accounting Standards – Volume 11	January 1, 2026
IFRS 18 'Presentation and Disclosure in Financial Statements'	January 1, 2027
Amendments to IAS 21 Translation to a Hyperinflationary Presentation Currency	January 1, 2027

Except for the impact of IFRS 18 mentioned below, other amended standards are either not relevant to the Group or not expected to have a material impact on the Group's Historical Financial Information when they become effective.

IFRS 18 Presentation and Disclosure in Financial Statements

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

IFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after January 1, 2027, with early application permitted. The application of IFRS 18 is not expected to have significant impact on the Group's financial position and performance, but may affect the presentation of the statement of profit or loss and disclosures in the future financial statements.

3. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk, price risk and liquidity risk. The Group's overall risk management focuses on the unpredictability of financial markets, seeks a balance between risk and return, and minimizes the adverse impact of risk on the Group's financial performance. Based on this risk management objective, the basic strategy of the Group's risk management is to identify and analyze the various risks faced by the Group, establish appropriate risk tolerance thresholds and timely and reliably supervise various risks to control them within a limited range.

3.1 Market Risk

(a) Foreign Exchange Risk

Foreign exchange risk arises when future commercial transactions or recognized assets and liabilities are denominated in a currency that is not the functional currency of the Group's subsidiaries. The functional currencies of the subsidiaries outside Chinese Mainland are mainly United States Dollar ("**USD**"), whereas functional currency of the subsidiaries operate in Chinese Mainland is RMB. The Group manages its foreign exchange risk by performing regular reviews of the Group's net foreign exchange exposures and tries to minimize these exposures through natural hedges, wherever possible.

As at December 31, 2023, 2024 and 2025, the Group's major financial assets/liabilities exposed to foreign exchange risk, representing those financial assets/liabilities denominated in USD, Euro ("**EUR**") and Japanese Yen ("**JPY**"):

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Financial assets denominated in:			
USD	2,436	12,291	21,354
EUR	2,320	79	86

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Financial liabilities denominated in:			
USD	6,804	310	1,545
EUR	204,339	195,668	214,123
JPY	–	28,896	–

As shown in the table above, the Group is primarily exposed to changes in USD, EUR and JPY exchange rates. The sensitivity of profit or loss to changes in the exchange rates arises mainly from USD, EUR and JPY denominated financial instruments is as below:

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
USD exchange rate –			
Increase 5%	(218)	599	990
Decrease 5%	218	(599)	(990)
EUR exchange rate –			
Increase 5%	(10,101)	(9,779)	(10,702)
Decrease 5%	10,101	9,779	10,702
JPY exchange rate –			
Increase 5%	N/A	(1,445)	N/A
Decrease 5%	N/A	1,445	N/A

(b) Interest Rate Risk

The Group's interest rate risk primarily arises from interest-bearing borrowings. Borrowings issued at floating rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group determines the proportion of borrowings issued at floating rates and fixed rates based on the market environment.

As at December 31, 2023, 2024 and 2025, total borrowings of the Group which were bearing at floating rates amounted to approximately RMB5,678,616,000, RMB5,687,373,000 and RMB5,013,094,000 respectively.

If interest rate had been 50 basis points higher or lower with all other variables held constant, the profit before tax would decrease/increase approximately RMB28,393,000, RMB28,437,000 and RMB25,065,000 for the years ended December 31, 2023, 2024 and 2025, respectively.

Considering the repricing or maturity date, the fair value interest rate risk arises from borrowings and bank balances carried at fixed rates is not significant for the Group.

(c) Price Risk

The Group is mainly exposed to equity price risk through its investments in equity securities and future contracts. The investments are mainly made for strategic purposes. Each investment is managed by the management on a case-by-case basis.

Sensitivity analysis is performed by the management to assess the exposure of the Group's financial results to equity price risk of FVTPL at the end of each Track Record Period. If the derivative financial assets' settlement prices of futures exchange had been 5% increased/decreased, the profit before tax for the years ended December 31, 2023, 2024 and 2025 would have been approximately RMB2,385,000, RMB496,000 and RMB894,000 higher/lower, respectively. If the listed entity's closing price of stock exchange had been 5% increased/decreased, the profit before tax for the years ended December 31, 2023, 2024 and 2025 would have been approximately RMB5,000, RMB10,519,000 and RMB88,000 higher/lower.

3.2 Credit Risk

Credit risk arises from cash and cash equivalents, restricted cash and term deposits, as well as trade receivables, contract assets, notes receivables at amortized cost, and other receivables. The carrying amount of each class of the above financial assets represents the Group's maximum exposure to credit risk in relation to the corresponding class of financial assets.

(a) Risk Management

To manage this risk, cash and cash equivalents as well as restricted cash and term deposits are mainly placed with state-owned or reputable financial institutions which are all high-credit-quality financial institutions.

To manage risks from trade and notes receivables, contract assets and other receivables, the Group has policies in place to ensure that credit terms are made to counterparties with an appropriate credit history and the management performs ongoing credit evaluations of the counterparties. It also has continuous monitoring procedures to ensure the collection of the receivables as scheduled and follow up action is taken to recover overdue debts, if any.

(b) Impairment of Financial Assets

The Group has four types of financial assets that are subject to the expected credit loss model:

* Cash and cash equivalents, restricted cash and term deposits;
* Trade receivable and contract assets;
* Notes receivables at amortized cost; and
* Other receivables.

(i) Credit risk of cash and cash equivalents, restricted cash and term deposits

Cash and cash equivalents, restricted cash and term deposits are determined to have low credit risk as at December 31, 2023, 2024 and 2025. The credit risk on cash and cash equivalents, and restricted cash and term deposits is limited because the counterparties are reputable banks and the risk of inability to pay or redeem at the due date is low.

(ii) Trade Receivables and contract assets

The Group applies the IFRS 9 simplified approach to measure expected credit loss ("**ECL**") which uses a lifetime expected loss allowance for all trade receivables and contract assets.

To measure ECL, trade receivables and contract assets have been grouped based on shared credit risk characteristics and aging. The Group also made individual assessment on the recoverability of its trade receivables and contract assets for certain customers based on historical settlement record.

The historical loss rates are calculated based on the historical payment profiles of customers and the corresponding historical incurred credit losses. The historical loss rates are adjusted to reflect the forward-looking information on macroeconomic factors as well as the credit rating analysis of respective customers and other external data which have impacts to the ability of the customers to settle the receivables.

The Group has determined that Gross Domestic Product ("**GDP**") is the most relevant factor. GDP refers to the total market value of all final goods and services produced within a country (or region) using production factors during a specific period.

In forecasting credit losses, the Group adopts macroeconomic factor forecasts issued by securities firms to ensure the credibility and reliability of the data. Like other economic forecasts, the assessment of projected economic indicators and their probability of occurrence inherently involve significant uncertainty. Therefore, actual results may differ materially from the forecasts.

To address this, the Group employs macroeconomic forecasts under three different scenarios (pessimistic, optimistic, and base case) and assigns weights to these forecasts to calculate weighted macroeconomic forecasts. These weighted forecasts are then used to make the best estimate of credit losses under varying economic conditions.

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the failure of a debtor to engage in a repayment plan with the Group and other indicators of severe financial difficulties.

On that basis, the loss allowance as at December 31, 2023, 2024 and 2025 was determined as follows for trade receivables:

Trade Receivables

Current

As at December 31, 2023, the loss allowance of individually impaired trade receivables are determined as follows:

Assess individually:

	Gross carrying amount	**ECL rate**	**Loss allowance**	**Reason**
	RMB'000		*RMB'000*	
Trade receivables	21,008	100.00%	21,008	Financial difficulty

As at December 31, 2024, the loss allowance of individually impaired trade receivables are determined as follows:

Assess individually:

	Gross carrying amount	**ECL rate**	**Loss allowance**	**Reason**
	RMB'000		*RMB'000*	
Trade receivables	29,806	90.51%	26,978	Financial difficulty

As at December 31, 2025, the loss allowance of individually impaired trade receivables are determined as follows:

Assess individually:

	Gross carrying amount	**ECL rate**	**Loss allowance**	**Reason**
	RMB'000		*RMB'000*	
Trade receivables	38,601	92.88%	35,851	Financial difficulty

Non-current

As at December 31, 2025, the loss allowance of individually impaired trade receivables are determined as follows:

Assess individually:

	Gross carrying amount	Expected loss rate	Loss allowance	Reason
	RMB'000		*RMB'000*	
Trade receivables	22,719	100%	22,719	Financial difficulty

As at December 31, 2023, 2024 and 2025, the loss allowance of grouped impaired trade receivables are determined as follows:

Assessed based on grouping:

Current

	As at December 31, 2023		
	Expected loss rate	Gross carrying amount	Loss allowance
		RMB'000	*RMB'000*
Not yet due	0.00%	353,251	–
Within 1 year	5.00%	1,101,661	55,083
1 to 2 years	10.00%	365,768	36,577
2 to 3 years	30.00%	104,812	31,443
3 to 4 years	50.00%	31,463	15,731
4 to 5 years	80.00%	296	237
Over 5 years	100.00%	1,266	1,266
Total	**7.17%**	**1,958,517**	**140,337**

	As at December 31, 2024		
	Expected loss rate	Gross carrying amount	Loss allowance
		RMB'000	*RMB'000*
Not yet due	0.00%	457,273	–
Within 1 year	5.00%	1,428,695	71,435
1 to 2 years	10.00%	207,168	20,717
2 to 3 years	30.00%	200,402	60,121
3 to 4 years	50.00%	48,778	24,389
4 to 5 years	80.00%	24,038	19,230
Over 5 years	100.00%	1,329	1,329
Total	**8.33%**	**2,367,683**	**197,221**

	As at December 31, 2025		
	Expected loss rate	Gross carrying amount	Loss allowance
		RMB'000	*RMB'000*
Not yet due	0.00%	535,427	–
Within 1 year	5.00%	1,588,631	79,432
1 to 2 years	10.00%	377,479	37,748
2 to 3 years	30.00%	71,623	21,487
3 to 4 years	50.00%	81,322	40,661
4 to 5 years	80.00%	28,493	22,794
Over 5 years	100.00%	21,699	21,699
Total	**8.28%**	**2,704,674**	**223,821**

Non-current

	As at December 31, 2023		
	Expected loss rate	**Gross carrying amount**	**Loss allowance**
		RMB'000	*RMB'000*
2 to 3 years	30.00%	69,923	20,977
3 to 4 years	50.00%	8,401	4,201
4 to 5 years	80.00%	58,447	46,757
Over 5 years	–	–	–
Total	**52.60%**	**136,771**	**71,935**

	As at December 31, 2024		
	Expected loss rate	**Gross carrying amount**	**Loss allowance**
		RMB'000	*RMB'000*
2 to 3 years	–	–	–
3 to 4 years	50.00%	69,923	34,961
4 to 5 years	80.00%	8,401	6,721
Over 5 years	100.00%	8,177	8,177
Total	**57.64%**	**86,501**	**49,859**

The management of the Group determined the ECL rates for portfolio of trade receivables and contract assets with reference to past-due status of such balances by estimating their default rates taking into account historical information and forward-looking information.

As at the end of each Track Record Period, the Group assessed the historical observed default rates and the forward-looking estimates, respectively. The management of the Group reviewed the portfolio of customers contributing the trade receivables and contract assets balances for the respective past-due time band throughout the Track Record Period and noted that the majority of the balances of the respective past-due time band were due from similar portfolio of customers. Furthermore, the Group assessed these customers' financial condition, past settlement history, business relationship with the Group and other factors such as current market conditions and industry information, and considered that the credit risk for the same portfolio of customers remains approximately the same throughout the Track Record Period. Accordingly, the same ECL rates were adopted for the same past-due time band throughout the Track Record Period.

Based on the above calculation results and with reference to the provision ratios of other companies in the same industry, the Group conducts a comprehensive analysis and the outcome closely aligns with the fixed ratio currently adopted. Therefore, it has been decided that the fixed ratio will remain unchanged during the Track Record Period.

Based on the above calculation results and with reference to the provision ratios of other companies in the same industry, the Group conducts a comprehensive analysis and the outcome closely aligns with the fixed ratio currently adopted. Therefore, it has been decided that the fixed ratio will remain unchanged during the Track Record Period.

Movements on the provision of ECL for trade receivables and contract assets are as follows:

Trade receivables

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Current			
Opening loss allowance	122,087	161,345	224,199
Loss allowance recognized, net	35,451	65,224	46,755
Loss allowance written off, net	(2,131)	(2,370)	(7,858)
Acquisition of subsidiaries	5,938	–	–
Disposal of subsidiaries	–	–	(3,424)
Closing loss allowance	**161,345**	**224,199**	**259,672**

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Non-current			
Opening loss allowance	58,977	71,935	49,859
Loss allowance recognized/(reversed), net	12,958	(22,076)	(27,140)
Closing loss allowance	**71,935**	**49,859**	**22,719**

Contract assets

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Assessed based on grouping:			
Expected loss rate	1.00%	1.75%	2.12%
Gross carrying amount	2,892,425	2,736,882	2,094,002
Loss allowance provision	28,870	47,930	44,336
Opening loss allowance	20,225	28,870	47,930
Loss allowance recognized/(reversed), net	8,645	19,060	(3,594)
Closing loss allowance	**28,870**	**47,930**	**44,336**

(iii) Notes receivables at amortized cost

The Group measured provisions for impairment of notes receivables based on the lifetime ECL and assessed that there was no significant credit risk associated with its bank acceptance notes as the Group did not expect that there would be any significant losses from non-performance by these reputable banks. For the commercial acceptance notes which are usually settled within 1 year from the respective issuance date, the Group provided the expected credit loss as at December 31, 2023, 2024 and 2025 amounting to RMB129,000, RMB537,000 and RMB323,000, respectively.

Movements on the provision of ECL for notes receivables at amortized cost are as follows:

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Opening loss allowance	192	129	537
Loss allowance (reversed)/recognized, net	(63)	408	(214)
Closing loss allowance	**129**	**537**	**323**

(iv) Other Receivables

Other receivables at the end of each of the periods are mainly comprised of deposits and others. The Group considers the probability of default upon initial recognition of the assets and whether there has been a significant increase in credit risk on an ongoing basis throughout each of the periods. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the assets as of the reporting date with the risk of default as of the date of initial recognition. Especially the following indicators are incorporated:

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations;
- external credit rating of the counterparty;
- actual or expected significant changes in the operating results of the debtor; and
- significant changes in the expected performance and behavior of the debtor, including changes in the payment status of debtor.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 365 days past due in making a contractual payment.

If the credit risk of the asset is in line with original expectations, the Group categorizes the asset as performing and recognizes 12 months expected credit losses (Stage 1). If a significant credit risk of the asset has occurred compared to original expectations or the credit is impaired, the asset is categorized as underperforming or non-performing and lifetime expected credit losses are recognized (Stages 2 and 3):

Assessed based on grouping:

	Stage 1	**Stage 2**	**Stage 3**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
December 31, 2023				
Expected loss rate	5.00%	10.00%	64.41%	35.81%
Gross carrying amount	90,443	72,200	162,587	325,230
Loss allowance	4,522	7,220	104,725	116,467
December 31, 2024				
Expected loss rate	5.00%	10.00%	66.60%	33.41%
Gross carrying amount	177,766	32,538	175,052	385,356
Loss allowance	8,888	3,254	116,588	128,730
December 31, 2025				
Expected loss rate	5.00%	10.00%	74.17%	29.14%
Gross carrying amount	284,759	60,977	178,538	524,274
Loss allowance	14,238	6,098	132,427	152,763

The loss allowances for other receivables subject to credit risks for the years ended December 31, 2023, 2024 and 2025 reconcile to the opening loss allowances are as follows:

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Opening loss allowance	104,750	116,467	128,730
Loss allowance recognized, net	12,709	12,265	24,804
Receivables written off	(992)	(2)	(194)
Disposal of subsidiaries	–	–	(577)
Closing loss allowance	**116,467**	**128,730**	**152,763**

3.3 Liquidity Risk

The Group intends to maintain sufficient cash and cash equivalents. Due to the dynamic nature of the underlying business, the policy of the Group is to regularly monitor the Group's liquidity risk and to maintain adequate liquid assets such as cash and cash equivalents and term deposits or to retain adequate financing arrangements to meet the Group's liquidity requirements.

The tables below analyze the Group's financial liabilities that will be settled into relevant maturity groupings based on the remaining period at each balance sheet date to their contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at December 31, 2023					
Trade and notes payables	3,175,061	–	–	–	3,175,061
Accruals and other payables (excluding non-financial liabilities)	377,264	–	–	–	377,264
Lease liabilities	3,248	2,369	5,988	3,167	14,772
Borrowings	7,218,964	1,121,815	1,924,482	3,226,436	13,491,697
	10,774,537	**1,124,184**	**1,930,470**	**3,229,603**	**17,058,794**

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at December 31, 2024					
Trade and notes payables	2,882,408	–	–	–	2,882,408
Accruals and other payables (excluding non-financial liabilities)	129,834	–	–	–	129,834
Lease liabilities	5,646	3,717	3,900	2,187	15,450
Other current liabilities	204	–	–	–	204
Borrowings	7,853,762	1,292,879	2,336,476	3,028,529	14,511,646
	10,871,854	**1,296,596**	**2,340,376**	**3,030,716**	**17,539,542**

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at December 31, 2025					
Trade and notes payables	2,396,710	–	–	–	2,396,710
Accruals and other payables (excluding non-financial liabilities)	202,914	–	–	–	202,914
Lease liabilities	2,954	1,434	3,900	–	8,288
Borrowings	7,702,194	1,375,757	1,979,878	2,383,683	13,441,512
	10,304,772	**1,377,191**	**1,983,778**	**2,383,683**	**16,049,424**

3.4 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 maximize shareholders' value.

The Group manages its capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended December 31, 2023, 2024 and 2025.

The Group monitors capital on the basis of the debt to asset ratio as at December 31, 2023, 2024 and 2025 are as follows:

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Total assets	26,682,908	27,267,773	26,958,480
Total liabilities	16,558,719	17,371,795	16,284,864
Debt to asset ratio	62.06%	63.71%	60.41%

3.5 Fair Value Estimation

(a) Determination of Fair Value and the Fair Value Hierarchy of Financial Instruments

This note provides information on how the Group determines the fair values of various financial assets and liabilities.

For financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The Group

As at December 31, 2023	**Level 1**	**Level 2**	**Level 3**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through profit or loss				
Current				
– Derivative financial assets (i)	47,708	–	–	47,708
– Investments on funds products (ii)	–	6,165	–	6,165
– Investments on listed entity (iii)	109	–	–	109
Non-current				
– Investments on unlisted entities	–	–	19,165	19,165
Financial assets at fair value through other comprehensive income				
Current				
– Notes receivables at FVOCI (iv)	–	–	93,625	93,625
	47,817	**6,165**	**112,790**	**166,772**

As at December 31, 2024	**Level 1**	**Level 2**	**Level 3**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through profit or loss				
Current				
– Derivative financial assets (i)	9,912	–	–	9,912
– Investments on funds products (ii)	–	7,026	–	7,026
– Investments on listed entity (iii)	210,380	–	–	210,380
Non-current				
– Investments on unlisted entities	–	–	58,925	58,925
Financial assets at fair value through other comprehensive income				
Current				
– Notes receivables at FVOCI (iv)	–	–	70,972	70,972
	220,292	**7,026**	**129,897**	**357,215**

As at December 31, 2025	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through profit or loss				
Current				
– Derivative financial assets (i)	17,875	–	–	17,875
– Investments on listed entity (iii)	1,750	–	–	1,750
– Other financial assets at fair value through profit or loss (vi)	–	–	35,156	35,156
Non-current				
– Investments on unlisted entities	–	–	58,705	58,705
Financial assets at fair value through other comprehensive income				
Current				
– Notes receivables at FVOCI (iv)	–	–	109,561	109,561
	19,625	–	203,422	223,047

The Company

As at December 31, 2023	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through profit or loss				
Current				
– Investments on funds products (ii)	–	6,165	–	6,165
– Investments on listed entity (iii)	109	–	–	109
Non-current				
– Investments on unlisted entities	–	–	7,550	7,550
Financial assets at fair value through other comprehensive income				
Current				
– Notes receivables at FVOCI (iv)	–	–	14,810	14,810
	109	**6,165**	**22,360**	**28,634**

As at December 31, 2024	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through profit or loss				
Current				
– Derivative financial assets (i)	4,142	–	–	4,142
– Investments on funds products (ii)	–	7,026	–	7,026
Non-current				
– Investments on unlisted entities	–	–	47,835	47,835
Financial assets at fair value through other comprehensive income				
Current				
– Notes receivables at FVOCI (iv)	–	–	17,667	17,667
	4,142	**7,026**	**65,502**	**76,670**

As at December 31, 2025	Level 1	Level 2	Level 3	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through profit or loss				
Current				
– Derivative financial assets (i)	10,403	–	–	10,403
– Other financial assets at fair value through profit or loss (vi)	–	–	35,156	35,156
Non-current				
– Investments on unlisted entities	–	–	47,635	47,635
Financial assets at fair value through other comprehensive income				
Current				
– Notes receivables at FVOCI (iv)	–	–	8,167	8,167
	10,403	**–**	**90,958**	**101,361**

Notes:

(i) The fair values of derivative financial instruments are based on the settlement prices of the futures exchange on December 31, 2023, 2024 and 2025.

(ii) The fair values of investments on funds products are based on the net value report of the relative fund products provided by financial institutions.

(iii) The fair values of investments on listed entities are based on the closing price of stock exchange on December 31, 2023, 2024 and 2025.

(iv) These notes receivables were classified and measured at FVOCI as they are held within a business model with the objective of both collecting contractual cash flows and selling.

The fair value of bank acceptance notes receivables measured at FVOCI have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. Given that the maturities are of a short-term nature, the impact of fair value changes is immaterial.

As at December 31, 2023, 2024 and 2025, the amounts of note receivables at FVOCI restricted by pledge for the issuance of notes payable were nil, RMB25,915,000 and RMB3,028,000, respectively.

(v) The timing of transfers is determined at the date of the event or change in circumstances that caused the transfers. During the Track Record Period, there was no transfer among Level 1 and Level 2.

(vi) These other financial assets at fair value through profit or loss are performance compensation receivables, which arised from business combinations under non-common control.

(b) The Group's Valuation Process

For the financial assets and financial liabilities, including Level 3 fair values, the Group's finance department was assisted by Beijing KYSIN Assets Appraisal Co., Ltd. (the "**Independent Valuer**") valuer to perform the valuations for financial reporting purpose. The finance department reports the valuation results to the management.

(c) The changes in Level 3 assets are analyzed below:

	Investments on unlisted entities	Notes receivables at FVOCI	Other financial assets at FVPL	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Opening balance as at 1 January 2023	19,365	61,464	–	80,829
(Disposals)/additions	(200)	32,161	–	31,961
Closing balance as at 31 December 2023	**19,165**	**93,625**	**–**	**112,790**
Additions/(disposals)	39,760	(22,653)	–	17,107
Closing balance as at 31 December 2024	**58,925**	**70,972**	**–**	**129,897**
(Disposals)/additions	(220)	38,589	35,156	73,525
Closing balance as at 31 December 2025	**58,705**	**109,561**	**35,156**	**203,422**

(d) Valuation Inputs and Relationships to Fair Value

Description	Fair value			Valuation techniques	Significant unobservable input(s)	Range of inputs	Relationship of unobservable input(s) to fair value
	As at December 31,						
	2023	2024	2025				
	RMB'000	*RMB'000*	*RMB'000*				
Notes receivables at FVOCI (i)	93,625	70,972	109,561	Discounted cash flow	Discount rate	1.00% to 3.00%	An increase in discount rate would result in a decrease in fair value, and vice versa.
Investments on unlisted entities (ii)	19,165	58,925	58,705	Guideline public company method	P/B	0.24 to 0.34	An increase in P/B used would result in an increase in the fair value measurement of the unlisted equity instruments, and vice versa.
				Guideline public company method	P/S	2.77 to 3.44	An increase in P/S used would result in an increase in the fair value measurement of the unlisted equity instruments, and vice versa.
				Guideline public company method	P/E	19.55 to 20.67	An increase in P/E used would result in an increase in the fair value measurement of the unlisted equity instruments, and vice versa.
Other financial assets at fair value through profit or loss	–	–	35,156	Net profit value	Net profit value	N/A	An increase in net profit value would result in an increase in fair value, and vice versa.

(i) If the discount rate used had been increased/decreased by 5% of notes receivables at FVOCI, the profit before tax for the years ended December 31, 2023, 2024 and 2025 would have been approximately RMB21,000, RMB17,000 and RMB37,000 lower/higher, respectively.

(ii) If the P/B, P/S and P/E used had been 5% increased/decreased of the investments on unlisted entities, the profit before tax for the years ended December 31, 2023, 2024 and 2025 would have been approximately RMB1,318,000, RMB4,112,300 and RMB4,141,100 higher/lower, respectively.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Group continually evaluates the critical accounting estimates and key judgments applied based on historical experience and other factors, including expectations of future events that are believed to be reasonable.

