ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF FAIRLAND CORPORATION LIMITED AND GUOTAI JUNAN CAPITAL LIMITED

INTRODUCTION

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

DIRECTORS' RESPONSIBILITY FOR THE HISTORICAL FINANCIAL INFORMATION

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

REPORTING ACCOUNTANTS' RESPONSIBILITY

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in 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' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical Financial Information, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

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

OPINION

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

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

Adjustments

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

Dividends

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

Certified Public Accountants
Hong Kong
[●]

I HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

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

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

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

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended December 31,		
	Notes	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
REVENUE	5	488,169	764,710	1,017,435
Cost of sales		(308,228)	(488,358)	(682,014)
Gross profit		179,941	276,352	335,421
Other income and gains	5	14,078	27,211	20,218
Selling and distribution expenses		(58,728)	(82,439)	(215,685)
Administrative expenses		(74,800)	(77,901)	(105,834)
Research and development expenses		(64,859)	(91,860)	(142,822)
Impairment losses on financial assets, net		366	(3,010)	(2,018)
Other expenses		(1,303)	(1,035)	(542)
Finance costs	6	(1,880)	(2,065)	(2,549)
Share of loss of an associate		(322)	(947)	–
PROFIT/(LOSS) BEFORE TAX	7	(7,507)	44,306	(113,811)
Income tax expense	10	(8,188)	(20,115)	(6,608)
PROFIT/(LOSS) FOR THE YEAR	12	(15,695)	24,191	(120,419)
Attributable to:				
Owners of the parent		(15,500)	28,629	(131,882)
Non-controlling interests		(195)	(4,438)	11,463
		(15,695)	24,191	(120,419)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	12			
Basic (RMB per share)		(0.05)	0.08	(0.33)
Diluted (RMB per share)		(0.05)	0.07	(0.33)
PROFIT/(LOSS) FOR THE YEAR		(15,695)	24,191	(120,419)

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that may be reclassified to profit and loss in subsequent periods:			
Exchange differences on translation of foreign operations	8,862	8,540	8,398
TOTAL COMPREHENSIVE INCOME FOR THE YEAR . . .	8,862	8,540	8,398
Attributable to:			
Owners of the parent	(6,638)	37,169	(123,817)
Non-controlling interests	(195)	(4,438)	11,796
	(6,833)	32,731	(112,021)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at December 31, 2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS				
Property, plant and equipment	*13*	22,805	50,547	78,400
Right-of-use asset	*16*	36,938	59,274	60,495
Goodwill	*15*	–	–	13,028
Intangible assets	*14*	1,469	4,755	15,193
Investment in an associate	*18*	1,839	829	–
Financial assets at fair value through other comprehensive income	*24*	–	–	11,246
Deferred tax assets	*20*	1,511	11,493	13,257
Prepayments, deposits and other receivables	*22*	1,910	14,838	2,777
Total non-current assets		66,472	141,736	194,396
CURRENT ASSETS				
Inventories	*19*	81,375	148,410	315,604
Trade and bill receivables	*21*	76,316	116,920	111,756
Prepayments, deposits and other receivables	*22*	28,285	45,886	82,635
Financial assets at fair value through profit or loss	*23*	27,130	1,043	–
Restricted cash	*25*	7	7	7
Time deposits	*25*	395,577	15,030	–
Cash and cash equivalents	*25*	288,609	734,153	514,410
Total current assets		897,299	1,061,449	1,024,412
CURRENT LIABILITIES				
Trade payables	*26*	104,428	159,369	216,025
Contract liabilities	*29*	81,871	138,237	193,029
Other payables and accruals	*27*	35,840	84,495	85,669
Interest-bearing bank loans	*28*	3,003	–	1,298
Lease liabilities	*16*	12,630	20,526	23,587
Income tax payable		2,428	10,043	1,634
Total current liabilities		240,200	412,670	521,242
NET CURRENT ASSETS		657,099	648,779	503,170
TOTAL ASSETS LESS CURRENT LIABILITIES		723,571	790,515	697,566

	Notes	As at December 31, 2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
NON-CURRENT LIABILITIES				
Interest-bearing bank loans	*28*	–	–	679
Lease liabilities	*16*	25,851	41,226	40,055
Provision	*30*	3,592	5,942	9,682
Deferred