The critical accounting estimates and key assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are outlined below:

(a) Allowance for Expected Credit Loss of Receivables and Contract Assets

The loss allowances for receivables and contract assets are based on assumptions about the risk of default and expected loss rates to determine the expected loss. The Group uses judgment in making these assumptions and selecting the inputs to the impairment calculation. The historical loss rates are adjusted to reflect the forward-looking information on macroeconomic factors as well as the credit rating analysis of respective customers and other external data which have impacts to the ability of the customers to settle the receivables.

The Group takes into account different macroeconomic scenarios in considering forward-looking information in Chinese Mainland. The Group regularly monitors and reviews the key macroeconomic assumptions and parameters related to the calculation of expected credit losses. The Group has identified GDP as the most relevant factor, utilizes macroeconomic forecasts under three distinct scenarios, and assigns weights to these forecasts to derive weighted macroeconomic forecasts. Accordingly, loss rates are adjusted based on these weighted forecasts to make the best estimate of credit losses under varying economic conditions.

(b) Estimated Net Realizable Value of Inventories

In accordance with the Group's accounting policy, the Group estimated net realizable value of inventories based on specific facts and circumstances. For different types of inventories, it requires the estimation on selling prices, costs of conversion, selling expenses and the related tax expense to calculate the net realizable amount of inventories. For inventories held for direct sale, their net realizable value is determined as the amount equal to the estimated selling price of such inventories in the ordinary course of business, less the estimated selling expenses and relevant taxes and levies. For inventories requiring further processing, their net realizable value is determined as the amount equal to the estimated selling price of the finished goods to be produced therefrom in the ordinary course of business, less the estimated costs to complete, the estimated selling expenses and relevant taxes and levies. If certain portions of the same item of inventory are subject to contractual pricing while other portions are not, the net realizable value of each portion shall be determined separately.

It is reasonably possible that if there is a significant change in circumstances including the Group's business and the external environment, outcomes would be significantly affected.

(c) Property, Plant and Equipment and Intangible Assets – Estimated Useful Lives and Residual Values

The Group determines the estimated useful lives and residual values (if applicable) and consequently the related depreciation/amortization charges for its property, plant and equipment and intangible assets (excluding freehold land and goodwill). These estimates are based on the historical experience, anticipated change of technology, market condition and the actual consumptions of related assets. The depreciation/amortization charge will increase when useful lives are less than previously estimated. In addition, technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Actual economic lives may differ from estimated useful lives and actual residual values may differ from estimated residual values. Periodic review could result in change in useful lives and residual values and therefore change in depreciation/amortization expense in future periods.

(d) Income Tax and Deferred Taxation

The Group estimates its income tax provision and deferred taxation in accordance with the prevailing tax rules and regulations, taking into account any special approvals obtained from the relevant tax authorities and any preferential tax treatment to which it is entitled in each location or jurisdiction in which the Group operates. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, the differences will impact on the income tax and deferred tax provisions in the period in which the determination is made.

Deferred tax assets are recognized for unused tax losses and deductible temporary differences, such as the provision for impairment of receivables, contract assets, inventories and property, plant and equipment and accruals of expenses not yet deductible for tax purposes, to the extent that it is probable that taxable profits will be available against which the unused tax losses and the deductible temporary differences can be utilized. Significant estimation is required in determining the recoverability of deferred tax assets.

In the event that future tax rules and regulations or related circumstances change, adjustments to current and deferred taxation may be necessary which would impact on the Group's results or financial position.

(e) Impairment of Non-Financial Assets

The Group tests at least annually whether goodwill has suffered any impairment. Goodwill and other non-financial assets, mainly including property, plant and equipment, intangible assets, investments in associates and joint venture, investments in subsidiaries, as well as right-of-use assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be fully recoverable. The recoverable amounts are the higher of value-in-use ("**VIU**") calculations or fair value less costs of disposal ("**FVLCD**"). These calculations require the use of judgements and estimates.

Judgement is required to identify any impairment indicators existing for any of the Group's non-financial assets, to determine appropriate impairment approaches, i.e., fair value less costs of disposal or value in use, for impairment review purposes, and to select key assumptions applied in the adopted valuation models. Changing the assumptions selected by management in assessing impairment could materially affect the result of the impairment test and in turn affect the Group's financial condition and results of operations. If there is a significant adverse change in the key assumptions applied, it may be necessary to take additional impairment charge to the consolidated statements of profit or loss.

(f) Fair Value Measurement of Financial Assets at Level 3 Fair Value Hierarchy

The fair value of financial instruments classified as level 3 is determined using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. For details of the valuation techniques, inputs and key assumptions used in the determination of the fair value of financial assets at level 3 fair value hierarchy see Note 3.5.

5. OPERATING SEGMENT INFORMATION

(a) Description of Segments and Principal Activities

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker ("**CODM**"). The executive directors assess the financial performance and position of the Group and makes strategic decisions. The executive directors, which has been identified as being the CODM, consists of the chief executive officer, the chief financial officer and the managers for each business unit. The CODM review the Group's internal reporting in order to assess performance, allocate resources, and determine the operating segments based on these reports.

As at December 31, 2023, 2024 and 2025, the CODM have identified the following reportable segments from a product perspective:

- Resources recycling and utilization
- Environmental services projects operation
- Environmental engineering services

(b) Segment Information

For the years ended December 31, 2023, 2024 and 2025, the CODM assess the performance of the operating segments mainly based on segment revenue and gross profit of each operating segment. The selling and marketing expenses, general and administrative expenses and research and development expenses are common costs incurred for these operating segments as a whole and therefore, they are not included in the measure of the segments' performance which is used by the CODM as a basis for the purpose of resource allocation and assessment of segment performance. Net impairment losses on financial assets, other income, other gains/(losses), net, finance income/(costs), net and income tax expenses are also not allocated to individual operating segment.

Segment information for the year ended December 31, 2023 is as follows:

	Resources recycling and utilization	**Environmental services projects operation**	**Environmental engineering services**	**Inter-segment elimination**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	6,468,481	1,652,051	2,754,124	(294,290)	10,580,366
Cost of sales	(5,988,215)	(889,713)	(2,103,133)	259,649	(8,721,412)
Gross profit	**480,266**	**762,338**	**650,991**	**(34,641)**	**1,858,954**

Segment information for the year ended December 31, 2024 is as follows:

	Resources recycling and utilization	**Environmental services projects operation**	**Environmental engineering services**	**Inter-segment elimination**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	11,157,773	1,762,346	1,861,366	(281,940)	14,499,545
Cost of sales	(10,211,948)	(928,640)	(1,620,774)	251,616	(12,509,746)
Gross profit	**945,825**	**833,706**	**240,592**	**(30,324)**	**1,989,799**

Segment information for the year ended December 31, 2025 is as follows:

	Resources recycling and utilization	**Environmental services projects operation**	**Environmental engineering services**	**Inter-segment elimination**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	11,899,594	1,724,431	1,225,352	(117,120)	14,732,257
Cost of sales	(10,194,920)	(953,150)	(1,006,721)	106,792	(12,047,999)
Gross profit	**1,704,674**	**771,281**	**218,631**	**(10,328)**	**2,684,258**

The timing of revenue recognition is shown in the table below:

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Revenue from contracts with external customers			
– Recognized at a point in time	8,077,480	12,833,542	13,604,480
– Recognized over time	2,480,048	1,629,354	1,107,751
	10,557,528	14,462,896	14,712,231
Other revenue (i)	22,838	36,649	20,026
	10,580,366	**14,499,545**	**14,732,257**

(i) Other revenue represents lease income.

(c) Geographical Information

The Company is domiciled in Chinese Mainland. The amount of the Group's revenue from contracts with external customers by locations is shown in the table below:

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Chinese Mainland	10,557,528	14,462,487	14,668,540
Other countries or regions	–	409	43,691
	10,557,528	**14,462,896**	**14,712,231**

(d) Revenue from Major Customers

The major customers who contributed 10% or more of the Group's revenue for the years ended December 31, 2023, 2024 and 2025 are set out below:

	Year ended December 31,					
	2023		2024		2025	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*
Customer A	N/A*	N/A*	1,714,816	11.83	N/A*	N/A*

* Less than 10% of the Group's revenue for the year 2023 and 2025.

(e) Contract Liabilities

During the Track Record Period, the additions to the contract liabilities were primarily due to cash collections in advance of fulfilling performance obligations, while the reductions to the contract liabilities were primarily due to the recognition of revenues upon fulfillment of performance obligations.

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Contract liabilities	181,985	259,841	228,668

As at January 1, 2023, the carrying amounts of Contract liabilities is amounting to RMB116,651,000.

The following table shows how much of the revenue, which was included in the contract liabilities at the beginning of the period, recognized during the Track Record Period relates to carried-forward contract liabilities:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Revenue recognized that was included in the beginning balance	105,290	161,362	216,274

Management expects that the unsatisfied obligation of RMB20,623,000, RMB43,567,000 and RMB47,639,000 as at December 31, 2023, 2024 and 2025, respectively, will be recognized as revenue in more than one year.

(f) Accounting Policies and Significant Judgments for Revenue Recognition

The Group recognizes revenue when (or as) a performance obligation is satisfied, i. e., when control of the goods or services underlying the particular performance obligation is transferred to the customer.

If control of the goods and services transfers over time, revenue is recognized over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognized at a point in time when the customer obtains control of the goods and 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 recognized will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

If a customer pays consideration or the Group has a right to an amount of consideration that is unconditional, before the Group transfers a good or service to the customer, the Group presents the contract liability when the payment is made. A contract liability is the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

(i) Resources recycling and utilization

Resources recycling and utilization business primarily focuses on the recycling of metal resources, and derives revenue from the production and sales of related metal products. These transactions constitute performance obligations satisfied at a point in time. Revenue is recognized when the Group deliver the products to the contracted delivery location, the customer confirms acceptance, the consideration has been received or the right to collect the consideration has been obtained, and the related economic benefits are highly probable to flow to the Group.

(ii) Environmental services projects operation

Environmental services projects operation business mainly include operation of waste-to-energy incineration projects and harmless treatment of solid waste and hazardous waste. These transactions constitute performance obligations satisfied at a point in time. For revenue from waste-to-energy incineration projects, the Group recognizes revenue when the State Grid confirms the on-grid electricity generation volume for the current month, based on such volume and the on-grid electricity tariff approved by the National Development and Reform Commission (NDRC). With respect to revenue from the business of harmless treatment of solid waste and hazardous waste, the Group recognizes revenue when it confirms that the customer has accepted the relevant services.

The Group adopts the construction and operation transfer method to participate in the operation of infrastructure facilities. The Group obtains the management right of the facility from the national administrative department (contract awarding party) and participates in the construction and operation of the facility. After the expiration of the management rights, the Group shall hand over the relevant project to the state administrative department. If the contract stipulates that the Group has the right to collect fees during a certain period of operation after the completion of the relevant infrastructure facility, but the amount of fees is uncertain, such right does not constitute an unconditional right to receive cash, and the Group recognizes intangible assets when the relevant construction costs are incurred. These costs are amortized over the concession period on a straight-line basis or units-of-service basis.

(iii) Environmental engineering services

For engineering and construction contracts, the Group's performance creates or enhances an asset or work-in-progress that the customer controls as the asset is created or enhanced and thus the Group satisfies a performance obligation and recognizes revenue over time. The progress of performance for the services provided is determined based on the proportion of completed work volume to the estimated total work volume, and revenue is recognized in line with such performance progress. When the performance progress cannot be reliably determined, if the costs incurred by the Company are expected to be recoverable, revenue is recognized equal to the amount of costs incurred until the performance progress can be reliably determined.

6. OTHER INCOME

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Government grants related to income	111,458	120,552	98,137
Government grants related to assets	5,486	12,970	16,191
Interest income (i)	10,568	14,879	8,587
Additional VAT deduction (ii)	4,882	12,975	2,338
Others	617	888	5,922
	133,011	**162,264**	**131,175**

(i) The amount mainly comprises interest income on the Group's term deposits classified as financial assets at amortized cost calculated using the effective interest method. Interest income from cash and cash equivalent is included in Finance costs, net (Note 10).

(ii) Pursuant to the Announcement [2023] No. 43 "Notice on the Additional Value-Added Tax ("**VAT**") Deduction Policy for Advanced Manufacturing Enterprises (《關於先進製造業企業增值税加計抵減政策的公告》)" issued in 2023 by the Ministry of Finance and the State Taxation Administration, advanced manufacturing enterprises are eligible for a 5% additional VAT deduction based on deductible input VAT from January 1, 2023 to December 31, 2027.

7. OTHER GAINS/(LOSSES), NET

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Gains/(losses) from disposal of associates, joint venture and subsidiaries	33,431	82,001	(62,473)
Net gains/(losses) on disposal of financial instruments	9,680	(43,991)	35,592
Fair value changes on financial assets at fair value through profit or loss	4,977	74,659	(24,976)
Net gains/(losses) on disposal of property, plant and equipment, intangible assets and other non-current assets	1,183	(3,943)	(29,404)
Net foreign exchange differences	(173)	(3,825)	(778)
Gains from disposal of financial assets at fair value through profit or loss	–	41,587	115,167
Penalties	(4,314)	(7,885)	(13,694)
Litigation compensation	(1,377)	(4,939)	(19,170)
Others	2,015	4,723	(468)
	45,422	**138,387**	**(204)**

8. EXPENSE BY NATURE

Expenses included in cost of sales, general and administrative expenses, selling and marketing expenses and research and development expenses are analyzed as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Materials, fuel and power costs	6,037,136	10,216,918	10,107,359
Impairment losses/(credit) on inventories	30,707	11,942	2,040
Employee compensation expenses *(Note 9)*	903,064	892,190	906,475
Civil engineering and subcontracting costs	865,807	669,284	418,926
Depreciation and amortization	552,933	625,131	639,878
Equipment and installation costs	336,970	330,143	198,646
Equipment usage fees	207,572	108,127	72,562
Manufacturing overheads	291,539	355,478	355,499
Taxes and surcharges	66,345	68,767	79,960
Business entertainment expenses	62,633	50,885	44,148
Agency and consulting fees	77,652	66,436	50,067
Transportation and travel expenses	42,022	34,677	35,131
Office expenses	16,629	10,235	10,200
Auditors' remunerations	1,406	2,080	2,573
Impairment losses on non-current assets	38,436	91,158	107,379
[REDACTED]	–	–	**[REDACTED]**
Other expenses	230,224	163,931	202,566
	9,761,075	**13,697,382**	**13,233,627**

9. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTOR'S REMUNERATION)

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Salaries, wages and bonuses	683,763	681,104	665,367
Housing fund and other benefits	146,375	143,370	162,697
Pension costs (i)	70,450	71,018	78,259
Share-based compensation expenses (ii)	2,476	(3,302)	152
	903,064	**892,190**	**906,475**

(i) The Group is required to make contributions for its employees in the PRC to the state-sponsored retirement plan at a certain rate based on the qualified salaries of the individual employees. The PRC government is responsible for the pension liability of the retired employees.

During the year ended December 31, 2023, 2024 and 2025, no forfeited contributions were utilized by the Group to reduce its contributions for the current year.

(ii) The 2023 Restricted Share Incentive Plan and Stock Option Incentive Plan ("**2023 Incentive Plan**") was canceled by way of repurchase as the Company failed to meet the performance targets of the first vesting period and the Company anticipated that it will be unable to achieve the remaining performance targets for the second, third and fourth vesting periods as well. Moreover, the internal and external operating environment of the Company has changed substantially compared with the conditions at the time when the 2023 Incentive Plan was formulated. If the 2023 Incentive Plan continues to be implemented, it is expected that the intended incentive purpose and effect will not be achieved, which is not conducive to fully motivating the enthusiasm of the Company's core team.

On the cancellation date, 3 June 2024 the Company accounted for the cancellation as an acceleration of vesting and recognized immediately the amount that otherwise would have been recognized for services received over the remainder of the vesting period, and such recognition was made in 2024.

To incentivize the management and key operating personnel of Jiangxi Xinke, the Company transferred 8.80% equity interest in its subsidiary Jiangxi Xinke Environmental Protection High-tech Co., Ltd. ("**Jiangxi Xinke**") to Jiangjin Jinsong New Material Co., Ltd. (a company established by the management and operating personnel of Jiangxi Xinke) on December 3, 2025, at a consideration of RMB 150,000,000. The market value of 8.8% equity interest in Jiangxi Xinke as of November 30, 2025 was RMB 159,200,000, which was determined based on the valuation performed by the "Independent Valuer". The vesting period for the equity incentive is from December 2025 to November 2030.

(a) Directors' and Supervisors' Remuneration

Directors' and supervisors' remuneration for the year, disclosed pursuant to the applicable Listing Rules and the Hong Kong Companies Ordinance, is as follows:

Year ended December 31, 2023	Fees	Salaries, wages and bonuses	Retirement benefits	Housing fund and other benefits	Share-based payment remuneration	Total remuneration before tax
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors:						
Mr. Li	–	840	–	–	–	840
Mr. Ling Jinming	–	2,346	63	92	(157)	2,344
Ms. Wu Xiujiao (i)	–	695	63	92	(20)	830
Mr. Hu Yunzhong	–	840	63	92	28	1,023
Ms. Wei Li (Resigned) (i)	–	567	63	92	–	722
Mr. Liu Zejun	–	364	63	92	–	519
Mr. Chen Wangming	–	900	63	92	–	1,055
Independent non-executive directors:						
Mr. Xu Shengming	120	–	–	–	–	120
Ms. Wang Jingda	120	–	–	–	–	120
Mr. Xu Lin (Resigned) (ii)	80	–	–	–	–	80
Ms. Liu Li (ii)	40	–	–	–	–	40
Supervisors:						
Mr. Zhen Shengli	–	255	63	92	–	410
Ms. Zhao Haiyan	–	470	63	92	–	625
Mr. Yang Wenxu (Resigned) (iii)	–	122	22	32	–	176
Mr. Lin Heng (iii)	–	330	45	65	–	440
Total	**360**	**7,729**	**571**	**833**	**(149)**	**9,344**

(i) On May 16, 2023, Ms. Wei Li resigned as an executive director of the Company, and Ms. Wu Xiujiao was appointed as an executive director of the Company.

(ii) On August 31, 2023, Mr. Xu Lin resigned as an independent non-executive director of the Company, and Ms. Liu Li was appointed as an independent director of the Company.

(iii) On July 10, 2023, Mr. Yang Wenxu resigned from as a supervisor of the Company, and Mr. Lin Heng was appointed as a supervisor of the Company.

Year ended December 31, 2024	Fees	Salaries, wages and bonuses	Retirement benefits	Housing fund and other benefits	Share-based payment remuneration	Total remuneration before tax
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors:						
Mr. Li	–	540	–	–	–	540
Mr. Ling Jinming	–	2,063	66	88	–	2,217
Ms. Wu Xiujiao	–	835	66	88	(14)	975
Mr. Hu Yunzhong	–	1,108	66	88	(28)	1,234
Mr. Liu Zejun	–	360	62	81	–	503
Mr. Chen Wangming	–	765	66	88	–	919
Independent non-executive directors:						
Mr. Xu Shengming	120	–	–	–	–	120
Ms. Wang Jingda	120	–	–	–	–	120
Ms. Liu Li	120	–	–	–	–	120
Supervisors:						
Mr. Zhen Shengli (Resigned) (i)	–	20	5	8	–	33
Ms. Zhao Haiyan	–	621	66	88	–	775
Ms. Gong Chen (i)	–	447	42	56	–	545
Mr. Lin Heng	–	305	52	69	–	426
Total	**360**	**7,064**	**491**	**654**	**(42)**	**8,527**

(i) On January 31, 2024, Mr. Zhen Shengli resigned from as a supervisor of the Company, and Ms. Gong Chen was appointed as a supervisor of the Company.

Year ended December 31, 2025	Fees	Salaries, wages and bonuses	Retirement benefits	Housing fund and other benefits	Share-based payment remuneration	Total remuneration before tax
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors:						
Mr. Li	–	290	–	–	–	290
Mr. Ling Jinming	–	1,880	68	99	–	2,047
Ms. Wu Xiujiao (i)	–	320	45	66	–	431
Mr. Hu Yunzhong (i)	–	624	45	66	–	735
Mr. Liu Zejun (i)	–	270	39	57	–	366
Mr. Chen Wangming (i)	–	270	45	66	–	381
Mr. Zhang Huazhen (ii)	–	525	29	41	–	595
Mr. Long Shaopeng (ii)	–	627	27	39	–	693
Mr. Sun Min (ii)	–	1,140	68	99	–	1,307
Ms. Li Yewei (ii)	–	465	29	41	–	535
Independent non-executive directors:						
Mr. Xu Shengming (iii)	70	–	–	–	–	70
Ms. Wang Jingda	120	–	–	–	–	120
Ms. Liu Li	120	–	–	–	–	120
Mr. Huang Changbo (iii)	50	–	–	–	–	50
Supervisors:						
Ms. Zhao Haiyan (iv)	–	198	34	50	–	282
Ms. Gong Chen (iv)	–	301	23	34	–	358
Mr. Lin Heng (iv)	–	129	27	39	–	195
Total	**360**	**7,039**	**479**	**697**	**–**	**8,575**

(i) Ms. Wu Xiujiao, Mr. Hu Yunzhong, Mr. Liu Zejun and Mr. Chen Wangming resigned as executive directors of the Company on August 7, 2025.

(ii) Mr. Zhang Huazhen, Mr. Long Shaopeng, Mr. Sun Min and Ms. Li Yewei were appointed as executive directors of the Company on August 7, 2025.

(iii) Mr. Xu Shengming resigned as independent non-executive director of the Company, and Mr. Huang Changbo was appointed as independent non-executive director of the Company on August 7, 2025.

(iv) These Supervisors were no longer Supervisors since June 30, 2025, as the Company abolished its Supervisory Board and the role of Supervisor.

(b) Directors' and Supervisors' Other Benefits

No termination benefits were paid to the directors and supervisors of the Company by the Group in respect of the director's services as a director and a supervisor of the Group or other services in connection with the management of the affairs of the Group during the Track Record Period.

No consideration provided to third parties for making available directors' and supervisors' services subsisted at the end of each reporting period or at any time during the Track Record Period.

There were no loans, quasi-loans or other dealings entered into in favor of directors, controlled bodies corporate by and connected entities with such directors during the Track Record Period.

Save as disclosed in Note 43, there were no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director and a supervisor of the Company had a material interest, whether directly or indirectly, subsisted during the Track Record Period.

(c) Five Highest Paid Individuals

The five individuals whose emoluments were the highest in the Group for the years ended December 31, 2023, 2024 and 2025 include 1, 1 and 2 directors respectively whose emoluments are reflected in the analysis shown in Note 9(a) above. The emoluments paid to the remaining 4, 4 and 3 individuals during the years ended December 31, 2023, 2024 and 2025, respectively, are as follows:

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Wages, salaries and bonuses and benefits in kind (including contributions to pension plans)	5,979	5,728	4,313
Housing provident fund, medical insurance, other social insurance and pension contributions	297	289	297
Pension cost – defined contribution plans	187	221	205
Share-based payment remuneration	84	(25)	–
	6,547	**6,213**	**4,815**

The number of the above individuals other than directors whose remuneration fell within the following bands is as follows:

	Year ended December 31,		
	2023	**2024**	**2025**
HKD1,000,001 to HKD1,500,000	2	2	–
HKD1,500,001 to HKD2,000,000	1	2	3
HKD2,000,001 to HKD2,500,000	1	–	–
	4	**4**	**3**

10. FINANCE COSTS, NET

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Finance income:			
Interest income from financial assets held for cash management purposes	1,546	2,493	3,146
Finance costs:			
Interest expenses on borrowings	(438,735)	(475,860)	(439,781)
Interest expenses on lease liabilities	(398)	(488)	(447)
Net exchange (losses)/gains on foreign currency borrowings	(11,344)	9,092	(19,347)
Financing handling fees (for bill discounting and rollover)	(16,064)	(15,981)	(8,869)
Less: capitalized interest	18,961	20,116	3,355
Finance costs total	(447,580)	(463,121)	(465,089)
Finance costs, net	**(446,034)**	**(460,628)**	**(461,943)**

For the years ended December 31, 2023, 2024 and 2025, the capitalization rates used were 3.50% to 5.00%, 3.50% to 4.20% and 3.43% to 3.75%, respectively.

11. INCOME TAX EXPENSES

The income tax expenses of the Group during the Track Record Period are analyzed as follows:

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Current income tax	70,513	97,459	129,509
Deferred income tax	(19,036)	(32,123)	(48,630)
	51,477	**65,336**	**80,879**

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 operate.

(a) PRC Corporate Income Tax

In accordance with the relevant regulations of the Enterprise Income Tax laws (the "**EIT Law**") of the PRC, the applicable statutory tax rate of the PRC subsidiaries is 25% unless those subject to tax exemption set out below.

During the Track Record Period, the Company and seventeen subsidiaries of the Group have obtained High and New Technology Enterprises certification ("**HNTE**") and hence they are entitled to a preferential CIT rate of 15% for the Track Record Period. Of these, one subsidiary of the Group newly obtained HNTE in 2024 and hence was thus entitled to the 15% preferential CIT rate for the year ended December 31, 2024; two subsidiaries of the Group newly obtained HNTE in 2025 and hence was thus entitled to the 15% preferential CIT rate for the year ended December 31, 2025. This qualification is subject to review by the relevant tax authority in the PRC for every three years.

The income tax provisions in respect of operations in Chinese Mainland are calculated at the applicable tax rates on the estimated assessable profits for the Track Record Period based on existing legislation, interpretations and practices in respect thereof. In accordance with the relevant tax rules and regulations of Chinese Mainland, a number of the Company's subsidiaries enjoy income tax exemptions and reductions because (i) these companies are engaged in the operations of environmental protection, energy and water conservation; and/or (ii) they have operations in the Western Regions of Chinese Mainland that are qualified for a 15% concessionary corporate income tax rate for a prescribed period of time pursuant to the "Circular of the State Council on Policies and Measures Concerning the Large-scale Development of China's Western Regions" (Guo Fa [2020] No. 23) issued by the State Council of Chinese Mainland.

Tax exemptions and reductions from the subsidiaries of the Company in the operations of environmental protection, energy and water conservation mainly arise from (i) income derived by certain subsidiaries of the Company from the production of products that are not restricted or prohibited by the state and meet the relevant national and industrial standards, using resources specified in the "Catalogue of Corporate Income Tax Preferential Policies for Comprehensive Utilization of Resources" (資源綜合利用企業所得稅優惠目錄) as the main raw materials, 90% of such income shall be included in the total taxable income; and/or (ii) pursuant to the relevant provisions of Caishui [2012] No.10 "Notice on Issues Concerning the Corporate Income Tax Preferential Policies for Public Infrastructure Projects and Environmental Protection, Energy Conservation and Water Conservation Projects"(財政部國家稅務總局關於公共基礎設施項目和環境保護節能節水項目企業所得稅優惠政策問題的通知) issued by the Ministry of Finance and the State Taxation Administration of the PRC. For the years ended 31 December 2023 and 2024, certain subsidiaries of the Company are entitled to the corporate income tax preferential policy of "three years of exemption and three years of half-rate reduction".

In accordance with the provisions of the Announcement of the Ministry of Finance, the State Taxation Administration, the National Development and Reform Commission, and the Ministry of Ecology and Environment on Issuing the Catalog of Enterprise Income Tax Preferences for Environmental Protection, Energy Conservation and Water Conservation Projects [2021] and the Catalog of Enterprise Income Tax Preferences for Comprehensive Utilization of Resources [2021] (Announcement No. 36 [2021] of the Ministry of Finance, the State Taxation Administration, the National Development and Reform Commission, and the Ministry of Ecology and Environment), enterprises engaged in projects falling within the scope specified in the Catalog of Enterprise Income Tax Preferences for Environmental Protection, Energy Conservation and Water Conservation Projects [2021] are eligible for the enterprise income tax preferential policy of "three-year exemption and three-year half reduction".

Certain subsidiaries of the Company are engaged in public garbage treatment projects for environmental pollution control that fall within the scope specified in the Catalog of Enterprise Income Tax Preferences for Environmental Protection, Energy Conservation and Water Conservation Projects [2021]. Such subsidiaries enjoyed the aforesaid enterprise income tax preferential policy in 2025, and 2025 was the fourth year of the exemption and reduction period, representing the half-reduction period.

(b) Hong Kong Profits Tax

Hong Kong profits tax rate is 16.5%. One subsidiary of the Group was subject to Hong Kong profits tax for the years ended December 31, 2023, 2024 and 2025.

(c) Corporate Income Tax in Other Jurisdictions

The income tax rates of the subsidiaries from other jurisdictions, including Singapore and Myanmar, had been calculated on the estimated assessable profit during the Track Record Period at the respective rates prevailing in the relevant jurisdictions.

The income tax on the Group's profit before income tax differs from the theoretical amount that would arise using the enacted tax rate applicable to profits of the subsidiaries as follows:

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Profit before income tax	559,641	608,554	1,120,511
Income tax calculated at the Company's applicable tax rate of 15%	83,946	91,283	168,077
Tax effect of:			
Preferential income tax rates applicable to the subsidiaries	(19,617)	(19,862)	(19,482)
Adjustments in respect of current tax of previous periods	7,690	5,542	12,795
Super deduction for research and development expenditure	(31,914)	(29,276)	(27,288)
Non-deductible expenses for tax purpose	26,620	59,160	21,254
Utilization of tax losses and temporary differences not recognized as deferred tax assets	(7,890)	(20,895)	(41,144)
Tax effect of tax losses and deductible temporary difference not recognized	63,283	54,816	44,139
Tax effect of share of results of associates and joint venture	(11,648)	(6,187)	980
Income tax reduction and exemption	(26,498)	(22,600)	(15,429)
Non-taxable income	(31,218)	(47,986)	(65,036)
Others	(1,277)	1,341	2,013
	51,477	65,336	80,879

12. DIVIDENDS

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Final dividends in respect of the previous year, declared and paid during the year (i)	76,275	153,705	106,626
Interim dividends in respect of current year, declared or paid during the year (ii)	–	502,669	–
	76,275	656,374	106,626

(i) Final dividends attributable to owners of the Company in respect of 2022, 2023 and 2024 of RMB0.05 per share (tax inclusive), RMB0.10 per share (tax inclusive) and RMB0.07 per share (tax inclusive), were approved by the shareholder in the Annual General Meeting, respectively.

(ii) Interim dividends attributable to owners of the Company in respect of 2024 of RMB0.33 per share (tax inclusive), were approved by the shareholder in the Annual General Meeting.

13. EARNINGS PER SHARE

(a) Basic Earnings Per Share ("EPS")

The calculation of basic earnings per share is based on the following:

	Year ended December 31,		
	2023	2024	2025
Profit attributable to ordinary shareholders of the Company *(RMB'000)*	504,641	482,519	838,303
Weighted average number of ordinary shares in issue *(thousands)*	1,521,247	1,523,082	1,519,913
Basic EPS *(RMB per share)*	**0.33**	**0.32**	**0.55**

(b) Diluted Earnings Per Share

	Year ended December 31,		
	2023	**2024**	**2025**
Profit attributable to owners of the Company used in calculating diluted EPS *(RMB'000)*	504,641	482,519	838,303
Weighted average number of ordinary shares in issue *(thousands)*	1,521,247	1,523,082	1,519,913
Adjustments for potential shares arising from share schemes *(thousands)*	2,134	4	–
Weighted average number of ordinary shares used in calculating diluted EPS *(thousands)*	1,523,381	1,523,086	1,519,913
Diluted EPS *(RMB per share)*	**0.33**	**0.32**	**0.55**

14. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The Group

The amounts of investments accounted for using the equity method recognized in the Historical Financial Information are as follows:

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Associates	839,043	216,844	180,643
Joint venture	4,104	–	–
	843,147	**216,844**	**180,643**

The movements of investments in associates and joint venture during the Track Record Period are as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	851,842	843,147	216,844
Addition	9,200	1,000	–
Disposal	(69,694)	(332,056)	–
Share of results of associates and joint venture	77,651	41,249	(6,536)
Share of other reserve movement	12,778	1,060	227
Dividends	(33,718)	(9,668)	(6,000)
Others (i)	(4,912)	(327,888)	322
	843,147	216,844	204,857
Impairment loss (ii)	–	–	(24,214)
At the end of the year	**843,147**	**216,844**	**180,643**

(i) For the years ended December 31, 2023, 2024 and 2025, the decreases of RMB4,912,000, increases of RMB5,003,000 and increases of RMB322,000 respectively arose from the unrealized gains or losses in respect of upstream transactions with an associate, including elimination and reversal upon realization.

The decrease of RMB332,891,000 for the year ended December 31, 2024 due to the Company's disposal of partial equity interests in two of its investee entities, after which the Company no longer exercises significant influence over the two entitiess. Accordingly, the remaining investment has been reclassified to "other financial assets at fair value through profit or loss".

(ii) For the years ended December 31, 2023, 2024 and 2025, the Group recognised impairment losses of nil, nil and RMB24,214,000 respectively.

The associates and the joint venture of the Group have been accounted based on the financial information prepared under the accounting policies consistent with the Group.

The Group has interests in a number of individually immaterial associates that are accounted for using the equity method. The carrying amount and the Group's share of the results of individually immaterial associates are shown in aggregate as below:

Reconciliation of the carrying amount of the interests recognized in the Historical Financial Information:

The associates and joint venture

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Aggregate carrying amount of individually immaterial associates and joint venture	843,147	216,844	180,643
Aggregate amounts of the Group's share of:			
Profit for the year	77,651	41,249	(6,536)
Total comprehensive income	77,651	41,249	(6,536)

The Company

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Associates	294,612	221,132	189,233
Joint venture	4,104	–	–
	298,716	**221,132**	**189,233**

The movements of investments in associates and joint venture during the Track Record Period are as follows:

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	267,654	298,716	221,132
Addition	7,200	1,000	–
Disposal	–	(46,033)	–
Share of results of associates and joint venture	16,627	8,158	(5,881)
Share of other reserve movement	14,928	(426)	227
Dividends	(7,693)	2	(6,000)
Others (i)	–	(40,285)	–
	298,716	221,132	209,478
Impairment loss	–	–	(20,245)
At the end of the year	**298,716**	**221,132**	**189,233**

(i) The decrease of RMB40,285,000 for the year ended December 31, 2024 due to the Company's disposal of partial equity interests in one of its investee entities, after which the Company no longer exercises significant influence over the entity. Accordingly, the remaining investment has been reclassified to "other financial assets at fair value through profit or loss".

Reconciliation of the carrying amount of the interests recognized in the Historical Financial Information:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Aggregate carrying amount of individually immaterial associates and joint venture	298,716	221,132	189,233
Aggregate amounts of the Company's share of:			
Profit for the year	16,627	8,158	(5,881)
Total comprehensive income	16,627	8,158	(5,881)

15. SUBSIDIARIES

As at the date of this report and during the Track Record Period, the Company's principal subsidiaries are as follows:

	Name of subsidiaries	Place of incorporation and type of legal entity	Share capital registered/paid-up capital	Interest and voting right held by the Company — As at December 31,						Principal activities
				2023		2024		2025		
			'000	Direct	Indirect	Direct	Indirect	Direct	Indirect	
1	Jiangxi Xinke Environmental Protection High-tech Co., Ltd. (江西鑫科環保高新技術有限公司)	Chinese Mainland, limited liability company	RMB1,500,000	100.00%	–	100.00%	–	91.20%	–	Comprehensive recycling and utilization of metal resources
2	Jingyuan GeoEnviron New Materials Technology Co., Ltd. (靖遠高能環境新材料技術有限公司)	Chinese Mainland, limited liability company	RMB115,800	100.00%	–	100.00%	–	100.00%	–	Comprehensive recycling and utilization of metal resources
3	Jinchang GeoEnviron Technology Co., Ltd. (金昌高能環境技術有限公司) (i)	Chinese Mainland, limited liability company	RMB150,000	–	71.00%	–	58.33%	10.56%	49.11%	Comprehensive recycling and utilization of metal resources
4	Hubei GeoEnviron Pengfu Technology Co., Ltd. (湖北高能鵬富環保科技有限公司)	Chinese Mainland, limited liability company	RMB38,076	100.00%	–	100.00%	–	100.00%	–	Comprehensive recycling and utilization of metal resources
5	Gansu GeoEnviron Zhongse Technology Co., Ltd. (甘肅高能中色環保科技有限公司) (ii)	Chinese Mainland, limited liability company	RMB40,000	50.74%	–	50.74%	–	50.74%	–	Comprehensive recycling and utilization of metal resources
6	Neijiang GeoEnviron Technology Co., Ltd. (內江高能環境技術有限公司) (iii)	Chinese Mainland, limited liability company	RMB100,000	69.84%	–	69.84%	–	69.84%	–	Environmental services projects operation
7	Tibet Yunneng Environmental Technology Co., Ltd. (西藏蘊能環境技術有限公司)	Chinese Mainland, limited liability company	RMB25,000	100.00%	–	100.00%	–	100.00%	–	Procurement of equipment and raw materials
8	Geo Environ (HK) Investment Limited (高能環境(香港)投資有限公司)	Hong Kong, limited liability company	HK$60,000	100.00%	–	100.00%	–	100.00%	–	Investment holding

(i) As at December 31, 2023, 2024 and 2025, the Company indirectly held 71.00%, 58.33% and 49.11% respectively, of the equity interests in Jinchang GeoEnviron Technology Co., Ltd. through its wholly-owned subsidiary, Geo Environ (HK) Investment Limited.

(ii) As at December 31, 2023, Gansu GeoEnviron Zhongse Technology Co., Ltd. was held as to approximately 50.74% by our Company and approximately 49.26% by Jinchang Hongke Commercial Co., Ltd. (金昌宏科商貿有限公司), and as at 31 December, 2024 and 2025, Gansu GeoEnviron Zhongse Technology Co., Ltd. was held as to approximately 50.74% by our Company and approximately 49.26% by Jinchang Jinvixin Investment Service Co. Ltd. (金昌金億鑫投資服務有限公司). Jinchang Hongke Commercial Co., Ltd. and Jinchang Jinvixin Investment Service Co. Ltd. are companies controlled by Mr. Li Aijie who is a director of Gansu GeoEnviron Zhongse Technology Co., Ltd..

(iii) As at December 31, 2023, 2024 and 2025, Neijiang GeoEnviron Technology Co., Ltd. was held as to (a) approximately 69.84% by our Company; (b) approximately 30.00% by Neijiang Investment Holding Group Co., Ltd. (內江投資控股集團有限公司), an independent third party; (c) approximately 0.147% by EIT Environmental Development Group Co. Ltd (玉禾田環境發展集團股份有限公司), an independent third party; (d) approximately 0.007% by China Aviation Planning and Design Institute Co, Ltd. (中國航空規劃設計研究總院有限公司), an independent third party; and (e) approximately 0.007% by Aerospace Sanchuang Environmental Technology (Chengdu) Co., Ltd. (航天三創環保科技(成都)有限公司), an independent third party.

The statutory auditors of the above subsidiaries of the Group during the Track Record Period are set out below:

	Name of subsidiaries	**Name of statutory auditors**		
		2023	**2024**	**2025**
1	Jiangxi Xinke Environmental Protection High-tech Co., Ltd.	Pan-China Certified Public Accountants LLP	Pan-China Certified Public Accountants LLP	Pan-China Certified Public Accountants LLP
2	Jingyuan GeoEnviron New Materials Technology Co., Ltd.	Pan-China Certified Public Accountants LLP	Pan-China Certified Public Accountants LLP	Pan-China Certified Public Accountants LLP
3	Jinchang GeoEnviron Technology Co., Ltd.	Pan-China Certified Public Accountants LLP	Pan-China Certified Public Accountants LLP	Pan-China Certified Public Accountants LLP
4	Hubei GeoEnviron Pengfu Technology Co., Ltd.	Pan-China Certified Public Accountants LLP	Pan-China Certified Public Accountants LLP	Pan-China Certified Public Accountants LLP
5	Gansu GeoEnviron Zhongse Technology Co., Ltd.	Pan-China Certified Public Accountants LLP	Pan-China Certified Public Accountants LLP	Pan-China Certified Public Accountants LLP
6	Neijiang GeoEnviron Technology Co., Ltd.	Pan-China Certified Public Accountants LLP	Pan-China Certified Public Accountants LLP	Pan-China Certified Public Accountants LLP
7	Tibet Yunneng Environmental Technology Co., Ltd.	Pan-China Certified Public Accountants LLP	Pan-China Certified Public Accountants LLP	Pan-China Certified Public Accountants LLP
8	Geo Environ (HK) Investment Limited	N/A	N/A	N/A

(a) The English names of the Chinese Mainland companies are direct translation or transliteration of their Chinese.

(b) The above table lists the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results or assets and liabilities of the Group. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

(c) Transaction with non-controlling interests:

The Group acquired/disposed certain equity interests of certain subsidiaries from/to non-controlling shareholders, and the difference between consideration paid/received and the carrying amount of equity interest acquired/disposed was recognized as an increase/decrease in reserves. Major transactions during the Track Record Period as follows:

– Major transactions during the year ended December 31, 2023

(i) On January 18, 2023, the Group acquired a 33.00% equity interest of Yueyang Jinneng Environmental Green Energy Co., Ltd. as a non-controlling interest at a consideration of RMB114,610,000. The Group recognized a decrease in other reserves of RMB21,414,000 and a decrease in non-controlling interests of RMB93,196,000.

(ii) On July 17, 2023, the Group acquired a 43.59% equity interest of Tianjin Cenmei High-realm Environmental Technology Co., Ltd. as a non-controlling interest at a consideration of RMB14,583,000. The Group recognized an increase in other reserves of nil and a decrease in non-controlling interests of RMB14,583,000.

– Major transactions during the year ended December 31, 2024

In 2024, the Company made an additional investment of RMB47,000,000 in its subsidiary, Jinchang GeoEnviron Technology Co., Ltd. Concurrently, the Company's equity interest was passively diluted as a result of the capital increase by other non-controlling shareholders, which led to a decrease in the Company's shareholding ratio in Jinchang GeoEnviron Technology Co., Ltd. from 71% to 58.33% ultimately. Consequently, the non-controlling interests of the Group decreased by RMB24,354,000 and the capital reserve of the Group increased by RMB22,646,000.

– Major transactions during the year ended December 31, 2025

(i) On June 10, 2025, the Group acquired a 14.89% equity interest in Shanghai Taiyan Environmental Technology Co., Ltd. as non-controlling interest, for a consideration of RMB390,000. The Group recognized an increase in capital reserve of RMB8,811,000 and a decrease in non-controlling interests of RMB9,202,000.

(ii) On March 7, 2025, the Group disposed of 1.66% equity interest in Jinchang GeoEnviron Technology Co., Ltd, as non-controlling interest, for a consideration of RMB2,500,000. The Group recognized an increase in capital reserve of RMB2,749,000,and a increase in non-controlling interests of RMB248,000.

(iii) On December 31, 2025, the Group acquired a 3.00% equity interest in Jinchang GeoEnviron Technology Co., Ltd. for a consideration of RMB4,500,000. The Group recognized an decrease in capital reserve of RMB5,939,000 and a decrease in non-controlling interests of RMB10,439,000.

(d) Material non-controlling interests

As at December 31, 2023, 2024 and 2025, the total non-controlling interests is RMB824,302,000, RMB849,866,000 and RMB1,026,612,000, of which RMB172,447,000, RMB180,163,000 and RMB191,435,000 is attributable to Neijiang GeoEnviron Technology Co., Ltd.

Summarized financial information on subsidiaries with material non-controlling interests

Set out below are the summarized financial information of Neijiang GeoEnviron Technology Co., Ltd which has non-controlling interests that are material to the Group.

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Revenue	231,798	263,921	262,011
Profit for the year	20,152	35,381	36,813
Total comprehensive income for the year	20,152	35,381	36,813
Net cash generated from operating activities	89,036	142,815	17,401
Total non-current assets	1,406,596	1,356,246	1,298,455
Total current assets	301,529	291,970	387,350
Total assets	1,708,125	1,648,216	1,685,805
Total non-current liabilities	894,243	838,302	842,325
Total current liabilities	242,107	212,557	208,749
Total liabilities	1,136,350	1,050,859	1,051,074
Net assets	571,775	597,357	634,731
Non-controlling interest percentage	30.16%	30.16%	30.16%
Non-controlling interest	172,447	180,163	191,435

The Company

Investments in subsidiaries

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Investments in subsidiaries	5,463,783	6,395,764	6,126,071

16. PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings	Machinery and equipment	Transportation equipment	Other equipment	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023						
Cost	1,316,368	1,121,990	58,192	57,869	948,412	3,502,831
Accumulated depreciation	(153,548)	(340,581)	(32,214)	(31,524)	–	(557,867)
Carrying amounts	**1,162,820**	**781,409**	**25,978**	**26,345**	**948,412**	**2,944,964**
Opening carrying amounts	1,162,820	781,409	25,978	26,345	948,412	2,944,964
Additions	9,215	45,682	8,678	7,777	984,377	1,055,729
Disposals	–	(2,494)	(884)	(551)	–	(3,929)
Transfers from construction in progress	737,036	860,662	2,818	25,518	(1,626,034)	–
Depreciation charges	(68,217)	(152,112)	(7,191)	(10,252)	–	(237,772)
Transferred to construction in progress	(5,229)	(5,643)	–	–	10,872	–
Acquisition of subsidiaries *(Note 40)*	145,583	44,756	707	592	5,562	197,200
Closing carrying amounts	**1,981,208**	**1,572,260**	**30,106**	**49,429**	**323,189**	**3,956,192**
At December 31, 2023						
Cost	2,217,693	2,065,014	66,924	87,420	323,189	4,760,240
Accumulated depreciation	(236,485)	(492,754)	(36,818)	(37,991)	–	(804,048)
Carrying amounts	**1,981,208**	**1,572,260**	**30,106**	**49,429**	**323,189**	**3,956,192**

	Buildings	Machinery and equipment	Transportation equipment	Other equipment	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2024						
Cost	2,217,693	2,065,014	66,924	87,420	323,189	4,760,240
Accumulated depreciation	(236,485)	(492,754)	(36,818)	(37,991)	–	(804,048)
Carrying amounts	**1,981,208**	**1,572,260**	**30,106**	**49,429**	**323,189**	**3,956,192**
Opening carrying amounts	1,981,208	1,572,260	30,106	49,429	323,189	3,956,192
Additions	36,951	58,850	7,885	4,294	498,422	606,402
Disposals	(5,275)	(5,673)	(780)	(766)	–	(12,494)
Transfers from construction in progress	263,572	441,038	7,177	8,436	(720,223)	–
Depreciation charges	(81,335)	(178,667)	(9,470)	(11,581)	–	(281,053)
Transferred to construction in progress	(5,003)	(32,159)	–	(37)	37,199	–
Closing carrying amounts	**2,190,118**	**1,855,649**	**34,918**	**49,775**	**138,587**	**4,269,047**
At December 31, 2024						
Cost	2,505,994	2,502,450	77,878	97,744	138,587	5,322,653
Accumulated depreciation	(315,876)	(646,801)	(42,960)	(47,969)	–	(1,053,606)
Carrying amounts	**2,190,118**	**1,855,649**	**34,918**	**49,775**	**138,587**	**4,269,047**

	Buildings	Machinery and equipment	Transportation equipment	Other equipment	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2025						
Cost	2,505,994	2,502,450	77,878	97,744	138,587	5,322,653
Accumulated depreciation	(315,876)	(646,801)	(42,960)	(47,969)	–	(1,053,606)
Carrying amounts	**2,190,118**	**1,855,649**	**34,918**	**49,775**	**138,587**	**4,269,047**
Opening carrying amounts	2,190,118	1,855,649	34,918	49,775	138,587	4,269,047
Additions	13,715	71,608	2,982	6,635	152,297	247,237
Disposals	(80,397)	(143,602)	(1,113)	(2,148)	–	(227,260)
Transfers from construction in progress	44,619	153,754	–	1,060	(199,433)	–
Depreciation charges	(81,553)	(197,139)	(9,463)	(12,526)	–	(300,681)
Transferred to construction in progress	(1,333)	(22,076)	–	–	23,409	–
Dispoal of subsidiaries	(422)	–	–	–	(4,072)	(4,494)
Impairment	(10,998)	(5,727)	(22)	(43)	–	(16,790)
Closing carrying amounts	**2,073,749**	**1,712,467**	**27,302**	**42,753**	**110,788**	**3,967,059**
At December 31, 2025						
Cost	2,471,664	2,466,019	73,486	100,694	110,788	5,222,651
Accumulated depreciation and impairment	(397,915)	(753,552)	(46,184)	(57,941)	–	(1,255,592)
Carrying amounts	**2,073,749**	**1,712,467**	**27,302**	**42,753**	**110,788**	**3,967,059**

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

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as follows:

Buildings	20-40 years
Machinery and equipment	5-20 years
Transportation equipment	5-10 years
Other equipment	5-10 years

See Note 45 for the other accounting policies relevant to property, plant and equipment.

(b) Depreciation of the Group's property, plant and equipment has been recognized in profit or loss as follows:

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Cost of sales	199,337	232,701	258,271
General and administrative expenses	30,720	40,123	33,655
Research and development expenses	7,253	7,862	8,384
Selling and marketing expenses	462	367	371
	237,772	**281,053**	**300,681**

(c) As at December 31, 2023, 2024 and 2025, property, plant, and equipment amounting to RMB358,294,000, RMB511,975,000 and RMB1,474,254,000, were pledged for bank borrowings, respectively.

(d) As at December 31,2023, 2024 and 2025, the Group was still in the process of applying for the ownership certificates for buildings and structures with a total carrying amount of RMB127,209,000, RMB626,481,000 and RMB396,192,000, respectively.

(e) The impairment tests for property, plant and equipment for the year ended December 31, 2025 were disclosed in note 18(a).

The Company

	Buildings	Machinery and equipment	Transportation equipment	Other equipment	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023						
Cost	103,381	119,388	6,959	11,154	–	240,882
Accumulated depreciation	(10,497)	(79,762)	(5,382)	(6,334)	–	(101,975)
Carrying amounts	**92,884**	**39,626**	**1,577**	**4,820**	**–**	**138,907**
Opening carrying amounts	92,884	39,626	1,577	4,820	–	138,907
Additions	–	5,405	12	2,024	4,047	11,488
Disposals	–	(1,538)	(77)	(120)	–	(1,735)
Depreciation charges	(2,134)	(16,949)	(437)	(1,875)	–	(21,395)
Closing carrying amounts	**90,750**	**26,544**	**1,075**	**4,849**	**4,047**	**127,265**
At December 31, 2023						
Cost	103,381	117,892	5,790	12,230	4,047	243,340
Accumulated depreciation	(12,631)	(91,348)	(4,715)	(7,381)	–	(116,075)
Carrying amounts	**90,750**	**26,544**	**1,075**	**4,849**	**4,047**	**127,265**

	Buildings	Machinery and equipment	Transportation equipment	Other equipment	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2024						
Cost	103,381	117,892	5,790	12,230	4,047	243,340
Accumulated depreciation	(12,631)	(91,348)	(4,715)	(7,381)	–	(116,075)
Carrying amounts	**90,750**	**26,544**	**1,075**	**4,849**	**4,047**	**127,265**
Opening carrying amounts	90,750	26,544	1,075	4,849	4,047	127,265
Additions	–	8,079	4	228	7,205	15,516
Transfers from construction in progress	–	5,970	–	–	(5,970)	–
Disposals	398	364	(185)	(668)	–	(91)
Depreciation charges	(2,412)	(13,186)	(438)	(1,519)	–	(17,555)
Closing carrying amounts	**88,736**	**27,771**	**456**	**2,890**	**5,282**	**125,135**
At December 31, 2024						
Cost	103,386	131,495	5,609	11,611	5,282	257,383
Accumulated depreciation	(14,650)	(103,724)	(5,153)	(8,721)	–	(132,248)
Carrying amounts	**88,736**	**27,771**	**456**	**2,890**	**5,282**	**125,135**

	Buildings	Machinery and equipment	Transportation equipment	Other equipment	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2025						
Cost	103,386	131,495	5,609	11,611	5,282	257,383
Accumulated depreciation	(14,650)	(103,724)	(5,153)	(8,721)	–	(132,248)
Carrying amounts	**88,736**	**27,771**	**456**	**2,890**	**5,282**	**125,135**
Opening carrying amounts	88,736	27,771	456	2,890	5,282	125,135
Additions	–	256	10	160	–	426
Disposals	–	(1,036)	(8)	(35)	(5,121)	(6,200)
Depreciation charges	(2,381)	(8,857)	(407)	(1,282)	–	(12,927)
Closing carrying amounts	**86,355**	**18,134**	**51**	**1,733**	**161**	**106,434**
At December 31, 2025						
Cost	103,386	123,754	5,451	11,403	161	244,155
Accumulated depreciation	(17,031)	(105,620)	(5,400)	(9,670)	–	(137,721)
Carrying amounts	**86,355**	**18,134**	**51**	**1,733**	**161**	**106,434**

17. LEASE

This note provides information for leases where the Group is a lessee.

(a) Amounts Recognized in the Consolidated Statements of Financial Position

The Group

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Right-of-use assets			
Land use rights	344,619	354,748	296,731
Buildings	8,691	12,327	7,830
Machinery and equipment	4,864	3,144	1,429
	358,174	**370,219**	**305,990**
Lease liabilities			
Current	2,824	5,190	2,551
Non-current	9,231	8,964	4,910
	12,055	**14,154**	**7,461**

Additions to the right-of-use assets during the years ended December 31, 2023, 2024 and 2025 were approximately RMB13,492,000, RMB31,754,000 and RMB500,000, respectively.

As at December 31, 2023, 2024 and 2025, intangible assets of land use rights amounting to RMB116,331,000, RMB100,267,000 and RMB100,264,000, respectively, were pledged for bank borrowings.

The Company

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Right-of-use assets			
Land use rights	46,207	45,116	45,116
Buildings	2,458	181	–
	48,665	**45,297**	**45,116**
Lease liabilities			
Current	**2,383**	**–**	**–**

(b) Amounts Recognized in the Consolidated Statements of Profit or Loss

The consolidated statements of profit or loss contain the following amounts relating to leases:

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Depreciation charge of right-of-use assets:			
– Land use rights	7,748	13,644	9,240
– Buildings	1,317	2,000	3,506
– Machinery and equipment	287	1,720	1,715
	9,352	**17,364**	**14,461**

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Interest expense (including in finance cost)	398	488	447
Expense relating to short-term and low value leases not included in lease liabilities	11,085	6,891	4,581
	11,483	**7,379**	**5,028**

The total cash outflows for lease payments during the years ended December 31, 2023, 2024 and 2025 were approximately RMB14,363,000, RMB11,404,000 and RMB11,306,000, respectively.

The Group mainly leases properties, offices, machinery and equipment and land-use-right as lessee. Lease contracts are typically made for fixed periods from 2 to 10 years. They are stated at cost less accumulated depreciation and accumulated impairment losses.

See Note 45 for the other accounting policies relevant to lease.

18. INTANGIBLE ASSETS

The Group

	Software	Franchise rights	Patent right	Goodwill	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023					
Cost	13,617	7,956,696	55,148	728,500	8,753,961
Accumulated amortization and impairment	(6,337)	(712,752)	(22,651)	(148,577)	(890,317)
Carrying amounts	**7,280**	**7,243,944**	**32,497**	**579,923**	**7,863,644**
Year ended December 31, 2023					
Opening carrying amounts	7,280	7,243,944	32,497	579,923	7,863,644
Additions	16,283	427,102	47	101,078	544,510
Disposals	(12)	(274)	–	–	(286)
Acquisition of subsidiaries *(Note 40)*	–	33,990	12,285	–	46,275
Amortization charges	(2,653)	(299,920)	(1,104)	–	(303,677)
Impairment	–	–	–	(38,436)	(38,436)
Closing carrying amounts	**20,898**	**7,404,842**	**43,725**	**642,565**	**8,112,030**
At December 31, 2023					
Cost	29,880	8,417,509	67,481	826,152	9,341,022
Accumulated amortization and impairment	(8,982)	(1,012,667)	(23,756)	(183,587)	(1,228,992)
Carrying amounts	**20,898**	**7,404,842**	**43,725**	**642,565**	**8,112,030**

	Software	Franchise rights	Patent right	Goodwill	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2024					
Cost	29,880	8,417,509	67,481	826,152	9,341,022
Accumulated amortization and impairment	(8,982)	(1,012,667)	(23,756)	(183,587)	(1,228,992)
Carrying amounts	**20,898**	**7,404,842**	**43,725**	**642,565**	**8,112,030**
Year ended December 31, 2024					
Opening carrying amounts	20,898	7,404,842	43,725	642,565	8,112,030
Additions	8,355	266,797	157	–	275,309
Disposals	–	(34)	–	–	(34)
Amortization charges	(3,404)	(312,745)	(5,004)	–	(321,153)
Impairment	–	(17,321)	–	(73,838)	(91,159)
Closing carrying amounts	**25,849**	**7,341,539**	**38,878**	**568,727**	**7,974,993**
At December 31, 2024					
Cost	38,235	8,684,266	67,638	826,152	9,616,291
Accumulated amortization and impairment	(12,386)	(1,342,727)	(28,760)	(257,425)	(1,641,298)
Carrying amounts	**25,849**	**7,341,539**	**38,878**	**568,727**	**7,974,993**

	Software	Franchise rights	Patent right	Goodwill	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2025					
Cost	38,235	8,684,266	67,638	826,152	9,616,291
Accumulated amortization and impairment	(12,386)	(1,342,727)	(28,760)	(257,425)	(1,641,298)
Carrying amounts	**25,849**	**7,341,539**	**38,878**	**568,727**	**7,974,993**
Year ended December 31, 2025					
Opening carrying amounts	25,849	7,341,539	38,878	568,727	7,974,993
Additions	27,896	23,300	12	–	51,208
Disposals	(7,776)	(378)	–	–	(8,154)
Disposals of subsidiaries *(Note 40)*	–	–	–	(17,269)	(17,269)
Amortization charges	(5,265)	(313,044)	(4,909)	–	(323,218)
Impairment	–	(17,439)	–	(48,936)	(66,375)
Closing carrying amounts	**40,704**	**7,033,978**	**33,981**	**502,522**	**7,611,185**
At December 31, 2025					
Cost	52,330	8,694,429	67,649	806,836	9,621,244
Accumulated amortization and impairment	(11,626)	(1,660,451)	(33,668)	(304,314)	(2,010,059)
Carrying amounts	**40,704**	**7,033,978**	**33,981**	**502,522**	**7,611,185**

As at December 31, 2023, 2024 and 2025, intangible assets of franchise rights amounting to RMB4,220,465,000, RMB4,169,449,000 and RMB3,746,544,000, were pledged for bank borrowings, respectively.

Amortization expenses have been charged to the consolidated statements of profit or loss as follows:

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Cost of sales	289,899	298,676	300,439
Selling and marketing expenses	44	79	–
General and administrative expenses	6,877	9,012	9,547
Research and development expenses	6,857	13,386	13,232
	303,677	**321,153**	**323,218**

The Company

	Software	**Patent right**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
At January 1, 2023			
Cost	9,313	2,296	11,609
Accumulated amortization	(4,022)	(733)	(4,755)
Carrying amounts	**5,291**	**1,563**	**6,854**
Year ended December 31, 2023			
Opening carrying amounts	5,291	1,563	6,854
Additions	15,799	–	15,799
Amortization charges	(2,075)	(228)	(2,303)
Closing carrying amounts	**19,015**	**1,335**	**20,350**
At December 31, 2023			
Cost	25,112	2,296	27,408
Accumulated amortization	(6,097)	(961)	(7,058)
Carrying amounts	**19,015**	**1,335**	**20,350**

	Software	Patent right	Total
	RMB'000	*RMB'000*	*RMB'000*
At January 1, 2024			
Cost	25,112	2,296	27,408
Accumulated amortization	(6,097)	(961)	(7,058)
Carrying amounts	**19,015**	**1,335**	**20,350**
Year ended December 31, 2024			
Opening carrying amounts	19,015	1,335	20,350
Additions	731	–	731
Amortization charges	(2,816)	(222)	(3,038)
Closing carrying amounts	**16,930**	**1,113**	**18,043**
At December 31, 2024			
Cost	25,843	2,296	28,139
Accumulated amortization	(8,913)	(1,183)	(10,096)
Carrying amounts	**16,930**	**1,113**	**18,043**

	Software	Patent right	Total
	RMB'000	*RMB'000*	*RMB'000*
At January 1, 2025			
Cost	25,843	2,296	28,139
Accumulated amortization	(8,913)	(1,183)	(10,096)
Carrying amounts	**16,930**	**1,113**	**18,043**
Year ended December 31, 2025			
Opening carrying amounts	16,930	1,113	18,043
Disposals	(7,776)	–	(7,776)
Additions	26,250	–	26,250
Amortization charges	(4,241)	(23)	(4,264)
Closing carrying amounts	**31,163**	**1,090**	**32,253**
At December 31, 2025			
Cost	38,291	2,296	40,587
Accumulated amortization	(7,128)	(1,206)	(8,334)
Carrying amounts	**31,163**	**1,090**	**32,253**

(a) Impairment Tests for Goodwill

Goodwill is not subject to amortization and is tested for impairment annually, or more frequently if events or changes in circumstances indicate that they might be impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets.

The carrying amount of goodwill allocated to the cash generating units or group of cash generating units ("**CGU**" or "**CGUs**") are as follows:

	Opening	Addition	Impairment	Closing
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Year ended December 31, 2023				
Hubei GeoEnviron Pengfu Environmental Protection Technology Co., Ltd. ("**GeoEnviron Pengfu**") (i)	123,759	–	–	123,759
Guizhou Hongda Environmental Protection Technology Co., Ltd. ("**Guizhou Hongda**") (ii)	86,427	–	(25,540)	60,887
Ningbo Dadi Chemical Environmental Protection Co., Ltd. ("**Ningbo Dadi**") (i)	79,047	–	–	79,047
Gansu GeoEnviron Zhongse Environmental Protection Technology Co., Ltd. ("**GeoEnviron Zhongse**") (i)	62,417	–	–	62,417
GeoEnviron Environment (Tengzhou) Environmental Protection Technology Co., Ltd. ("**Tengzhou Gaoneng**") (iii)	61,987	–	(12,896)	49,091
Jiangxi Xinke Environmental Protection High-tech Co., Ltd. ("**Jiangxi Xinke**") (i)	54,534	–	–	54,534
Jingyuan GeoEnviron New Materials Technology Co., Ltd. ("**Jingyuan GeoEnviron**") (i)	32,448	–	–	32,448
Chongqing Yaohui Environmental Protection Co., Ltd. ("**Chongqing Yaohui**") (i)	18,710	–	–	18,710
Jinchang Xinshengyuan Metal Materials Co., Ltd. ("**Xinshengyuan**") (i)	17,269	–	–	17,269
Hangzhou GeoEnviron Jiejia Packaging Materials Technology Co., Ltd. ("**Hangzhou Gaoneng**") (i)	15,918	–	–	15,918
Zhejiang JiaTianHe Environmental Technology Co., Ltd. ("**Zhejiang Jiatianhe**") (vi)	13,606	–	–	13,606
Yueyang Jinneng Environmental Green Energy Co., Ltd. ("**Yueyang Jinneng**") (i)	11,754	–	–	11,754
Jinchang Zhengxianbo Environmental Protection Technology Co., Ltd. ("**Zhengxianbo**") (iv)	2,047	–	–	2,047
Zhuhai Xinhong Environmental Protection Development Co., Ltd. ("**Zhuhai Xinhong**") (v)	–	25,997	–	25,997
Anhui Zhongxin Hongwei Technology Co., Ltd. ("**Zhongxin Hongwei**") (v)	–	55,407	–	55,407
Dalian GeoEnviron Technology Co., Ltd. ("**Dalian GeoEnviron**") (v)	–	19,674	–	19,674
	579,923	**101,078**	**(38,436)**	**642,565**

	Opening	Addition	Impairment	Closing
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Year ended December 31, 2024				
GeoEnviron Pengfu (i)	123,759	–	–	123,759
Guizhou Hongda (ii)	60,887	–	(59,270)	1,617
Ningbo Dadi (i)	79,047	–	–	79,047
GeoEnviron Zhongse (i)	62,417	–	–	62,417
Tengzhou Gaoneng (iii)	49,091	–	(12,521)	36,570
Jiangxi Xinke (i)	54,534	–	–	54,534
Jingyuan GeoEnviron (i)	32,448	–	–	32,448
Chongqing Yaohui (i)	18,710	–	–	18,710
Xinshengyuan (i)	17,269	–	–	17,269
Hangzhou Gaoneng (i)	15,918	–	–	15,918
Zhejiang jiatianhe (vi)	13,606	–	–	13,606
Yueyang Jinneng (i)	11,754	–	–	11,754
Zhengxianbo (iv)	2,047	–	(2,047)	–
Zhuhai Xinhong (v)	25,997	–	–	25,997
Zhongxin Hongwei (v)	55,407	–	–	55,407
Dalian GeoEnviron (v)	19,674	–	–	19,674
	642,565	**–**	**(73,838)**	**568,727**

	Opening	Addition	Disposals	Impairment	Closing
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended December 31, 2025					
GeoEnviron Pengfu (i)	123,759	–	–	–	123,759
Guizhou Hongda (ii)	1,617	–	–	(1,617)	–
Ningbo Dadi (i)	79,047	–	–	–	79,047
GeoEnviron Zhongse (i)	62,417	–	–	–	62,417
Tengzhou Gaoneng (iii)	36,570	–	–	(34,969)	1,601
Jiangxi Xinke (i)	54,534	–	–	–	54,534
Jingyuan GeoEnviron (i)	32,448	–	–	–	32,448
Chongqing Yaohui (i)	18,710	–	–	–	18,710
Xinshengyuan (i)	17,269	–	(17,269)	–	–
Hangzhou Gaoneng (i)	15,918	–	–	–	15,918
Zhejiang Jiatianhe (vi)	13,606	–	–	(12,350)	1,256
Yueyang Jinneng (i)	11,754	–	–	–	11,754
Zhuhai Xinhong (v)	25,997	–	–	–	25,997
Zhongxin Hongwei (v)	55,407	–	–	–	55,407
Dalian GeoEnviron (v)	19,674	–	–	–	19,674
	568,727	**–**	**(17,269)**	**(48,936)**	**502,522**

(i) The goodwill of GeoEnviron Pengfu, Ningbo Dadi, GeoEnviron Zhongse, Jiangxi Xinke, Jingyuan GeoEnviron, Chongqing Yaohui, Xinshengyuan, Hangzhou Gaoneng, Zhejiang Jiatianhe and Yueyang Jinneng are generated from business combination of Hubei GeoEnviron Pengfu Environmental Protection Technology Co., Ltd., Ningbo Dadi Chemical Environmental Protection Co., Ltd., Gansu GeoEnviron Zhongse Environmental Protection Technology Co., Ltd., Jiangxi Xinke Environmental Protection High-tech Co., Ltd., Jingyuan GeoEnviron New Materials Technology Co., Ltd, Chongqing Yaohui Environmental Protection Co., Ltd., Jinchang Xinshengyuan Metal Materials Co., Ltd., Hangzhou GeoEnviron Jiejia Packaging Materials Technology Co., Ltd., Zhejiang Jiatianhe Environmental Technology Co., Ltd. and Yueyang Jinneng Environmental Green Energy Co., Ltd. in 2017, 2017, 2017, 2021, 2016, 2021, 2022, 2020, 2022 and 2018, respectively. Management regards them as separate CGUs respectively and reviews the business performance and monitors the goodwill on the individual CGU basis.

(ii) The goodwill of Guizhou Hongda is generated from business combination of Guizhou Hongda Environmental Protection Technology Co., Ltd. in 2018. Management regards Guizhou Hongda as a separate CGU and reviews the business performance and monitors the goodwill on the individual CGU basis.

As at December 31, 2023, 2024 and 2025, as the performance was less than expected, based on management's estimation of the recoverable amount of Guizhou Hongda with the assistance of an independent valuer, which was calculated based on its value-in-use, impairment of goodwill of approximately RMB25,540,000, RMB59,270,000 and RMB1,617,000 respectively was recognised, while impairment of property, plant and equipment of nil, nil and RMB16,790,000 was recognised respectively. The key assumptions used to determine the recoverable amount include revenue growth rate, profit rate, growth rate and pre-tax discount rate.

(iii) The goodwill of Tengzhou Gaoneng is generated from business combination of GeoEnviron Environment (Tengzhou) Environmental Protection Technology Co., Ltd. in 2017. Management regards Tengzhou Gaoneng as a separate CGU and reviews the business performance and monitors the goodwill on the individual CGU basis.

As at December 31, 2023, 2024 and 2025, as the performance was less than expected, based on management's estimation of the recoverable amount of Tengzhou Gaoneng with the assistance of an independent valuer, which was calculated based on its value-in-use, an impairment of goodwill of approximately RMB12,896,000, RMB12,521,000 and RMB34,969,000 was recognised respectively. The key assumptions used to determine the recoverable amount include revenue growth rate, profit rate, growth rate and pre-tax discount rate.

(iv) The goodwill of Zhengxianbo is generated from business combination of Jinchang Zhengxianbo Environmental Protection Technology Co., Ltd. in 2022. Management regards Zhengxianbo as a separate CGU and reviews the business performance and monitors the goodwill on the individual CGU basis.

As at December 31, 2024, as the performance was less than expected, according to the management's estimation of the recoverable amount of Zhengxianbo, which was calculated based on its value-in-use, an impairment of goodwill approximately RMB2,047,000 was recognized, resulting in a reduction in the carrying amount of the goodwill of Zhengxianbo to zero. The key assumptions used to determine the recoverable amount include revenue growth rate, profit rate, terminal growth rate and pre-tax discount rate.

As at December 31, 2025, Zhengxianbo was disposed of by the Group. Upon the disposal, the remaining carrying amount of goodwill was derecognised in full, and the relevant impairment loss previously recognised was reversed accordingly.

(v) The goodwill of Zhuhai Xinhong, Zhongxin Hongwei and Dalian GeoEnviron are generated from business combinations of Zhuhai Xinhong Environmental Protection Development Co., Ltd., Anhui Zhongxin Hongwei Technology Co., Ltd. and Dalian GeoEnviron Technology Co., Ltd. in 2023, see Note 40. Management regards them as separate CGUs respectively and reviews the business performance and monitors the goodwill on the individual CGU basis.

(vi) The goodwill of Zhejiang Jiatianhe arose from the acquisition of existing equity interests and capital increase and share expansion completed by the Group in 2022. Management regards Zhejiang Jiatianhe as a separate CGU and reviews the business performance and monitors the goodwill on the individual CGU basis.

In 2025, due to the revenue decline resulting from the disposal of the subsidiary, Lanxi Gaoneng Lijia Medical Technology Co., Ltd.(蘭溪高能利嘉醫療科技有限公司)("**Lanxi Gaoneng Lijia**"), based on management's estimation of the recoverable amount of Jiatianhe with the assistance of an independent valuer, which was calculated based on its value-in-use, an impairment of goodwill of approximately RMB12,350,000 was recognised. The key assumptions used to determine the recoverable amount include revenue growth rate, profit rate, growth rate and pre-tax discount rate.

Management has determined the recoverable amount measured at the present value of estimated future cash flows, with a budget horizon of 5 years or the entire franchise operation period, and the key assumptions based on as follows:

Assumption	Approach used to determine values
Revenue annual growth rates	Revenue annual growth rate is estimated over the five-year forecast period. The management of the Group used a five-year period as the projection period for the cash flow forecast, which was in line with the period length used in the corresponding strategic planning and long-term budgeting purpose.
Operating profit margin	Based on past performance and management's expectations for the future.
Perpetual annual growth rates	This is the weighted average growth rate used to extrapolate cash flows beyond the forecast period. The rates are determined after making reference to long term inflation rate of the countries in which they operate. The perpetual annual growth rates remained stable which was due to the fact that the long-term inflation rates of the relevant countries were relatively stable during the Track Record Period.

Assumption	Approach used to determine values
Pre-tax discount rates	Estimated by using the WACC method. The WACC was calculated by referring to public market data including risk free rate, market return, beta of comparable public companies etc. and the specific risk of the business.

The following table sets out the key assumptions for these CGUs that have goodwill allocated to them:

Year ended December 31, 2023

	Revenue annual growth rates	Operating profit margin	Pre-tax discount rates
GeoEnviron Pengfu	1.99% to 2.99%	4.86% to 5.08%	11.00%
Guizhou Hongda	-28.58% to 54.53%	8.05% to 16.31%	11.90%
Ningbo Dadi	-3.65% to 0%	22.64% to 24.78%	10.61%
GeoEnviron Zhongse	-76.78% to 5%	16.37% to 17.19%	11.10%
Tengzhou Gaoneng	2.64% to 68.35%	14.13% to 14.33%	11.60%
Jiangxi Xinke	5.00% to 86.22%	4.18% to 4.25%	12.25%
Jingyuan GeoEnviron	0.00% to 3.04%	8.91% to 9.36%	11.18%
Chongqing Yaohui	-32.31% to 4.89%	8.82% to 11.00%	12.48%
Xinshengyuan	2.86% to 90.59%	6.85% to 19.40%	11.33%
Hangzhou Gaoneng	5.00% to 15.00%	2.98% to 3.15%	12.65%
Zhejiang Jiatianhe	0.00% to 10.00%	6.37% to 9.72%	11.33%
Yueyang Jinneng	6.00% to 20.00%	28.28% to 35.25%	12.65%
Zhengxianbo	6.06% to 33.33%	6.54% to 11.40%	11.33%
Zhuhai Xinhong	0.00% to 20.00%	6.95% to 7.66%	12.65%
Zhongxin Hongwei	0.00% to 8.08%	17.03% to 20.02%	12.65%
Dalian GeoEnviron (i)	N/A	N/A	N/A

Year ended December 31, 2024

	Revenue annual growth rates	Operating profit margin	Pre-tax discount rates
GeoEnviron Pengfu	-8.55% to 2.99%	4.48% to 4.61%	10.05%
Guizhou Hongda	4.26% to 37.22%	9.19% to 12.92%	10.93%
Ningbo Dadi	-3.98% to 8.00%	15.68% to 18.25%	10.50%
GeoEnviron Zhongse	-27.75% to 5%	3.43% to 4.22%	11.00%
Tengzhou Gaoneng	1.95% to 126.43%	10.81% to 10.93%	10.90%
Jiangxi Xinke	5.00% to 23.06%	2.33% to 3.74%	11.75%
Jingyuan GeoEnviron	1.10% to 2.00%	4.77% to 5.57%	11.18%
Chongqing Yaohui	-19.16% to 36.37%	-0.23% to 3.07%	11.75%
Xinshengyuan	4.63% to 26.25%	10.19% to 27.53%	10.13%
Hangzhou Gaoneng	2.69% to 3.00%	5.00% to 5.28%	11.75%
Zhejiang Jiatianhe	0.00% to 5.00%	17.17% to 18.80%	11.33%
Yueyang Jinneng	0.00% to 16.50%	30.93% to 50.55%	11.20%
Zhengxianbo	2.94% to 100.00%	7.01% to 7.60%	11.33%
Zhuhai Xinhong	0.00% to 204.77%	5.16%	12.00%
Zhongxin Hongwei	5.00% to 14.52%	6.82% to 7.07%	12.00%
Dalian GeoEnviron (i)	N/A	N/A	N/A

Year ended December 31, 2025

	Revenue annual growth rates	Operating profit margin	Pre-tax discount rates
GeoEnviron Pengfu	–8.23% to 2.99%	4.08% to 4.36%	9.97%
Guizhou Hongda	2.68% to 18.41%	3.80% to 5.64%	10.33%
Ningbo Dadi	–0.27% to 5%	15.37% to 19.06%	10.50%
GeoEnviron Zhongse	1.00% to 28.15%	3.88% to 4.25%	11.00%
Tengzhou Gaoneng	2.00% to 78.04%	7.75% to 8.47%	10.33%
Jiangxi Xinke	–3.57% to 40.69%	3.75% to 4.73%	9.93%
Jingyuan GeoEnviron	1.00% to 31.22%	4.95% to 5.03%	11.00%
Chongqing Yaohui	3.00% to 163.72%	3.74% to 3.81%	10.85%
Hangzhou Gaoneng	0.00% to 2.72%	6.74% to 6.75%	11.00%
Zhejiang Jiatianhe	–50.97% to 6.09%	2.89% to 9.30%	9.00%
Yueyang Jinneng	0.00% to 8.63%	36.45% to 46.25%	11.00%
Zhuhai Xinhong	1.00% to 7.25%	7.29%	11.00%
Zhongxin Hongwei	–1.79% to 5.93%	9.49% to 9.62%	10.47%
Dalian GeoEnviron (i)	N/A	N/A	N/A

(i) Subsequent to the business combination, the Company has applied the experience accumulated in landfill construction and operational management to Dalian, utilizing the areas damaged by mining activities to construct a general industrial solid waste landfill. Unlike general investment projects, the investment, construction and operation of landfills do not possess the commercial attribute of going concern. Their operational period is linked to the landfill capacity, which is fixed. Once the landfill reaches full capacity and is closed, the project will lose its sustainable profitability.

As a short-term project, the future revenue forecast of Dalian GeoEnviron is divided into the construction phase and the operational phase. The construction phase ended on February 29, 2024, while the operational phase, determined based on the landfill capacity (verified by a third-party engineering survey report), is from March 1, 2024, to December 31, 2027. Therefore, the forecast period is from January 1, 2024, to December 31, 2027. With the operating income of RMB20,302,600 and total profit of RMB6,099,000 achieved in 2025, the forecast period has been revised to January 1, 2026, to December 31, 2029.

The projected operating income for 2024 to 2027, as forecasted in 2023, is RMB286,416,000, RMB23,868,000, RMB23,868,000 and RMB23,868,000, respectively. The projected total profit is RMB116,263,000 as of December 31, 2024, and the projected total losses is RMB8,297,000, RMB9,390,000 and RMB10,559,000 as of December 31, 2025, 2026 and 2027, respectively.

The projected operating income for 2025 to 2027, as forecasted in 2024, is RMB154,530,000, RMB54,070,000 and RMB54,070,000, respectively. The projected total profit for the corresponding periods is RMB68,111,700, RMB44,637,400 and RMB40,556,400, respectively.

The projected operating income for 2026 to 2027, as forecasted in 2025, is RMB66,760,000 and RMB68,240,000, respectively. The projected total profit for the corresponding periods is RMB25,064,100 and RMB23,094,700, respectively.

The discount rates for the valuation in 2023, 2024 and 2025 were 14.78%, 10.90% and 12.06%, respectively, which is determined based on the WACC, taking into account the project's industry risk, market risk and specific operational risks.

Management has determined the recoverable amount measured at the present value of estimated future cash flows, with a budget horizon of 5 years or the entire franchise operation period, and the key assumptions based on as follows:

Assumption	Approach used to determine values
Revenue annual growth rates	Revenue annual growth rate is estimated over the five-year forecast or the entire franchise operation period. The management of the Group used five-year period or the entire franchise operation period as the projection period for the cash flow forecast, which was in line with the period length used in the corresponding strategic planning and long-term budgeting purpose.
Operating profit margin	Based on past performance and management's expectations for the future.
Perpetual annual growth rates	This is the weighted average growth rate used to extrapolate cash flows beyond the forecast period. The rates are determined after making reference to long term inflation rate of the countries in which they operate. The perpetual annual growth rates remained stable which was due to the fact that the long-term inflation rates of the relevant countries were relatively stable during the Track Record Period.
Pre-tax discount rates	Estimated by using the WACC method. The WACC was calculated by referring to public market data including risk free rate, market return, beta of comparable public companies etc. and the specific risk of the business.

(b) Impact of possible changes in key assumptions

Based on the management's assessment of the recoverable amount, the headroom for these cash-generating unit (CGUs) as follows:

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
GeoEnviron Pengfu	135,731	60,156	39,152
Guizhou Hongda	N/A	N/A	N/A
Ningbo Dadi	49,762	16,226	25,382
GeoEnviron Zhongse	124,527	84,606	74,667
Tengzhou Gaoneng	N/A	N/A	N/A
Jiangxi Xinke	123,540	337,428	122,615
Jingyuan GeoEnviron	951,336	789,640	155,041
Chongqing Yaohui	28,658	6,271	9,440
Xinshengyuan	24,550	13,682	N/A
Hangzhou Gaoneng	156,075	65,095	91,267
Zhejiang Jiatianhe	94,462	186,140	N/A
Yueyang Jinneng	92,609	27,068	60,038
Zhengxianbo	2,897	N/A	N/A
Zhuhai Xinhong	86,635	69,241	75,940
Zhongxin Hongwei	54,696	38,917	17,583
Dalian GeoEnviron	36,341	105,263	23,679

If the key assumptions were to increase or decrease by the following margins relative to those currently adopted, the recoverable amounts of each cash-generating unit would be equal to their carrying amounts.

Year ended December 31, 2023:

	Revenue annual growth rates	**Operating profit margin**	**Pre-tax discount rates**
GeoEnviron Pengfu	–2.31%	–46.47%	34.37%
Ningbo Dadi	–9.93%	–41.69%	30.12%
GeoEnviron Zhongse	–14.31%	–85.37%	71.48%
Jiangxi Xinke	–0.58%	–13.83%	8.04%
Jingyuan GeoEnviron	–7.47%	–78.99%	361.99%
Chongqing Yaohui	–2.63%	–26.55%	15.37%
Xinshengyuan	–4.04%	–14.58%	24.79%
Hangzhou Gaoneng	–1.58%	–19.57%	66.67%
Zhejiang Jiatianhe	–9.31%	–36.63%	180.62%
Yueyang Jinneng	–5.18%	–10.14%	17.76%
Zhengxianbo	–1.09%	–4.45%	17.62%
Zhuhai Xinhong	–4.68%	–38.53%	113.30%
Zhongxin Hongwei	–3.29%	–22.22%	24.83%
Dalian GeoEnviron	N/A	N/A	N/A

Year ended December 31, 2024:

	Revenue annual growth rates	Operating profit margin	Pre-tax discount rates
GeoEnviron Pengfu	–0.80%	–17.72%	10.13%
Ningbo Dadi	–1.56%	–8.99%	9.08%
GeoEnviron Zhongse	–0.90%	–28.76%	39.90%
Jiangxi Xinke	–0.46%	–16.49%	18.77%
Jingyuan GeoEnviron	–3.42%	–39.36%	259.00%
Chongqing Yaohui	–0.07%	–2.93%	2.64%
Xinshengyuan	–9.82%	–27.36%	18.74%
Hangzhou Gaoneng	–0.97%	–14.71%	29.84%
Zhejiang Jiatianhe	–14.28%	–50.27%	360.20%
Yueyang Jinneng	–1.70%	–3.00%	3.90%
Zhuhai Xinhong	–1.21%	–14.76%	26.50%
Zhongxin Hongwei	–0.87%	–8.80%	16.90%
Dalian GeoEnviron	N/A	N/A	N/A

Year ended December 31, 2025:

	Revenue annual growth rates	Operating profit margin	Pre-tax discount rates
GeoEnviron Pengfu	–0.49%	–12.85%	6.79%
Guizhou Hongda	0.39%	9.73%	–3.75%
Ningbo Dadi	–2.73%	–14.66%	13.91%
GeoEnviron Zhongse	–0.73%	–17.54%	22.51%
Tengzhou Gaoneng	2.95%	96.59%	–29.81%
Jiangxi Xinke	–0.39%	197.52%	4.28%
Jingyuan GeoEnviron	–0.44%	–6.12%	3.10%
Chongqing Yaohui	–0.14%	159.52%	2.07%
Hangzhou Gaoneng	–1.48%	–21.12%	37.30%
Zhejiang Jiatianhe	16.07%	83.43%	–42.30%
Yueyang Jinneng	–3.89%	–7.07%	9.79%
Zhuhai Xinhong	–1.24%	–8.86%	22.32%
Zhongxin Hongwei	20.24%	159.92%	–369.33%
Dalian GeoEnviron	N/A	N/A	N/A

Sensitivity analysis has been performed based on the assumptions that revenue annual growth rates, operating profit margin and pre-tax discount rates has been changed. Had the estimated key assumptions during the forecast period been changed as shown below, while other parameters remain constant, the difference between the carrying amount and the recoverable amount of the CGUs would be as follows:

Year ended December 31, 2023:

	Revenue annual growth rate decreases 0.3%	**Operating profit margin decreases 0.3%**	**Pre-tax discount rate increases 0.3%**
	RMB'000	*RMB'000*	*RMB'000*
GeoEnviron Pengfu	118,146	134,859	134,199
Guizhou Hongda	N/A	N/A	N/A
Ningbo Dadi	48,255	49,399	49,136
GeoEnviron Zhongse	121,914	124,087	123,690
Tengzhou Gaoneng	N/A	N/A	N/A
Jiangxi Xinke	59,923	120,864	118,620
Jingyuan GeoEnviron	913,138	947,722	948,349
Chongqing Yaohui	25,385	28,336	28,029
Xinshengyuan	22,726	24,045	24,189
Hangzhou Gaoneng	126,386	153,683	154,982
Zhejiang Jiatianhe	91,418	93,689	94,080
Yueyang Jinneng	87,244	89,870	90,810
Zhengxianbo	2,096	2,702	3,562
Zhuhai Xinhong	81,079	85,960	86,197
Zhongxin Hongwei	49,705	53,958	53,898
Dalian GeoEnviron	N/A	N/A	N/A

Year ended December 31, 2024:

	Revenue annual growth rate decreases 0.3%	Operating profit margin decreases 0.3%	Pre-tax discount rate increases 0.3%
	RMB'000	*RMB'000*	*RMB'000*
GeoEnviron Pengfu	37,733	59,134	58,213
Guizhou Hongda	N/A	N/A	N/A
Ningbo Dadi	13,118	15,685	17,957
GeoEnviron Zhongse	56,539	83,723	83,753
Tengzhou Gaoneng	N/A	N/A	N/A
Jiangxi Xinke	118,591	331,290	331,173
Jingyuan GeoEnviron	720,430	783,621	786,875
Chongqing Yaohui	(20,464)	5,629	5,544
Xinshengyuan	13,264	13,532	13,429
Hangzhou Gaoneng	45,015	63,768	64,275
Zhejiang Jiatianhe	182,232	185,030	185,551
Yueyang Jinneng	22,303	24,361	24,936
Zhengxianbo	N/A	N/A	N/A
Zhuhai Xinhong	52,120	67,834	68,281
Zhongxin Hongwei	25,529	37,591	38,128
Dalian GeoEnviron	N/A	N/A	N/A

Year ended December 31, 2025:

	Revenue annual growth rate decreases 0.3%	Operating profit margin decreases 0.3%	Pre-tax discount rate increases 0.3%
	RMB'000	*RMB'000*	*RMB'000*
GeoEnviron Pengfu	83,693	29,582	88,656
Guizhou Hongda	N/A	N/A	N/A
Ningbo Dadi	28,683	28,620	29,792
GeoEnviron Zhongse	47,980	47,856	52,589
Tengzhou Gaoneng	N/A	N/A	N/A
Jiangxi Xinke	401,200	134,897	423,384
Jingyuan GeoEnviron	135,532	134,749	138,900
Chongqing Yaohui	64,551	23,784	68,362
Hangzhou Gaoneng	44,699	44,566	47,816
Zhejiang Jiatianhe	N/A	N/A	N/A
Yueyang Jinneng	86,400	85,838	88,673
Zhuhai Xinhong	54,733	54,442	58,164
Zhongxin Hongwei	40,731	15,423	42,345
Dalian GeoEnviron	N/A	N/A	N/A

Based on the results of impairment test as at December 31, 2023, 2024 and 2025, the recoverable amount of the CGUs are significantly above the carrying amount of the Group. Management of the Group believes that any reasonably possible change in any of the key assumptions would not result in impairment.

(c) Amortization Methods and Periods

(i) Intellectual properties

Separately acquired licensed technologies are shown at historical cost. They have limited useful lives and are subsequently carried at cost less accumulated amortization and impairment losses.

(ii) Computer software

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire the specific software.

The Group amortizes franchise rights either over their contractual term using the straight-line method or using the units-of-service method, and amortizes other intangible assets with a limited useful life using the straight-line method over the following periods:

Software	10 years
Patent right	10 years

(d) Research and Development

Research expenditure is recognized as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new and improved products) are recognized as intangible assets when the following criteria are met:

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

Other development expenditures that do not meet these criteria are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

19. INVESTMENT PROPERTIES

The Group and The Company

	Buildings
	RMB'000
At January 1, 2023	
Cost	92,349
Accumulated depreciation	(35,465)
Carrying amounts	**56,884**
Year ended December 31, 2023	
Opening carrying amounts	56,884
Depreciation charges	(3,472)
Closing carrying amounts	**53,412**
At December 31, 2023	
Cost	92,349
Accumulated depreciation	(38,937)
Carrying amounts	**53,412**

	Buildings
	RMB'000
At January 1, 2024	
Cost	92,349
Accumulated depreciation	(38,937)
Carrying amounts	**53,412**
Year ended December 31, 2024	
Opening carrying amounts	53,412
Depreciation charges	(3,472)
Closing carrying amounts	**49,940**
At December 31, 2024	
Cost	92,349
Accumulated depreciation	(42,409)
Carrying amounts	**49,940**

	Buildings
	RMB'000
At January 1, 2025	
Cost	92,349
Accumulated depreciation	(42,409)
Carrying amounts	**49,940**
Year ended December 31, 2025	
Opening carrying amounts	49,940
Depreciation charges	(1,633)
Closing carrying amounts	**48,307**
At December 31, 2025	
Cost	92,349
Accumulated depreciation	(44,042)
Carrying amounts	**48,307**

As at December 31, 2023, 2024 and 2025, investment properties amounting to RMB53,412,000, RMB49,940,000 and nil, respectively, were mortgaged and pledged for bank borrowings.

(a) Depreciation of the Group's investment properties has been recognized as follows:

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Cost of sales	3,472	3,472	1,633

(b) Amounts Recognized in Profit or Loss for Investment Properties

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Rental income from operating leases	22,838	36,649	20,026
Direct operating expenses from property that generated rental income	3,472	3,472	1,633

The investment properties are stated at cost less accumulated depreciation. Depreciation is calculated using the straight-line method to write off the cost to its residual value over its estimated useful life. The estimated useful lives are as follows:

Buildings	40 years

See Note 45 for the other accounting policies relevant to investment properties.

(c) Fair Value Disclosure

For disclosure purposes, the fair value of the investment properties as at December 31, 2023, 2024 and 2025 was approximately RMB61,364,000, RMB60,996,000 and RMB60,180,900, respectively. The fair value of investment properties was assessed by Beijing KYSIN Assets Appraisal Co., Ltd. (the "**Independent Valuer**").The fair value hierarchy is as below:

Description	Valuation technique	Significant unobservable input	Amounts of significant unobservable input		
			As at December 31,		
			2023	2024	2025
No.12 & No.13 Buildings, Courtyard 9, Dijin Road, Haidian District, Beijing	Income Capitalization Approach	Capitalization rate	4.92%	4.97%	5.06%
		Rent growth rate	1%	1%	1%

20. FINANCIAL INSTRUMENTS BY CATEGORY

The detail information of financial instruments by category during the Track Record Period is as below:

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Financial assets			
Financial assets measured at fair value:			
Notes receivables at FVOCI *(Note 3.5)*	93,625	70,972	109,561
Derivative financial instrument *(Note 3.5)*	47,708	9,912	17,875
Investments at FVPL *(Note 3.5)*	25,439	276,331	95,611
	166,772	**357,215**	**223,047**
Financial assets measured at amortized cost:			
Contract assets *(Note 24)*	2,863,555	2,688,952	2,049,666
Trade and notes receivables *(Note 22)*	1,885,465	2,220,140	2,489,740
Cash and cash equivalents *(Note 27)*	1,293,451	1,430,529	1,545,741
Restricted cash and term deposits *(Note 27)*	572,427	592,457	555,832
Other receivables *(Note 23)*	216,456	256,626	371,511
	6,831,354	**7,188,704**	**7,012,490**

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Financial liabilities			
Financial liabilities measured at amortized cost:			
Borrowings *(Note 28)*	11,951,683	13,093,714	12,403,713
Trade and notes payables *(Note 31)*	3,175,061	2,882,408	2,396,710
Accruals and other payables (excluding non-financial liabilities) *(Note 32)*	377,264	129,834	202,914
Lease liabilities *(Note 17)*	12,055	14,154	7,461
	15,516,063	**16,120,110**	**15,010,798**

The Company

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Financial assets			
Financial assets measured at fair value:			
Notes receivables at FVOCI *(Note 3.5)*	14,810	17,667	8,167
Investments at FVPL *(Note 3.5)*	13,824	54,861	82,791
Derivative financial instrument *(Note 3.5)*	–	4,142	10,403
	28,634	**76,670**	**101,361**
Financial assets measured at amortized cost:			
Other receivables *(Note 23)*	5,220,701	3,712,787	3,293,641
Contract assets *(Note 24)*	2,786,382	2,517,407	2,019,641
Trade and notes receivables *(Note 22)*	956,339	976,933	1,260,557
Cash and cash equivalents *(Note 27)*	513,142	427,782	228,873
Restricted cash and term deposits *(Note 27)*	182,497	171,324	222,566
	9,659,061	**7,806,233**	**7,025,278**

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Financial liabilities			
Financial liabilities measured at amortized cost:			
Trade and notes payables *(Note 31)*	1,957,465	1,822,029	1,784,854
Accruals and other payables (excluding non-financial liabilities) *(Note 32)*	1,319,277	1,233,060	1,534,969
Lease liabilities *(Note 17)*	2,383	–	–
Borrowings *(Note 28)*	3,978,329	3,342,052	2,039,201
	7,257,454	**6,397,141**	**5,359,024**

21. DEFERRED TAX

Deferred tax assets and liabilities are offset when there is a legally enforceable right of offsetting and when the deferred income taxes relate to the same authority.

The Group

The net amounts of deferred tax assets and liabilities after offsetting are as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Gross deferred tax assets	112,224	165,579	195,938
Offsetting against deferred tax liabilities	(4,166)	(4,276)	(1,135)
Net deferred tax assets	**108,058**	**161,303**	**194,803**
Gross deferred tax liabilities	7,703	28,935	11,738
Offsetting against deferred tax assets	(4,166)	(4,276)	(1,135)
Net deferred tax liabilities	**3,537**	**24,659**	**10,603**

The movements in deferred tax assets and liabilities before offsetting are as follows:

(a) Deferred Tax Assets

	Loss allowance and impairment provision	Share-based payment expenses	Unrealized profits	Lease liability	Provisions for warranties and other expenses	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023	43,246	802	31,514	2,326	12,115	2,748	92,751
Credited/(debited) to profit or loss *(Note 11)*	12,589	(307)	(2,760)	1,923	8,094	(66)	19,473
At December 31, 2023	**55,835**	**495**	**28,754**	**4,249**	**20,209**	**2,682**	**112,224**

	Deductible losses	Loss allowance and impairment provision	Share-based payment expenses	Unrealized profits	Lease liability	Provisions for warranties and other expenses	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2024	–	55,835	495	28,754	4,249	20,209	2,682	112,224
Credited/(debited) to profit or loss *(Note 11)*	40,897	6,688	(495)	5,292	70	3,559	(2,656)	53,355
At December 31, 2024	**40,897**	**62,523**	**–**	**34,046**	**4,319**	**23,768**	**26**	**165,579**

	Deductible losses	Loss allowance and impairment provision	Share-based payment expenses	Unrealised profits	Lease liability	Provisions for warranties and other expenses	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2025	40,897	62,523	–	34,046	4,319	23,768	26	165,579
Credited/(debited) to profit or loss *(Note 11)*	25,010	(881)	23	2,429	(3,028)	7,705	175	31,433
Disposals of subsidiaries	–	(1,074)	–	–	–	–	–	(1,074)
At December 31, 2025	**65,907**	**60,568**	**23**	**36,475**	**1,291**	**31,473**	**201**	**195,938**

(b) Deferred Tax Liabilities

	Business combination	Right-of-use asset	Fair value adjustments of financial assets at FVPL	Depreciation	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023	3,058	2,326	–	1,882	7,266
(Credited)/debited to profit or loss *(Note 11)*	(1,332)	1,840	186	(257)	437
At December 31, 2023	**1,726**	**4,166**	**186**	**1,625**	**7,703**

	Business combination	Right-of-use asset	Fair value adjustments of financial assets at FVPL	Depreciation	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2024	1,726	4,166	186	1,625	7,703
(Credited)/debited to profit or loss *(Note 11)*	(237)	110	21,684	(325)	21,232
At December 31, 2024	**1,489**	**4,276**	**21,870**	**1,300**	**28,935**

	Business combination	Right-of-use asset	Fair value adjustments of financial assets at FVPL	Depreciation	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2025	1,489	4,276	21,870	1,300	28,935
(Credited)/debited to profit or loss *(Note 11)*	(241)	(3,141)	(13,440)	(375)	(17,197)
At December 31, 2025	**1,248**	**1,135**	**8,430**	**925**	**11,738**

(c) Deferred Tax Assets Not Recognized

The Group has not recognized deferred tax assets in respect of the items below, which were incurred by certain subsidiaries that were not likely to generate taxable profit:

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Deductible temporary differences	122,739	131,058	498,362
Tax losses	863,158	982,992	953,893
	985,897	**1,114,050**	**1,452,255**

The tax losses not recognized deferred tax assets can be carried forward in future years. As at December 31, 2023, 2024 and 2025, the following table shows unused tax losses based on its expected expiry date:

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
2023	38,185	–	–
2024	40,383	39,739	–
2025	61,995	31,465	61,855
2026	230,424	83,821	116,720
2027	391,180	188,292	164,114
2028	4,026	166,012	134,683
2029	13,579	6,837	89,406
2030	45,647	55,164	46,916
2031	36,175	102,272	105,525
2032	1,564	50,079	77,707
2033	–	259,311	74,640
2034	–	–	82,327
	863,158	**982,992**	**953,893**

The Company

The net amounts of deferred tax assets and liabilities after offsetting are as follows:

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Gross deferred tax assets	68,229	75,826	125,732
Offsetting against deferred tax liabilities	–	–	–
Net deferred tax assets	**68,229**	**75,826**	**125,732**
Gross deferred tax liabilities	–	3,146	8,274
Offsetting against deferred tax assets	–	–	–
Net deferred tax liabilities	**–**	**3,146**	**8,274**

(a) Deferred Tax Assets

	Impairment provisions and loss allowances	**Share-based payment expenses**	**Unrealized profit**	**Others**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023	58,851	802	436	–	60,089
Credited/(debited) to profit or loss	8,857	(307)	(436)	26	8,140
At December 31, 2023	**67,708**	**495**	**–**	**26**	**68,229**

	Impairment provisions and loss allowances	**Share-based payment expenses**	**Others**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2024	67,708	495	26	68,229
Credited/(debited) to profit or loss	8,118	(495)	(26)	7,597
At December 31, 2024	**75,826**	**–**	**–**	**75,826**

	Impairment provisions and loss allowances	Deductible losses	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2025	75,826	–	–	75,826
Credited/(debited) to profit or loss	6,378	43,326	202	49,906
At December 31, 2025	**82,204**	**43,326**	**202**	**125,732**

(b) Deferred Tax Liabilities

	Fair value adjustments of financial assets at FVPL
	RMB'000
At January 1, 2024	–
Debited to profit or loss	3,146
At December 31, 2024	3,146
At January 1, 2025	3,146
Debited to profit or loss	5,128
At December 31, 2025	**8,274**

22. TRADE AND NOTES RECEIVABLES

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Current			
Trade receivables	1,979,525	2,397,489	2,743,275
Notes receivables	2,578	10,745	6,460
Less: credit loss allowance	(161,474)	(224,736)	(259,995)
	1,820,629	**2,183,498**	**2,489,740**
Non-current			
Trade receivables (i)	136,771	86,501	22,719
Less: credit loss allowance	(71,935)	(49,859)	(22,719)
	64,836	**36,642**	**–**

(i) The non-current trade receivables for 2023, 2024 and 2025 arise from the Build-Transfer (BT) projects.

(a) As at January 1, 2023, the carrying amounts of trade and notes receivables from contracts with customers is amounting to RMB1,755,945,000 (net of expected credit loss amounting to RMB122,279,000).

(b) The aging analysis of current trade receivables based on revenue recognition date is as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	1,359,274	1,598,099	1,809,268
1 to 2 years	454,607	387,701	527,290
2 to 3 years	115,925	295,522	184,598
3 to 4 years	37,882	74,106	140,647
4 to 5 years	1,462	30,456	49,371
Over 5 years	10,375	11,605	32,101
	1,979,525	**2,397,489**	**2,743,275**

The aging analysis of non-current trade receivables based on revenue recognition date is as follows:

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	–	–	–
1 to 2 years	–	–	–
2 to 3 years	69,923	–	–
3 to 4 years	8,401	69,923	–
4 to 5 years	58,447	8,401	16,602
Over 5 years	–	8,177	6,117
	136,771	**86,501**	**22,719**

As at December 31, 2023, 2024 and 2025, the amounts of notes receivable that had been discounted or endorsed but not derecognized were nil, RMB194,000 and nil, respectively.

The Company

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Current			
Trade receivables	1,014,158	1,065,034	1,367,378
Notes receivables	1,952	10,112	6,137
Less: credit loss allowance	(72,616)	(106,514)	(112,958)
	943,494	**968,632**	**1,260,557**
Non-current			
Trade receivables	22,719	22,719	22,719
Less: credit loss allowance	(9,874)	(14,418)	(22,719)
	12,845	**8,301**	**–**

The aging analysis of current trade receivables based on revenue recognition date is as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	475,137	490,391	651,731
1 to 2 years	237,088	166,471	309,747
2 to 3 years	161,193	176,534	144,951
3 to 4 years	72,494	92,715	72,296
4 to 5 years	23,833	70,686	62,337
Over 5 years	44,413	68,237	126,316
	1,014,158	**1,065,034**	**1,367,378**

The aging analysis of non-current trade receivables based on revenue recognition date is as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	–	–	–
1 to 2 years	–	–	–
2 to 3 years	16,602	–	–
3 to 4 years	–	16,602	–
4 to 5 years	6,117	–	16,602
Over 5 years	–	6,117	6,117
	22,719	**22,719**	**22,719**

23. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Prepayments:			
Prepaid subcontract costs	27,180	602	1,538
Prepaid material costs	237,947	556,780	495,842
Prepaid equipment and construction costs	25,254	5,452	2,966
Prepaid financing fees	7,649	4,634	5,782
Prepaid fuel and power expenses	18,420	17,428	12,710
Others	11,943	19,079	19,658
	328,393	**603,975**	**538,496**
Other receivables:			
Deposits	92,321	115,286	140,313
Equity disposal receivables	14,014	67,230	133,114
Amounts due from related parties	2,226	4,995	13,545
Reimbursable expenses	57,087	36,151	44,990
Amounts due from third parties	150,766	156,084	186,210
Dividend receivables	7,693	–	–
Others	8,816	5,610	6,102
	332,923	**385,356**	**524,274**
Less: provision for impairment	(116,467)	(128,730)	(152,763)
	216,456	**256,626**	**371,511**
	544,849	**860,601**	**910,007**
Other current assets:			
Deductible input VAT	920,184	854,938	783,518
Other prepaid tax	6,611	9,018	19,736
Capitalized **[REDACTED]**	–	–	**[REDACTED]**
Others	8,818	14,425	17,710
	935,613	**878,381**	**827,232**
Other non-current assets:			
Prepaid equipment and construction costs	47,164	20,697	42,459
Others	11,319	11,184	9,811
	58,483	**31,881**	**52,270**

The Company

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Prepayments:			
Prepaid subcontract costs	27,180	284	1,361
Prepaid material costs	548	538	1,073
Prepaid equipment and construction costs	7,213	4,660	5,301
Prepaid to related parties	–	1,094	60,264
Others	9,963	14,994	7,350
	44,904	**21,570**	**75,349**
Other receivables:			
Deposits	65,022	49,183	67,974
Amounts due from third parties	26,691	22,527	22,179
Amounts due from related parties	4,944,206	3,392,666	3,202,994
Reimbursable expenses	44,986	33,061	40,935
Dividend receivables	477,693	553,477	206,231
Equity disposal receivables	–	–	119,100
Others	3,397	676	2,678
	5,561,995	**4,051,590**	**3,662,091**
Less: provision for impairment	(341,294)	(338,803)	(368,450)
	5,220,701	**3,712,787**	**3,293,641**
	5,265,605	**3,734,357**	**3,368,990**
Other current assets:			
Deductible input VAT	3,624	7,403	96
Capitalized **[REDACTED]**	–	–	**[REDACTED]**
Prepaid equipment and construction costs	–	–	9,798
	3,624	7,403	16,162
Other non-current assets:			
Prepaid equipment and construction costs	531	–	–

24. CONTRACT ASSETS

The Group

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Contract assets arising from:			
Construction operations (a)	2,836,789	2,677,129	2,067,324
Retention receivables (b)	55,636	59,753	26,678
	2,892,425	**2,736,882**	**2,094,002**
Impairment	(28,870)	(47,930)	(44,336)
Net carrying amount	**2,863,555**	**2,688,952**	**2,049,666**

(a) Contract assets arising from construction operations consist of the Group's rights to consideration for works completed but unbilled amounts resulting from construction works contracts. These contract assets are transferred to trade receivables when the rights become unconditional, which is generally within one year.

(b) Retention receivables held by contract customers arising from the Group's construction operations for construction works are settled within a period ranging from one year to two years after the completion of the construction work and acceptance by customers, as stipulated in the construction works contracts.

For the years ended December 31, 2023, 2024 and 2025, details of the allowance for expected credit losses are set out in Note 3.2.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates for the measurement of the expected credit losses of the contract assets are based on those of the trade receivables as the contract assets and the trade receivables are from the same customer bases. The provision rates of contract assets are based on days past due of trade receivables for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Company

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Contract assets arising from:			
Construction operations	2,783,535	2,503,662	2,030,383
Retention receivables	30,346	58,985	26,678
	2,813,881	**2,562,647**	**2,057,061**
Impairment	(27,499)	(45,240)	(37,420)
Net carrying amount	**2,786,382**	**2,517,407**	**2,019,641**

The due date for settlement of the Company's retention receivables, net of loss allowances, as at 31 December is as follows:

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Within one year	22,525	42,113	14,306
After one year	7,821	16,872	12,372
	30,346	**58,985**	**26,678**

25. FINANCIAL INSTRUMENTS MEASURED AT FVOCI AND FVPL

(a) Financial instruments at fair value through profit or loss

The Group

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Financial assets at fair value through profit or loss			
Current			
– Derivative financial assets	47,708	9,912	17,875
– Investments on funds products	6,165	7,026	–
– Investments on listed entity	109	210,380	1,750
– Other financial assets at fair value through profit or loss	–	–	35,156
Non-current			
– Investments on unlisted entities	19,165	58,925	58,705
	73,147	**286,243**	**113,486**

(b) Financial instruments at fair value through other comprehensive income

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Financial assets at fair value through other comprehensive income			
Current			
– Notes receivables at FVOCI	93,625	70,972	109,561

The Company

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Financial assets at fair value through profit or loss			
Current			
– Derivative financial assets	–	4,142	10,403
– Investments on listed entity	109	–	–
– Investments on funds products	6,165	7,026	–
– Other financial assets at fair value through profit or loss	–	–	35,156
Non-current			
– Investments on unlisted entities	7,550	47,835	47,635
	13,824	**59,003**	**93,194**

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Financial assets at fair value through other comprehensive income			
Current			
– Notes receivables at FVOCI	14,810	17,667	8,167

26. INVENTORIES

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	2,023,646	1,608,486	1,398,700
work-in-progress	2,353,584	3,158,125	3,795,775
Finished goods	507,828	376,362	769,503
Goods in transit	48,566	19,578	31,768
Materials for consigned processing	6,344	1,678	–
Packaging materials	20,122	38,069	34,034
Contract fulfillment costs	34,131	9,981	100
	4,994,221	5,212,279	6,029,880
Less: provision for impairment	(62,941)	(47,008)	(32,922)
	4,931,280	**5,165,271**	**5,996,958**

The cost of inventories carried forward to the profit or loss during the year is mainly recognized as the cost of sales. For the years ended December 31, 2023, 2024 and 2025, the cost of inventories carried forward to the cost of sales amounted to approximately RMB7,909,365,000, RMB11,656,487,000 and RMB11,256,235,000, respectively.

The provision for impairment of inventories recorded as cost of sales during the years ended December 31, 2023, 2024 and 2025 were RMB30,707,000, RMB11,941,000 and RMB2,040,000, respectively.

The reversal for impairment of inventories recorded as cost of sales during the years ended December 31, 2023, 2024 and 2025 were RMB428,000, RMB27,874,000 and RMB14,662,000, respectively.

As at December 31, 2023, 2024 and 2025, inventories amounting to nil, RMB667,000,000 and RMB540,000,000 were mortgaged and pledged for bank borrowings.

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	41,886	34,255	21,997
Finished goods	28,835	8,239	–
Contract fulfillment costs	3,167	–	3,922
	73,888	**42,494**	**25,919**

27. CASH AND CASH EQUIVALENTS, TERM DEPOSITS AND RESTRICTED CASH

(a) Cash and Cash Equivalents

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Cash and bank balances	1,865,878	2,022,986	2,101,573
Less: restricted cash and term deposits (i)	(572,427)	(592,457)	(555,832)
Cash and cash equivalents	**1,293,451**	**1,430,529**	**1,545,741**

(i) As at December 31, 2023, restricted cash and term deposits amounted to RMB572,427,000, consisting of bill margin of RMB261,792,000, bank guarantee margin of RMB6,304,000, loan margin of RMB231,000, project migrant workers' wage security deposit of RMB48,443,000, pledged term deposits of RMB162,000,000, safety and civilized construction measures fees of RMB150,000, frozen deposits of RMB16,934,000, and restricted payment special accounts of RMB105,000.

As at December 31, 2024, restricted cash and term deposits amounted to RMB592,457,000, consisting of bill margin of RMB232,105,000, guarantee margin of RMB6,306,000, loan margin of RMB10,000,000, project migrant workers' wage security deposit of RMB37,466,000, pledged term deposits of RMB177,004,000, letter of credit margin of RMB67,073,000, frozen deposits of RMB60,713,000, inflow-only restricted amounts of RMB1,780,000, and ETC margin of RMB10,000.

As at December 31, 2025, restricted cash and term deposits amounted to RMB555,832,000, consisting of bill margin of RMB240,714,000, guarantee margin of RMB6,231,000, project migrant workers' wage security deposit of RMB58,424,000, pledged certificate of deposit of RMB10,000,000, letter of credit margin of RMB62,502,000, frozen deposits of RMB168,564,000, inflow-only restricted amounts of RMB9,358,000, and ETC margin of RMB39,000.

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Cash and bank balances	695,639	599,106	451,439
Less: restricted cash and term deposits	(182,497)	(171,324)	(222,566)
Cash and cash equivalents	**513,142**	**427,782**	**228,873**

(b) Cash and Bank Balances are Denominated in:

The Group

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
RMB	1,855,482	2,005,328	2,068,284
USD	2,436	11,685	21,354
EUR	2,320	79	86
MMK	5,640	5,894	5,810
XOF	–	–	4,052
THB	–	–	1,081
IDR	–	–	635
SGD	–	–	268
HKD	–	–	3
	1,865,878	**2,022,986**	**2,101,573**

The Company

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
RMB	695,227	598,692	446,629
USD	330	335	672
EUR	82	79	86
XOF	–	–	4,052
	695,639	**599,106**	**451,439**

28. BORROWINGS

The Group

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Secured			
Bank loans	11,703,539	11,907,609	11,476,752
Financial institution loans	143,607	956,393	872,244
Unsecured			
Bank loans	102,500	233,834	58,000
Interest payables	2,037	(4,122)	(3,283)
Less: current-portion for long-term borrowings	(672,407)	(1,147,014)	(1,104,990)
Less: short-term borrowings	(6,250,793)	(6,379,686)	(6,323,795)
	5,028,483	**5,567,014**	**4,974,928**

(a) As at December 31, 2023, 2024 and 2025, the annual interest rate of short-term borrowings was ranged from 1.93% to 5.50%, 0.90% to 5.40% and 1.08% to 4.40%, respectively.

As at December 31, 2023, 2024 and 2025, the annual interest rate range of long-term borrowings were ranged from 3.20% to 6.27%, 3.20% to 6.17% and 1.80% to 5.57%, respectively.

(b) As at December 31, 2023, (i) borrowings guaranteed by Mr. Li, the Company and its subsidiaries, with a principal balance of approximately RMB7,016,942,000; (ii) borrowings secured by electrolytic copper, anode plates (located in the electrolysis workshop) and real estate by way of mortgage, with a principal balance of approximately RMB138,500,000; (iii) borrowings secured by the pledge of term deposits, with a principal balance of approximately RMB76,630,000; (iv) borrowings guaranteed by the Company and its subsidiaries and secured by real estate by way of mortgage, with a principal balance of approximately RMB286,872,000; (v) borrowings guaranteed by the Company and its subsidiaries and secured by the pledge of concession rights and equity interests, with a principal balance of approximately RMB3,371,795,000; (vi) borrowings secured by real estate by way of mortgage, fee-collecting rights and pledge of equity interests, with a principal balance of approximately RMB812,800,000; (vii) financial institution loans with a principal amount of RMB143,607,000 secured by property, plant and equipment by way of mortgage.

As at December 31, 2024, (i) borrowings guaranteed by Mr. Li, the Company and its subsidiaries, with a principal balance of approximately RMB6,877,913,000; (ii) borrowings secured by electrolytic copper, anode plates (located in the electrolysis workshop) and real estate, with a principal balance of approximately RMB414,040,000; (iii) borrowings secured by pledged term deposits, with a principal balance of approximately RMB330,263,000; (iv) borrowings guaranteed by the Company and its subsidiaries and secured by real estate mortgage, with a principal balance of approximately RMB519,079,000; (v) borrowings guaranteed by the Company and its subsidiaries, and secured by the pledge of concession rights and equity interests, with a principal balance of approximately RMB2,846,534,000; (vi) borrowings secured by real estate mortgage, fee-collecting rights and pledged equity interests, with a principal balance of approximately RMB919,780,000; (vii) financial institution loans with a principal amount of RMB956,393,000 secured by property, plant and equipment by way of mortgage.

As at December 31, 2025, (i) borrowings guaranteed by Mr. Li, the Company and its subsidiaries, with a principal balance of approximately RMB6,874,310,000; (ii) borrowings secured by electrolytic copper, anode plates, land and real estate by way of mortgage, with a principal balance of approximately RMB419,700,000; (iii) borrowings secured by the pledge of term deposits or margin deposits, with a principal balance of approximately RMB20,000,000; (iv) borrowings guaranteed by the Company and its subsidiaries and secured by land and real estate by way of mortgage, with a principal balance of approximately RMB564,575,000; (v) borrowings guaranteed by related parties by way of mortgage, with a principal balance of approximately RMB17,000,000; (vi) borrowings guaranteed by Mr. Li, the Company and its subsidiaries and secured by the pledge of concession rights, equity interests or margin deposits, with a principal balance of approximately RMB3,133,400,000; (vii) borrowings guaranteed by the Company and its subsidiaries and secured by the pledge of concession rights and assets by way of mortgage, with a principal balance of approximately RMB447,760,000.

(c) As at December 31, 2023, 2024 and 2025, the Group's borrowings were repayable as follows:

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	6,923,200	7,526,700	7,428,784
Between 1 and 2 years	919,751	1,075,916	1,213,558
Between 2 and 5 years	1,466,365	1,996,952	1,659,041
Over 5 years	2,642,367	2,494,146	2,102,330
	11,951,683	**13,093,714**	**12,403,713**

(d) Fair value

For the majority of the borrowings, the fair values are not materially different from their carrying amounts, since either the interest payable on those borrowings is close to current market rates, or the borrowings are of a short-term nature.

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Secured			
Bank loans	3,971,702	3,336,026	1,947,417
Unsecured			
Bank loans	–	–	90,000
Interest payables	6,627	6,026	1,784
Less: current-portion for long-term borrowings	(69,671)	(425,893)	(30,017)
Less: short-term borrowings	(3,482,898)	(2,916,159)	(1,949,151)
	425,760	**–**	**60,033**

29. DEFERRED INCOME

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Government grants related to assets	132,939	188,297	174,816
Government grants related to income	9,831	6,903	3,351
	142,770	**195,200**	**178,167**

The movements of deferred income during the Track Record Period are as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At beginning of the year	81,499	142,770	195,200
Additions	74,687	69,830	15,584
Recognized in profit or loss	(13,416)	(17,400)	(32,617)
At end of the year	**142,770**	**195,200**	**178,167**

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Government grants related to income	**9,546**	**5,454**	**1,951**

The movements of deferred income during the Track Record Period are as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	
At beginning of the year	12,769	9,546	5,454
Additions	4,213	338	300
Recognized in profit or loss	(7,436)	(4,430)	(3,803)
At end of the year	**9,546**	**5,454**	**1,951**

30. PROVISION

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Infrastructure restore obligations	125,544	167,350	210,675
Legal proceedings provisions	45,865	47,781	41,126
Asset retirement obligation	36,697	36,697	36,697
	208,106	**251,828**	**288,498**

31. TRADE AND NOTES PAYABLES

The Group

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade and notes payables			
– Trade payables	2,793,206	2,774,972	2,302,385
– Notes payables	381,855	107,436	94,325
	3,175,061	**2,882,408**	**2,396,710**

(a) As at December 31, 2023, 2024 and 2025, trade payables include payables for construction and equipment of RMB419,311,000, RMB589,552,000 and RMB463,749,000, respectively.

An aging analysis of the trade payables based on the invoice date as at the end of the reporting period was as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	2,144,162	1,623,310	1,143,097
1 to 2 years	381,580	791,800	466,290
2 to 3 years	111,364	161,900	430,453
Over 3 years	156,100	197,962	262,545
	2,793,206	**2,774,972**	**2,302,385**

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade and notes payables			
– Trade payables	1,830,665	1,735,029	1,537,568
– Notes payables	126,800	87,000	247,286
	1,957,465	**1,822,029**	**1,784,854**

An aging analysis of the trade payables based on the invoice date as at the end of the reporting period was as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	1,500,366	995,869	824,496
1 to 2 years	120,158	494,931	216,347
2 to 3 years	85,906	77,051	314,237
Over 3 years	124,235	167,178	182,488
	1,830,665	**1,735,029**	**1,537,568**

32. ACCRUALS AND OTHER PAYABLES

The Group

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Employee benefits payable	119,825	123,188	161,556
Amounts due to third parties	112,521	58,157	76,626
Payable on equity acquisition	146,743	35,550	30,500
Obligation to repurchase restricted shares	76,520	–	–
Deposits payable	30,172	26,007	62,975
Amounts due to related parties	5,729	9	–
Taxes other than income tax payables	348,867	318,609	296,241
Payables dividend	–	–	14,350
Others	5,579	10,111	18,463
	845,956	**571,631**	**660,711**

The Company

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Employee benefits payable	35,584	30,785	46,753
Payable on equity acquisition	124,800	34,000	30,500
Obligation to repurchase restricted shares	76,520	–	–
Deposits payable	7,460	6,400	10,260
Amounts due to related parties	1,110,497	1,189,891	1,494,027
Taxes other than income tax payables	287,571	261,710	221,376
Others	–	2,769	182
	1,642,432	**1,525,555**	**1,803,098**

33. OTHER CURRENT LIABILITIES

The Group

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Output VAT to be transferred	5,036	18,616	14,861
Recourse obligations	–	204	–
	5,036	**18,820**	**14,861**

The Company

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Output VAT to be verified	1,396	16,254	9,378
Recourse obligations	–	204	–
	1,396	**16,458**	**9,378**

(i) The Group settled part of its trade payables by endorsing notes receivables to the suppliers. Given that the suppliers retain the right to demand payment form the Group if the notes issuer or a prior holder fails to pay the notes, this created recourse obligations to the Group.

34. SHARE CAPITAL

The Group and The Company

	Year ended December 31,					
	2023		**2024**		**2025**	
	Share capital	**Number of shares**	**Share capital**	**Number of shares**	**Share capital**	**Number of shares**
	RMB'000	*'000*	*RMB'000*	*'000*	*RMB'000*	*'000*
At the beginning of the year	1,525,519	1,525,519	1,537,359	1,537,359	1,523,234	1,523,234
Grant of restricted shares by way of private placement under share schemes (i)	11,840	11,840	–	–	–	–
Repurchase and cancellation of restricted shares under share schemes (ii)	–	–	(14,125)	(14,125)	–	–
At the end of the year	**1,537,359**	**1,537,359**	**1,523,234**	**1,523,234**	**1,523,234**	**1,523,234**

(i) Pursuant to the resolutions of the 22nd meeting of the 5th Board of Directors and the 16th meeting of the 5th Supervisory Board of the Company, which respectively considered and approved the "Proposal on Granting Restricted Shares and Stock Options to Eligible Grantees under the Company's 2023 Restricted Share and Stock Option Incentive Plan" (《關於向公司2023年限制性股票與股票期權激勵計劃激勵對象授予限制性股票與股票期權的議案》), the Company intends to grant 12,222,000 ordinary shares (A-shares) with a par value of RMB1.00 per share to 604 eligible grantees by way of private placement, at a grant price of RMB4.62 per share. The actual grantees under the incentive plan were 586, with an actual granted quantity of 11,840,000 shares. The Company has actually received total subscription proceeds from restricted shares of RMB54,701,000, of which RMB11,840,000 is credited to share capital and RMB42,861,000 is credited to share premium. The receipt of the aforementioned restricted share subscription proceeds has been verified by Pan-China Certified Public Accounts, Hunan Branch, which issued the "Capital Verification Report" (Tianjian Xiang Yan [2023] No. 37(天健湘驗〔2023〕37號)).

(ii) For the year ended December 31, 2024, the decrease in share capital of 14,125,000 shares was attributable to the repurchase and cancellation of restricted shares under share schemes for details see Note 36.

35. TREASURY SHARES

The Group and The Company

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	31,990	76,520	–
Grant of restricted shares (i)	54,701	–	–
Restricted shares vested	(10,171)	(11,093)	–
Cancellation of share schemes (ii)	–	(65,427)	–
Repurchase of ordinary shares (iii)	–	–	147,980
At the end of the year	**76,520**	**–**	**147,980**

(i) For the year ended December 31, 2023, the increase in treasury shares was attributable to the grant of restricted shares by way of private placement under share schemes and the repurchase obligation liability arising therefrom.

(ii) For the year ended December 31, 2024, the decrease in treasury shares was due to the repurchase and cancellation of restricted shares.

(iii) Pursuant to the "Proposal on the Scheme for Repurchasing the Company's Shares" deliberated and approved at the 41st meeting of the fifth session of the Board of Directors held on July 24, 2025, the Company is authorized to repurchase part of its issued and listed Renminbi ordinary shares (A shares) through centralized competitive bidding transactions using own funds and self-raised funds. The repurchased shares are intended for the Company's subsequent share incentive schemes or employee share ownership plans.

For the year ended December 31, 2025, the Company repurchased 19,232,656 shares, with an amount of RMB147,980,000 recognized as treasury shares.

36. SHARE INCENTIVE SCHEME

(a) 2020 Restricted Share Incentive Plan

Pursuant to the resolutions of the 6th Extraordinary General Meeting of Shareholders held on October 20, 2020, the Company actually granted 5,619,000 restricted shares to 178 incentive participants, with a par value of RMB1.00 per share and a grant price of RMB8.51 per share. The restricted shares may be applied for vesting in four tranches of 25%, 25%, 25% and 25% of the total granted restricted shares, respectively, 12 months, 24 months, 36 months, and 48 months after the completion of the grant registration.

1,862,640 restricted shares from the second vesting period of the 2020 Restricted Share Incentive Plan, which had satisfied the vesting conditions, were listed and traded in January 2023. During the year ended December 31, 2023, the vesting conditions for the third vesting period of the 2020 Restricted Share Incentive Plan were met, and the corresponding 1,832,415 restricted shares, having been vested, were listed and traded in January 2024. Meanwhile, 307,515 granted but unvested restricted shares were repurchased and canceled in November 2023.

During the year ended December 31, 2024, the fourth vesting period of the 2020 Restricted Share Incentive Plan failed to meet the unlock conditions, and the Company repurchased and canceled the corresponding 1,976,910 restricted shares in July 2024.

(b) 2023 Restricted Share Incentive Plan and Stock Option Incentive Plan

Pursuant to the resolutions of the 22nd Meeting of the 5th Board of Directors and the 16th Meeting of the 5th Supervisory Board held on September 8, 2023, the Company actually granted a total of 23,680,000 equity instruments to 604 incentive participants. Specifically: 11,840,000 restricted shares were granted to 604 participants under the Restricted Share Incentive Plan at a grant price of RMB4.62 per share; and 11,840,000 stock options were granted to 604 participants under the Stock Option Incentive Plan at an exercise price of RMB9.28 per option. The granted equity instruments may be applied for vesting (in the case of restricted shares) or exercise (in the case of stock options) in four tranches of 25%, 25%, 25% and 25% of the total granted amount, respectively, 12 months, 24 months, 36 months, and 48 months after the completion of the registration of restricted shares and the grant date of stock options. The Company completed the registration of restricted shares and stock options in October 2023.

Pursuant to the "Proposal on Terminating the Implementation of the Company's 2023 Restricted Share and Stock Option Incentive Plan, Repurchasing and Cancelling Restricted Shares, and Cancelling Stock Options" (《關於終止實施公司2023年限制性股票與股票期權激勵計劃並回購註銷限制性股票、註銷股票期權的議案》), which was considered and approved at the 28th Meeting of the 5th Board of Directors and the 21st Meeting of the 5th Supervisory Board convened on June 3, 2024, affected by various factors, the Company's stock price has fluctuated significantly, and the internal and external environment facing the Company's operations has undergone substantially changes compared with when the incentive plan was formulated. If the incentive plan continues to be implemented, it is expected to be difficult to achieve the intended incentive purposes and effects, which will not be conducive to fully mobilizing the enthusiasm of the Company's core team. To effectively motivate employees, protect the interests of all shareholders, employees and the Company, and in consideration of the long-term development of the Company as well as the enthusiasm and stability of the core team, the Company intends to terminate the implementation of this incentive plan after prudent research and taking into account the wishes of the grantees. Meanwhile, the supporting documents such as the "Revised Measures for the Implementation and Assessment of Beijing GeoEnviron Engineering & Technology, Inc.'s 2023 Restricted Share and Stock Option Incentive Plan" (《北京高能時代環境技術股份有限公司2023年限制性股票與股票期權激勵計劃實施考核管理辦法(修訂稿)》) are also terminated simultaneously.

The number of restricted shares and stock options granted to the Group's incentive participants is summarized as follows:

	Year ended December 31,		
	2023	2024	2025
	('000)	*('000)*	*('000)*
At the beginning of the year	5,979	27,796	–
Granted	23,680	–	–
Vested	(1,863)	(1,832)	–
Forfeited	–	(2,284)	–
Canceled	–	(23,680)	–
At the end of the year	**27,796**	**–**	**–**

The fair value of the restricted shares was determined on the basis of the single-day closing price of the circulating shares on the date when the equity instruments are granted, less the exercise price. The fair value of the share options was determined using the Black-Scholes model by an independent qualified valuer. The significant inputs were listed as below:

	2023 Share Incentive Scheme
Expected price volatility	13.41%, 15.22%, 15.12%, 16.55%
Expected option life *(year)*	4 years
Risk free interest rate	1.50%, 2.10%, 2.75%, 2.75%
Dividend yield	0.54%
Spot price of ordinary shares *(RMB)*	9.03

The total expenses arising from share-based payments during the Track Record Period are recorded as part of employee benefit expenses (Note 9).

37. RETAINED EARNINGS

The Group

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	3,221,233	3,584,782	3,365,560
Net profit	504,641	482,519	838,303
Appropriation of statutory reserves	(43,403)	(44,666)	(42,108)
Dividends *(Note 12)*	(76,275)	(656,374)	(106,626)
Premium on transaction with non-controlling interests	(21,414)	–	–
Appropriation of safety funds, net	–	(701)	(208)
At the end of the year	**3,584,782**	**3,365,560**	**4,054,921**

The Company

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	1,950,136	2,264,487	2,010,115
Net profit	434,029	446,668	421,076
Dividends *(Note 12)*	(76,275)	(656,374)	(106,626)
Appropriation of statutory reserves	(43,403)	(44,666)	(42,108)
At the end of the year	**2,264,487**	**2,010,115**	**2,282,457**

38. OTHER RESERVES

The Group

	Share premium	Other reserves	Total
	RMB'000	*RMB'000*	*RMB'000*
Balance at January 1, 2023	**3,740,897**	**422,467**	**4,163,364**
Disposal of associates	–	(11,533)	(11,533)
Share of other changes in net assets of associates and joint venture	–	12,778	12,778
Transactions with non-controlling interests	205	–	205
Share-based payment scheme:			
– Grant of restricted shares	42,861	–	42,861
– Share-based compensation expenses	–	2,476	2,476
– Restricted shares vested	4,644	(4,644)	–
Appropriation to statutory reserves	–	43,403	43,403
Appropriation to safety funds, net	–	(205)	(205)
Others	917	–	917
Balance at December 31, 2023	**3,789,524**	**464,742**	**4,254,266**

	Share premium	Other reserves	Total
	RMB'000	*RMB'000*	*RMB'000*
Balance at January 1, 2024	**3,789,524**	**464,742**	**4,254,266**
Transactions with non-controlling interests	18,553	–	18,553
Share of other changes in net assets of associates and joint venture	–	1,060	1,060
Disposal of associates and joint venture	–	(107,324)	(107,324)
Share-based payment scheme:			
– Share-based compensation expenses	–	(3,302)	(3,302)
– Restricted shares vested	4,519	(4,519)	–
– Cancellation of share scheme	(51,302)	–	(51,302)
Appropriation to statutory reserves	–	44,666	44,666
Appropriation to safety funds, net	–	701	701
Balance at December 31, 2024	**3,761,294**	**396,024**	**4,157,318**

	Share premium	Other reserves	Translation reserve	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Balance at January 1, 2025	**3,761,294**	**396,024**	**–**	**4,157,318**
Transactions with non-controlling interests	16,530	–	–	16,530
Share of other changes in net assets of associates and joint venture	–	227	–	227
Share-based payment scheme:				
– Share-based compensation expenses	–	139	–	139
Appropriation to statutory reserves	–	42,108	–	42,108
Appropriation of safety funds	–	208	–	208
Currency translation differences	–	–	299	299
Balance at December 31, 2025	**3,777,824**	**438,706**	**299**	**4,216,829**

Other reserves comprised surplus reserve and other reserves. The balances were RMB291,987,000 and RMB172,755,000 as at December 31, 2023, and RMB336,654,000 and RMB59,370,000 as at December 31, 2024, and RMB378,762,000 and RMB59,944,000 as at December 31, 2025, respectively.

The Company

	Share premium	Other reserves	Total
	RMB'000	*RMB'000*	*RMB'000*
Balance at January 1, 2023	**4,079,435**	**320,630**	**4,400,065**
Share of other changes in net assets of associates and joint venture	–	14,928	14,928
Share-based payment scheme:			
– Grant of restricted shares	42,861	–	42,861
– Share-based compensation expenses	–	2,476	2,476
– Restricted shares vested	4,644	(4,644)	–
Appropriation to statutory reserves	–	43,403	43,403
Balance at December 31, 2023	**4,126,940**	**376,793**	**4,503,733**

	Share premium	Other reserves	Total
	RMB'000	*RMB'000*	*RMB'000*
Balance at January 1, 2024	**4,126,940**	**376,793**	**4,503,733**
Share of other changes in net assets of associates and joint venture	–	(426)	(426)
Disposal of associates and joint venture	–	(34,133)	(34,133)
Share-based payment scheme:			
– Share-based compensation expenses	–	(3,302)	(3,302)
– Restricted shares vested	4,519	(4,519)	–
– Cancellation of share scheme	(51,302)	–	(51,302)
Appropriation to statutory reserves	–	44,666	44,666
Balance at December 31, 2024	**4,080,157**	**379,079**	**4,459,236**

	Share premium	Other reserves	Total
	RMB'000	*RMB'000*	*RMB'000*
Balance at January 1, 2025	**4,080,157**	**379,079**	**4,459,236**
Share of other changes in net assets of associates and joint venture	–	227	227
Appropriation to statutory reserves	–	42,108	42,108
Currency translation differences		270	270
Balance at December 31, 2025	**4,080,157**	**421,684**	**4,501,841**

Other reserves comprised surplus reserve and other reserves.

The balances were RMB291,956,000 and RMB84,837,000 as at December 31, 2023, and RMB336,623,000 and RMB42,456,000 as at December 31, 2024, and RMB388,832,000 and RMB42,682,000 as at December 31, 2025,respectively.

39. NOTES TO CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Reconciliation of Profit Before Income Tax to Net Cash Generated from Operations:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Profit before income tax for the year	559,641	608,554	1,120,511
Adjustments for:			
Interest income	(10,568)	(14,879)	(8,587)
Finance cost	447,580	463,121	465,089
Depreciation and amortization of non-current assets	552,933	625,131	639,878
Net (gains)/losses on disposal of property, plant and equipment and other non-current assets	(1,183)	3,943	29,404
Net impairment losses on financial assets	69,700	74,881	40,611
Dividend income from financial assets at fair value through profit or loss	–	–	(5,483)
Share of profit of associates, net	(77,651)	(41,249)	6,536
Net (gains)/losses on financial instruments	(9,680)	43,991	(35,592)
Net foreign exchange gains	173	3,825	778
Share-based compensation expenses	2,476	(3,302)	139
Gains on disposal of associates and joint venture and other financial assets at FVPL	(33,431)	(123,588)	(52,694)
Impairment provision for inventories and non-current assets	69,143	103,100	109,419
Fair value changes on financial assets at fair value through profit or loss	(4,977)	(74,659)	24,976
Other income – government grants	(13,416)	(17,400)	(19,994)
Change in working capital:			
(Increase)/decrease in receivables	(371,887)	(494,696)	65,750
Increase/(decrease) in payables	195,582	(163,379)	(273,867)
Increase in inventories	(2,272,951)	(245,932)	(853,969)
Cash (used in)/generated from operations	**(898,516)**	**747,462**	**1,252,905**

(b) Non-Cash Activities

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Additions of right-of-use assets by way of leasing liabilities *(Note 17)*	13,492	31,754	500
Settling trade payables via endorsed commercial bills	185,580	157,968	140,060

(c) Net Debt Reconciliation

	Borrowings	Lease liabilities	Other borrowings	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023	9,012,557	8,432	–	9,020,989
Principal received	7,632,977	–	–	7,632,977
Principal repaid	(4,814,889)	(2,482)	–	(4,817,371)
Interest accrued	436,386	398	–	436,784
Interest paid	(437,623)	(398)	–	(438,021)
Acquisition of a subsidiary *(Note 40)*	110,931	–	–	110,931
Increase in lease liabilities arising from new leases	–	5,856	–	5,856
Other non-cash movement	11,344	249	–	11,593
At December 31, 2023	**11,951,683**	**12,055**	**–**	**11,963,738**
At January 1, 2024	11,951,683	12,055	–	11,963,738
Principal received	10,232,084	–	7,000	10,239,084
Principal repaid	(9,137,318)	(3,537)	(7,000)	(9,147,855)
Interest accrued	472,280	488	262	473,030
Interest paid	(411,557)	(488)	(262)	(412,307)
Increase in lease liabilities arising from new leases	–	5,636	–	5,636
Other non-cash movement	(13,458)	–	–	(13,458)
At December 31, 2024	**13,093,714**	**14,154**	**–**	**13,107,868**
At January 1, 2025	13,093,714	14,154	–	13,107,868
Principal received	8,068,632	–	–	8,068,632
Principal repaid	(8,764,920)	(6,278)	–	(8,771,198)
Interest accrued	440,696	447	–	441,143
Interest paid	(439,830)	(447)	–	(440,277)
Increase in lease liabilities arising from new leases	–	500	–	500
Other non-cash movement	5,421	(915)	–	4,506
At December 31, 2025	**12,403,713**	**7,461**	**–**	**12,411,174**

40. BUSINESS COMBINATION

(a) Summary of acquisitions

During the year ended December 31, 2023, the major acquisitions of new subsidiaries are summarized as follows:

	Zhuhai Xinhong	Zhongxin Hongwei	Dalian GeoEnviron	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(i)	*(ii)*	*(iii)*	
Total consideration transferred	52,000	140,000	76,800	268,800
Cash consideration	52,000	140,000	76,800	268,800
Less: fair value of identifiable net assets	(26,003)	(84,593)	(57,126)	(167,722)
Goodwill	25,997	55,407	19,674	101,078

(i) Acquisition of Zhuhai Xinhong

As at May 4, 2023, the Group acquired 65% equity interests of Zhuhai Xinhong with a cash consideration of RMB52,000,000. Upon completion of the transactions, Zhuhai Xinhong became the subsidiary of the Company. Zuhai Xinhong is mainly engaged in resources recycling and utilization.

Goodwill of RMB25,997,000 was acquired from above acquisition and was recognized at the acquisition date, being the difference between the purchase consideration and the fair value of net identifiable assets of acquirees. None of the goodwill recognized is expected to be deductible for income tax purpose.

(ii) Acquisition of Zhongxin Hongwei

As at November 29, 2023, the Group acquired 51% equity interests of Zhongxin Hongwei with a cash consideration of RMB140,000,000. Upon completion of the transactions, Zhongxin Hongwei became the subsidiary of the Company. Zhongxin Hongwei is mainly engaged in non-metallic resource recycling business.

Goodwill of RMB55,407,000 was acquired from above acquisition and was recognized at the acquisition date, being the difference between the purchase consideration and the fair value of net identifiable assets of acquirees. None of the goodwill recognized is expected to be deductible for income tax purpose.

(iii) Acquisition of Dalian GeoEnviron

As at December 29, 2023, the Group acquired 80% equity interests of Dalian GeoEnviron at a cash consideration of RMB76,800,000. Upon completion of the transactions, Dalian GeoEnviron became the subsidiary of the Company. Dalian GeoEnviron is mainly engaged in environmental engineering services.

Goodwill of RMB19,674,000 was acquired from above acquisition and was recognized at the acquisition date, being the difference between the total consideration and the fair value of net identifiable assets of acquirees. None of the goodwill recognized is expected to be deductible for income tax purpose.

(b) Financial information of acquisitions

The fair value of the identifiable assets and liabilities and cash and cash equivalent impact arising from the acquisition of subsidiaries in the above transactions are summarized as follows. Valuation was performed by an independent valuer to determine the fair value of the identified assets.

	Zhuhai Xinhong	Zhongxin Hongwei	Dalian GeoEnviron	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Fair value of identifiable net assets				
Non-current assets				
Property, plant and equipment	2,304	191,632	3,264	197,200
Right-of-use assets	31,327	10,223	3,177	44,727
Intangible assets	–	12,285	33,990	46,275
Other non-current assets	–	110	–	110
	33,631	**214,250**	**40,431**	**288,312**
Current assets				
Cash and cash equivalents	102	14,565	3	14,670
Trade and notes receivables	37	67,284	–	67,321
Note receivables at fair value through other comprehensive income	–	1,150	–	1,150
Prepayments and other receivables	938	88,071	49,448	138,457
Inventories	–	51,077	–	51,077
Other current assets	6,528	–	26	6,554
	7,605	**222,147**	**49,477**	**279,229**
Non-current liabilities				
Trade payables and notes payable	–	–	–	–
Provisions	–	1,840	–	1,840
Deferred income	–	20,798	–	20,798
	–	**22,638**	**–**	**22,638**
Current liabilities				
Borrowings	–	110,931	–	110,931
Trade payables and notes payable	166	74,457	455	75,078
Contract liabilities	–	3,940	–	3,940
Accrual and other payables	1,066	58,049	18,045	77,160
Other current liabilities	–	513	–	513
	1,232	**247,890**	**18,500**	**267,622**
Less: Non-controlling interests	(14,001)	(81,276)	(14,282)	(109,559)
Fair value of the net assets acquired	**26,003**	**84,593**	**57,126**	**167,722**

	Zhuhai Xinhong	Zhongxin Hongwei	Dalian GeoEnviron	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(i)	*(i)*	*(ii)*	
Cash impact				
Cash paid	(42,000)	–	(6,000)	(48,000)
Less: cash and cash equivalents in the subsidiaries acquired	102	14,565	3	14,670
Net cash (outflow) inflow on acquisitions	**(41,898)**	**14,565**	**(5,997)**	**(33,330)**

(i) During the year ended December 31, 2024, the remaining consideration of nil and RMB116,000,000 were paid for the acquisition of Zhuhai Xinhong and Zhongxin Hongwei, and the outstanding unpaid consideration amounts to RMB10,000,000 and RMB24,000,000, respectively.

During the year ended December 31, 2025, RMB8,000,000 of the outstanding consideration in relation to Zhongxin Hongwei was settled. As at December 31, 2025, the outstanding unpaid consideration amounted to RMB10,000,000 and RMB16,000,000 for Zhuhai Xinhong and Zhongxin Hongwei, respectively.

(ii) In 2023, the Company acquired an 80% equity interest in Dalian GeoEnviron by way of capital increase and share acquisition. Pursuant to the agreement, the Company was to make a capital contribution of RMB36,000,000 to Dalian GeoEnviron and pay RMB40,800,000 to acquire a 42.5% equity interest in Dalian GeoEnviron, representing a total consideration of RMB76,800,000.

As at December 31, 2023, the Company had paid RMB3,000,000 of the capital contribution amount and RMB6,000,000 of the share acquisition consideration. As at December 31, 2025, the Company had paid RMB27,000,000 of the capital contribution amount and RMB34,800,000 of the share acquisition consideration. And the outstanding unpaid consideration amounts to RMB6,000,000.

The amounts of revenue and profit of subsidiaries since the acquisition date were included in the consolidated statement of comprehensive income for the year ended December 31, 2023 are summarized as follows:

	Zhuhai Xinhong	Zhongxin Hongwei	Dalian GeoEnviron	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	3	30,842	–	30,845
Net profit/(losses)	(51)	6,309	–	6,258

If the acquisition of Zhuhai Xinhong, Zhongxin Hongwei and Dalian GeoEnviron had occurred on January 1, 2023, the consolidated pro-forma revenue of the Group for the year ended December 31, 2023 would have been RMB10,580,366,000, RMB10,887,675,000 and RMB10,580,366,000, respectively, and the consolidated pro-forma net profit would have been RMB503,398,000, RMB508,360,000 and RMB504,598,000, respectively.

The amounts have been calculated using the subsidiaries' results and adjusting them for:

- differences in the accounting policies between the group and the subsidiary (if any), and
- the additional amortization that would have been charged assuming the fair value adjustments to intangible assets had applied from January 1, 2023, together with the consequential tax effects.

41. DISPOSAL OF SUBSIDIARIES

As at May 12, 2023, the Group disposed of 59% equity interests of Zhongyu (Chongqing) Environmental Protection Industry Development Co., Ltd. (中渝(重慶)環保產業發展有限公司) ("**Chongqing Zhongyu**") at a disposal consideration of approximately RMB1,797,000, with the difference between the disposal consideration and the share of the net assets of Chongqing Zhongyu attributable to the Group at the consolidated financial statement level corresponding to the disposed investment amounts to a negative RMB9,000. A loss of RMB9,000 was recognised in other losses in profit or loss. Upon completion of the transaction, control over the investment in Chongqing Zhongyu was lost.

As at December 31, 2025, the Group disposed of 51% equity interests of Jinchang Xinshengyuan Metal Materials Co., Ltd. (金昌鑫盛源金属材料有限公司) ("**Xinshengyuan**") at a disposal consideration of approximately RMB20,000,000, with the difference between the disposal consideration and the share of the net assets of Xinshengyuan attributable to the Group at the consolidated financial statement level corresponding to the disposed investment amounting to negative RMB9,969,000. A loss of RMB9,969,000 was recognised in other losses in profit or loss. Upon completion of the transaction, control over Xinshengyuan was lost.

As at December 31, 2025, the Group disposed of 51% equity interests of Jinchang Zhengxianbo Environmental Technology Co., Ltd. (金昌正弦波環保科技有限公司)("**Zhengxianbo**") at a disposal consideration of approximately RMB5,100,000, with the difference between the disposal consideration and the share of the net assets of Zhengxianbo attributable to the Group at the consolidated financial statement level corresponding to the disposed investment amounting to negative RMB3,662,000. A loss of RMB3,662,000 was recognised in other losses in profit or loss. Upon completion of the transaction, control over Zhengxianbo was lost.

As at September 19, 2025, the Group disposed of 100% equity interests of Tianjin Jingyuan Technology Co., Ltd. (天津京源科技有限公司)("**Tianjin Jingyuan**") at a disposal consideration of approximately RMB65,000,000, with the difference between the disposal consideration and the share of the net assets of Tianjin Jingyuan attributable to the Group at the consolidated financial statement level corresponding to the disposed investment amounting to RMB negative 21,186,000. A loss of RMB21,186,000 was recognised in other losses in profit or loss. Upon completion of the transaction, control over Tianjin Jingyuan was lost.

As at June 30, 2025, the Group disposed of 51% equity interests of Lanxi Gaoneng Lijia Medical Technology Co., Ltd.(蘭溪高能利嘉醫療科技有限公司) ("**Lanxi Gaoneng Lijia**") at a disposal consideration of approximately RMB35,476,000, with the difference between the disposal consideration and the share of the net assets of Lanxi Gaoneng Lijia attributable to the Group at the consolidated financial statement level corresponding to the disposed investment amounting to RMB negative10,399,000. A loss of RMB10,399,000 was recognised in other losses in profit or loss. Upon completion of the transaction, control over Lanxi Gaoneng Lijia was lost.

42. CONTINGENCIES AND COMMITMENTS

42.1 Contingencies

The Group and the Company have contingent liabilities in respect of claims or other legal procedures arising in its ordinary course of business from time to time. As at December 31, 2023, 2024 and 2025, save for the amounts for which provisions have been made in the Historical Financial Information and the matters set out below, the directors of the Company do not anticipate that any material liabilities will arise from such contingent liabilities.

(a) The Company was involved in a dispute over an equity acquisition contract with Qianxinan Zangke Entrepreneurship Service Co., Ltd. (黔西南州牂牁創業服務有限公司). The aforementioned party filed an arbitration application with the Beijing Arbitration Commission, requesting the Company to repurchase its 2.0922% equity interest in Guizhou Hongda (貴州宏達) at a price of RMB12,553,000 (tax inclusive), plus interest, arbitration fees, legal fees and other expenses. In May 2024, it applied for property preservation with the First Intermediate People's Court of Beijing Municipality, which froze RMB14,125,000 of the Company's bank deposits. As at the date of approval of these financial statements, the case has been heard and is pending judgment.

(b) The Company was involved in four contract arrears disputes with Huaxin Environmental Engineering (Wuxue) Co., Ltd. (華新環境工程(武穴)有限公司). On May 29, 2025, the aforementioned party instituted legal proceedings with the People's Court of Haidian District, Beijing, claiming a total of RMB24,033,000 for four contract disposal fees plus interest on the funds occupied; it also applied for property preservation, freezing RMB24,766,000 of the Company's bank deposits. As at the date of approval of these financial statements, the case has been concluded by mediation, and the above frozen funds were released in January 2026.

(c) The Company was involved in a construction project subcontract dispute with Xingtai Construction Group Co., Ltd. (興泰建設集團有限公司). On August 17, 2025, the aforementioned party sued the Company, claiming construction project funds of RMB39,607,000, other losses of RMB1,485,000, totaling RMB41,720,000. It also applied for property preservation, freezing a total of RMB58,326,000 in the Company's bank accounts. As at the date of approval of these financial statements, the case is under trial.

(d) The Company and its subsidiaries Beijing GeoEnviron Environment Remediation Co., Ltd. (北京高能時代環境修復有限公司) and Ningbo Youlan Environmental Remediation Engineering Co., Ltd. (寧波佑藍環境修復工程有限公司) were involved in a joint venture contract dispute. On June 30, 2025, Ningbo Youlan Environmental Remediation Engineering Co., Ltd. instituted legal proceedings with the People's Court of Haidian District, Beijing, claiming project profits of RMB 29,626,000 and overdue interest (calculated on the basis of RMB29,626,000 from November 16, 2024 to the actual date of performance at the one-year Loan Prime Rate (LPR) promulgated by the National Interbank Funding Center authorized by the People's Bank of China) from Beijing Environmental Remediation, with the Company bearing joint and several liability. On November 18, 2025, the People's Court of Haidian District, Beijing froze RMB29,620,000 in the bank account of Beijing Environmental Remediation. As at the date of approval of these financial statements, the case is under first-instance trial.

(e) The Company was involved in a dispute over construction project subcontracting with Dongguan City Urban Engineering Construction Group Co., Ltd (東莞市城市工程建設集團有限公司). On August 15, 2025, Dongguan City Urban Engineering Construction Group Co., Ltd. filed an application for property preservation with the Third People's Court of Dongguan City, Guangdong Province. The court froze the bank deposits of the Company with a total amount of RMB8,675,000. As of the date of approval for issuance of these financial statements, the case is currently under trial.

(f) The Company, together with its subsidiary Tianjin GeoEnviron Water Treatment Technology Co., Ltd. (天津高能時代水處理科技有限公司), was involved in a construction project subcontract dispute with Zhonghong Kaichuang Construction Group Co., Ltd. (中宏凱創建設集團有限公司). On March 6, 2025, the aforementioned party instituted legal proceedings with the People's Court of Lingwu City, Ningxia Hui Autonomous Region, claiming principal project funds of RMB25,043,000 and interest of RMB714,000, and applied for property preservation, freezing RMB25,757,000 of the Company's bank deposits. On September 30, 2025, Tianjin Water Treatment applied to the court for alteration of property preservation; the court ruled to unfreeze the Company's bank deposits and freeze RMB5,055,000 of Tianjin Water Treatment's bank deposits instead. As at the date of approval of these financial statements, the case is in first-instance proceedings.

(g) In April 2019, Xingyi Xinruitong Microcredit Co., Ltd. (興義市鑫瑞通小額貸款有限責任公司) filed a lawsuit with the People's Court of Xingyi City, requiring Guizhou Hongda (貴州宏達), a subsidiary of the Company, to assume joint and several guarantee liability for the principal of RMB14,000,000 and interest of a loan granted to Wang Zhibin. In August 2019, the People's Court of Xingyi City rendered a civil judgment ((2019) Qian 2301 Min Chu No. 4609), ordering Guizhou Hongda to assume joint and several liquidation liability for the above amount; Guizhou Hongda shall have the right to recourse against Wang Zhibin after assuming such guarantee liability. Dissatisfied with the judgment, Guizhou Hongda filed an appeal. The Intermediate People's Court of Qianxinan Buyi and Miao Autonomous Prefecture rendered a civil ruling ((2019) Qian 23 Min Zhong No. 2353) in February 2020, remanding the case to the People's Court of Xingyi City for retrial. On September 16, 2020, the People's Court of Xingyi City rendered a civil judgment ((2020) Qian 2301 Min Chu No. 2239), ordering Guizhou Hongda to assume compensation liability for one-half of the unpaid portion of the above amount. Dissatisfied with the judgment, Xingyi Xinruitong Microcredit Co., Ltd. filed an appeal with the Intermediate People's Court of Qianxinan Buyi and Miao Autonomous Prefecture. On July 19, 2021, the Intermediate People's Court of Qianxinan Buyi and Miao Autonomous Prefecture rendered a civil judgment ((2021) Qian 23 Min Zhong No. 1553), dismissing the appeal and upholding the original judgment. Guizhou Hongda recognized a provision for estimated liability and receivables from Wang Zhibin of RMB20,440,000 (representing RMB7,000,000 of loan principal and RMB13,440,000 of loan interest) in accordance with the judgment.

42.2 Capital Commitments

The following shows the major capital commitments of the Group:

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Property, plant and equipment commitments:			
– Contracted, but not provided for	4,462	22,849	–
Intangible assets commitments:			
– Contracted, but not provided for	3,537	4,164	–
Investment commitments			
– Contracted, but not provided for	–	2,800	–
	7,999	**29,813**	**–**

42.3 Operating Leasing Arrangements

The Group as lessor

All of the property, plant and equipment and investment properties held for rental purposes have committed leases for the future years.

Undiscounted lease payments receivable on leases are as follows:

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	22,838	19,594	12,787
1 to 2 years	15,027	10,094	14,182
2 to 3 years	9,380	4,394	3,699
3 to 4 years	8,043	4,394	800
4 to 5 years	4,031	733	800
Over 5 years	4,031	–	3,800
	63,350	**39,209**	**36,068**

43. RELATED PARTY TRANSACTIONS

(a) Names and Relationship with Related Parties

Related parties are those parties that have the ability, directly and indirectly, to control, jointly control or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related because they are subject to common control and common joint control in the controlling party's families. Members of key management and their close family member of the Group are also considered as related parties.

The directors of the Company are of the view that the following parties were significant related parties of the Group that had transactions or balances with the Group for the years ended December 31, 2023, 2024 and 2025:

Name of the related parties	Relationship with the Group
Guizhou Xing'an Environmental Protection Technology Co., Ltd. (貴州省興安環保科技有限公司)	An associate of the Group
Liangshan Jinyu Environmental Management Co., Ltd. (涼山州金鈺環境治理有限公司)	An associate of the Group
Jiaozuo Green Expo City Development Environmental Protection Energy Co., Ltd. (焦作綠博城發環保能源有限公司)	An associate of the Group
Xining Huangshui High Energy Environment Co., Ltd. (西寧湟水高能環境有限公司)	An associate of the Group
Everbright Geoenviron Environmental Services (Heze) Limited (光大高能環保服務(菏澤)有限公司)	An associate of the Group
Zhejiang Chunjing New Material Technology Co., Ltd. (浙江淳靜新材料科技有限公司)	An associate of the Group
China Shipbuilding Oasis Environmental Protection (Nanjing) Co., Ltd. (中船綠洲環保(南京)有限公司)	An associate of the Group
Jiangsu Yuanjie High Energy Comprehensive Water Engineering Co., Ltd. (江蘇源潔高能綜合水務工程有限公司)	A joint venture of the Group
Ke Ling Environmental Protection Co., Ltd. (科領環保股份有限公司)	A joint venture of the Group
EIT Environmental Development Group Co., Ltd. (玉禾田環境發展集團股份有限公司)	A joint venture of the Group
Suzhou Vortexinfo Technology Co., Ltd. (蘇州市伏泰信息科技股份有限公司)	A joint venture of the Group
Jinhua Chunjing New Material Technology Co., Ltd. (金華淳靜新材料科技有限公司)	A subsidiary of associates of the Group
Pingxiang Yuhetian Environmental Development Co., Ltd. (萍鄉玉禾田環境發展有限公司)	A subsidiary of associates of the Group
Yining Xinyu City Environmental Service Co., Ltd. (伊寧市新玉城市環境服務有限公司)	A subsidiary of associates of the Group

Name of the related parties	Relationship with the Group
Foshan Anhe Smart City Management Co., Ltd. (佛山市安禾智慧城市管理有限公司)	A subsidiary of associates of the Group
Xinyi Yuhetian Environmental Development Co., Ltd. (新沂玉禾田環境發展有限公司)	A subsidiary of associates of the Group
Peixian Yuhetian Urban Service Co., Ltd. (沛縣玉禾田城市服務有限公司)	A subsidiary of associates of the Group
Foshan Shunyu Smart City Operation Co., Ltd. (佛山順玉智慧城市運營有限公司)	A subsidiary of associates of the Group
Guixi Guiyu Smart City Operation Management Co., Ltd. (貴溪市貴玉智慧城市運營管理有限公司)	A subsidiary of associates of the Group
Beijing Oriental Yuhong Waterproof Technology Co., Ltd (北京東方雨虹防水技術股份有限公司及其控股的公司)	An entity controlled by the ultimate controlling party
Li Weiguo (i)	The ultimate controlling party
Zhao Haiyan (趙海燕)	Chairman of the Company's supervisory committee
Wang Rui (王銳)	Spouse of Mr. Li

(i) The ultimate controlling party is Mr. Li, with ownership interests of 17.14%, 17.30% and 16.33% as of December 31, 2023, 2024 and 2025, respectively.

The following transactions and balances were carried out between the Group and its related parties during the Track Record Period. In the opinion of the directors of the Company, the related party transactions were carried out in the normal course of business and at terms negotiated between the Group and the respective related parties. In addition to those disclosed elsewhere in the Historical Financial Information, the Group has the following transactions with related parties:

(b) Material Transactions with Related Parties

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Purchase of goods and services:			
Associates of the Group	48,242	32,467	14,102
An entity controlled by the ultimate controlling party	38,024	21,191	6,906
	86,266	**53,658**	**21,008**

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Sales of goods and rendering of services:			
Associates of the Group	88,463	134,866	7,833
An entity controlled by the ultimate controlling party	632,132	554,032	541,590
Fellow subsidiaries of associates of the Group	1,429	7,577	10,005
	722,024	**696,475**	**559,428**

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Rental income:			
An associate of the Group	650	–	65
A subsidiary of associates of the Group of associates of the Group	1,337	5,349	1,101
	1,987	**5,349**	**1,166**

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
The Company and its subsidiaries as guarantors			
Associates of the Group	111,400	111,400	54,700
The Company and its subsidiaries as guaranteed parties			
Mr. Li (i)	3,502,702	2,963,026	2,245,580
Mr. Li, Wang Rui (i)	175,000	–	122,485
	3,677,702	**2,963,026**	**2,368,065**

(i) During the Track Record Period, the Group obtained bank borrowings guaranteed by the ultimate controlling party Mr. Li and his spouse Ms. Wang Rui. Such guarantees will be discharged by repaying or settling the relevant bank borrowings prior to the **[REDACTED]**.

(c) Balance with Related Parties

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade and notes receivables			
Associates of the Group	9,873	138,965	230,602
An entity controlled by the ultimate controlling party	97,732	21,052	5,270
Fellow subsidiaries of associates of the Group	567	4,481	8,875
	108,172	164,498	244,747
Less: credit loss allowance	(6,537)	(9,624)	(23,243)
	101,635	**154,874**	**221,504**

For the year ended December 31, 2023, the amount of expense reversed in the year in respect of bad and doubtful debts are RMB2,734,000.

For the year ended December 31, 2024, the amount of expense recognized in the year in respect of bad and doubtful debts are RMB3,087,000.

For the year ended December 31, 2025, the amount of expense recognized in the year in respect of bad and doubtful debts are RMB13,619,000.

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade and notes payables			
Associates of the Group	39,537	3,113	3,128
An entity controlled by the ultimate controlling party	9,594	5,468	2,767
	49,131	**8,581**	**5,895**

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Prepayments			
Associates of the Group	–	1	4
An entity controlled by the ultimate controlling party	2,726	452	252
	2,726	**453**	**256**
Other receivables			
Associates of the Group	2,226	5,868	14,419
An entity controlled by the ultimate controlling party	–	70	80
	2,226	5,938	14,499
Less: provision for impairment	(154)	(578)	(1,576)
	2,072	**5,360**	**12,923**

For the year ended December 31, 2023, 2024 and 2025, the amount of expense recognized in the year in respect of bad and doubtful debts are RMB89,000 and RMB424,000 and RMB998,000, respectively.

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Other payables:			
An associate of the Group	300	300	300
An entity controlled by the ultimate controlling party	252	165	209
A joint venture of the Group	5,729	–	–
Chairman of the Company's supervisory committee	–	9	–
	6,281	474	509

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	
Note receivables at fair value through other comprehensive income			
An entity controlled by the ultimate controlling party	–	6,215	8,233

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Contract Assets			
Associates of the Group	129,951	86,223	5,405
An entity controlled by the ultimate controlling party	3,431	2,582	1,932
A joint venture of the Group	43,942	–	–
	177,324	88,805	7,337
Less: provision for impairment	(8,695)	(108)	(74)
	168,629	**88,697**	**7,263**

For the year ended December 31, 2023, the amount of expense recognized in the year in respect of bad and doubtful debts are RMB8,695,000.

For the year ended December 31, 2024, the amount of expense reversed in the year in respect of bad and doubtful debts are RMB8,587,000.

For the year ended December 31, 2025, the amount of expense reversed in the year in respect of bad and doubtful debts are RMB34,000.

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Contract Liabilities			
An entity controlled by the ultimate controlling party	16,672	3,992	4,086
A subsidiary of associates of the Group	1,063	–	–
	17,735	**3,992**	**4,086**

All the balances with the related parties are trade in natures.

(d) Key Management Compensation

Compensation of the key management personnel of the Group, including amounts paid to the Company's directors and supervisors as disclosed in Note 9(a), was as follows:

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Fees	360	360	360
Salaries, wages and bonuses	9,354	10,960	7,365
Share-based compensation expenses	(160)	(56)	–
Pension costs, housing fund, medical insurance and other social benefits	1,868	1,630	1,248
	11,422	**12,894**	**8,973**

As at December 31, 2023, 2024 and 2025, approximately RMB1,252,000, RMB1,426,000 and RMB2,044,000 of payroll payables which were unpaid as at year end is included in accruals and other payables. The share-based payments provided to key management personnel consist of restricted share incentive schemes which are equity-settled, see Note 36.

44. EVENTS AFTER THE REPORTING PERIOD

On March 12, 2026, the Company convened the 8th Meeting of the 6th Board of Directors, which deliberated and approved the Company's 2025 Annual Profit Distribution Proposal. Based on the total share capital registered on the record date for equity distribution, after deducting the shares held in the Company's repurchase dedicated securities account (19,232,656 shares), a cash dividend of RMB1.00 per 10 shares (inclusive of tax) will be distributed to all shareholders of the Company. The proposal is subject to the approval of the general meeting of shareholders.

45. SUMMARY OF OTHER ACCOUNTING POLICIES

(1) Principles of Consolidation

The Historical Financial Information incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

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

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

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

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

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

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

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

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

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's relevant components of equity and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries, including re-attribution of relevant reserves between the Group and the non-controlling interests according to the Group's and the non-controlling interests' proportionate interests.

Any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid or received is recognized directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognized. A gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 or, when applicable, the cost on initial recognition of an investment in an associate.

(2) Investments in Associates

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

The results and assets and liabilities of associates are incorporated in these Historical Financial Information using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group like transactions and events in similar circumstances, unless allowed by other standards. Under the equity method, an investment in an associate is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

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

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

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognized in profit or loss. When the Group retains an interest in the former associate and the retained interest is a financial asset within the scope of IFRS 9, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate and the fair value of any retained interest and any proceeds from disposing the relevant interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognized in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) upon disposal/ partial disposal of the relevant associate

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

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

The investments in associates and joint venture are stated at cost less impairment in the Company's statement of financial position. The results of associates and joint venture are accounted for by the Company on the basis of dividends received and receivable.

Changes in the Group's interests in associates

When the Group reduces its ownership interests in an associate or a joint venture but the Group continues to use the equity method (including situations that change of ownership interest in an associate or a joint venture due to capital increase of other shareholders to the associate or the joint venture), the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interests if that gain or loss would have been reclassified to profit or loss on the disposal of the related assets or liabilities.

(3) Business Combinations

(i) Business Combination not Under Common Controls

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

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

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

Acquisition-related costs are expensed as incurred.

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

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value, with changes in fair value recognized in profit or loss.

(ii) Business Combination Under Common Controls

An acquisition of a business which is a business combination under common control is accounted for in a manner similar to a uniting of interests whereby the assets and liabilities acquired are accounted for at carryover predecessor values to the other party to the business combination with all periods presented as if the operations of the Group and the business acquired have always been combined. The difference between the consideration paid by the Group and the net assets or liabilities of the business acquired is adjusted against equity.

(4) Separate Financial Statements

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

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

(5) Foreign Currencies

(i) Functional and Presentation Currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("**the functional currency**"). Since the majority of the assets and operations of the Group are located in the PRC, the Historical Financial Information are presented in RMB, which is also the Company's functional and the Group's presentation currency.

(ii) Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognized in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges.

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

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at FVPL are recognized in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income are recognized in other comprehensive income.

(iii) Group Companies

The results and financial position of all the Group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each statement of financial position of the Group's entities are translated at the closing rate at the end of the reporting period;

- income and expenses for each statement of profit or loss of the Group's entities are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

- all resulting exchange differences are recognized in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(6) Investment Properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including properties under construction for such purposes). Investment properties include land held for undetermined future use, which is regarded as held for capital appreciation purpose.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognized so as to write-off the cost of investment properties over their estimated useful lives and after taking into account of their estimate residual value, using the straight-line method.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

(7) Property, Plant and Equipment

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property 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 capitalized in the carrying amount of the asset as a replacement. Where significant parts of property and equipment are required to be replaced at intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciates them accordingly.

Where parts of an item of property 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 and equipment including any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognized in the statement of profit or loss in the year the asset is derecognized is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress mainly represents buildings, projects and production lines under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalized borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property and equipment when completed and ready for use.

(8) Impairment of Non-Financial Assets

Intangible assets that have an indefinite useful life or are not yet available for use are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be fully recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

(9) Cash and Cash Equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired.

(10) Financial Assets

(i) Classification

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

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and

- those to be measured at amortized cost.

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

For assets measured at fair value through profit and loss, gains and losses will be recorded in profit or loss.

(ii) Recognition and Derecognition

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

(11) Derivative Financial Instruments and Hedging Activities

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

- hedges of the fair value of recognized assets or liabilities or a firm commitment (fair value hedges)

- hedges of a particular risk associated with the cash flows of recognized assets and liabilities and highly probable forecast transactions (cash flow hedges), or

- hedges of a net investment in a foreign operation (net investment hedges).

At the inception of the hedging, the Group documents the economic, relationship between hedging instruments and hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedges items. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognized immediately in profit or loss and are included in other gains/(losses), net.

(12) Financial Liabilities

Financial liabilities are classified as financial liabilities at amortized cost and financial liabilities at FVPL at initial recognition.

Financial liabilities of the Group mainly comprise financial liabilities at amortized cost, including trade and note payables, accruals and other payables, and borrowings. Such financial liabilities are initially recognized at fair value, net of transaction costs incurred, and subsequently measured using the effective interest method. Financial liabilities that are due within one year (inclusive) are classified as current liabilities; those with maturities over one year but are due within one year (inclusive) as from the balance sheet date are classified as current portion of non-current liabilities. Others are classified as non-current liabilities.

A financial liability is derecognized or partly derecognized when the underlying present obligation is discharged or partly discharged. The difference between the carrying amount of the derecognized part of the financial liability and the consideration paid is recognized in profit or loss for the current period.

(13) Inventories

Raw materials, work-in-progress and finished goods are stated at the lower of cost and net realizable value. Costs of inventories are determined on the month-end weighted average method. Cost comprises direct materials, direct labor and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost includes the reclassification from equity of any gains or losses on qualifying cash flow hedges relating to purchases of raw material but excludes borrowing costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(14) Share Capital and Capital Reserve

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

Where any group company purchases the Company's equity instruments, for example as the result of a share buy-back or a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of the Company as treasury shares until the shares are canceled or reissued. Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of the Company.

(15) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial period which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

(16) Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are derecognized when the obligation specified in the contract is discharged, canceled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as other income or finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognized in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Covenants that the Group is required to comply with, on or before the end of reporting period, are considered in classifying loan arrangements with covenants as current or non-current. Covenants that the Group is required to comply with after the reporting period do not affect the classification at the reporting date.

(17) Provisions

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

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

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

(18) Employee Benefits

(i) Short-Term Obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the statement of financial position.

(ii) Housing Funds, Medical Insurances and Other Social Insurances

Employees of the Group in the PRC are entitled to participate in various government-supervised housing funds, medical insurance and other employee social insurance plan. The Group contributes on a monthly basis to these funds based on certain percentages of the salaries of the employees, subject to certain ceiling. The Group's liability in respect of these funds is limited to the contributions payable in each year. Contributions to the housing funds, medical insurances and other social insurances are expensed as incurred.

(iii) Post-Employment Benefits

The Group classifies post-employment benefit plans as either defined contribution plans or defined benefit plans. Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into a separate fund and will have no obligation to pay further contributions; and defined benefit plans are post-employment benefit plans other than defined contribution plans. During the reporting period, the Group's defined contribution plans mainly include basic pensions and unemployment insurance, while the defined benefit plans are certain oversea subsidiaries provide supplemental retirement benefits beyond the national regulatory insurance system.

(iv) Basic Pensions

The Group's employees participate in the basic pension plan set up and administered by local authorities of Ministry of Human Resource and Social Security. Monthly payments of premiums on the basic pensions are calculated according to prescribed bases and percentage by the relevant local authorities. When employees retire, the relevant local authorities are obliged to pay the basic pensions to them. The amounts based on the above calculations are recognized as liabilities in the accounting period in which the service has been rendered by the employees, with a corresponding charge to the profit or loss for the current period or the cost of relevant assets.

(19) Share-Based Payments

Share-based payments can be distinguished into equity-settled share-based payments and cash-settled share-based payments. Equity-settled share-based payments are transactions of the Group settled through the payment of shares or other equity instruments in consideration for receiving services.

Equity-settled share-based payments made in exchange for services rendered by employees are measured at the fair value of equity instruments granted to employees. Instruments which are vested immediately upon the grant are charged to relevant costs or expenses at the fair value on the date of grant and the capital reserve is credited accordingly. Instruments of which vesting is conditional upon completion of services or fulfillment of performance conditions are measured by recognizing services rendered during the period in relevant costs or expenses and crediting the capital reserve accordingly at the fair value on the date of grant according to the best estimates conducted by the Group at each date of the end of the reporting period during the pending period. For details see Note 36.

No expense is recognized for awards that do not ultimately vest due to non-fulfillment of non-market conditions and/or vesting conditions. For the market or non-vesting condition under the share-based payments agreement, it should be treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that other performance condition and/or vesting conditions are satisfied.

Where the terms of an equity-settled share-based payment are modified, as a minimum, services obtained are recognized as if the terms had not been modified. In addition, an expense is recognized for any modification which increases the total fair value of the instrument ranted or is otherwise beneficial to the employee as measured at the date of modification.

(20) Dividend Distribution

Dividend distribution to the shareholders is recognized as a liability in the Historical Financial Information in the period in which the dividends are approved by the entities' shareholders or directors, where appropriate.

(21) Interest Income

Interest income from financial assets at FVPL is included in the net fair value gains/(losses) on these assets. Interest income on financial assets at amortized cost and financial assets at FVOCI calculated using the effective interest method is recognized in profit or loss as part of other income.

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

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes, see Note 10. Any other interest income is included in other income.

(22) Dividend Income

Dividend income is recognized when the right to receive dividend payment is established.

(23) Earnings Per Share

Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares

- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

Diluted earnings per share

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

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and

- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(24) Government Grant

Government grants are monetary assets or non-monetary assets obtained by the Group from the government for free, and are divided into government grants related to assets and government grants related to income.

Government grants related to assets are those obtained by the Group for the purposes of acquisition, construction or other project that forms a long-term asset. Government grants related to income refer to the government grants other than those related to assets.

Government grants are recognized when the Group can comply with the conditions attached to them and when they can be received.

Asset-related government grants shall be used to offset the carrying amount of relevant asset or recognized as deferred income. The amount recognized as deferred income shall be recorded in current profit or loss by installments in a reasonable and systematic way over the useful life of the relevant assets (the government grants related to the Group's daily activities shall be included in other income; and the government grants unrelated to the Group's daily activities shall be included in non-operating income);

Government grants related to income that are used to compensate relevant costs or losses of the Company in subsequent periods are recognized as deferred income and recorded in current profit or loss when such costs and losses are recognized (government grants related to the Group's daily activities shall be included in other income; government grants unrelated to the Group's daily activities shall be included in non-operating income) or offset relevant costs or losses; and the government grants used to compensate relevant costs or losses that have been incurred by the Group are recorded directly in current profit or loss (government grants related to the Group's daily activities shall be included in other income; government grants unrelated to the Group's daily activities shall be included in non-operating income) or offset relevant costs or losses.

(25) Current and Deferred Income Tax

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

(i) Current Income Tax

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

(ii) Deferred Income Tax

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

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

Deferred tax liabilities and assets are not recognized for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

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

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

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 Income Taxes requirements to right-of-use assets and lease liabilities separately. Temporary differences on initial recognition of the relevant right-of-use assets and lease liabilities are not recognized due to application of the initial recognition exemption. Temporary differences arising from subsequent revision to the carrying amounts of right-of-use assets and lease liabilities, resulting from remeasurement of lease liabilities and lease modification, that are not subject to initial recognition exemption are recognized on the date of remeasurement or modification.

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

In assessing any uncertainty over income tax treatments, the Group considers whether it is probable that the relevant tax authority will accept the uncertain tax treatment used, or proposed to be use by individual group entities in their income tax filings. If it is probable, the current and deferred taxes are determined consistently with the tax treatment in the income tax filings. If it is not probable that the relevant taxation authority will accept an uncertain tax treatment, the effect of each uncertainty is reflected by using either the most likely amount or the expected value.

(26) Leases

(i) Definition of 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.

For contracts entered into or modified on or after the date of initial application or arising from business combinations, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

(ii) The Group as a Lessee

As a practical expedient, leases with similar characteristics are accounted on a portfolio basis when the Group reasonably expects that the effects on the financial statements would not differ materially from individual leases within the portfolio.

Short-Term Leases and Leases of Low-Value Assets

The Group applies the short-term lease recognition exemption to 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 lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Right-of-Use Assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

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

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

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

For payments of a property interest which includes both leasehold land and building elements, the entire property is presented as property, plant and equipment of the Group when the payments cannot be allocated reliably between the leasehold land and building elements, except for those that are classified and accounted for as investment properties.

Land leases are also in the scope of IFRS 16. The Group recognizes any prepaid premium for leasehold lands as right-of-use assets which are depreciated over the relevant lease terms.

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

Lease Liabilities

At the commencement date of a lease, the Group recognizes and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases of the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

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

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

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

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

(iii) The Group as a Lessor

Classification and measurement of leases

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognized in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset, and such costs are recognized as an expense on a straight-line basis over the lease term.

Refundable rental deposits received are accounted under IFRS 9 and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments from lessees.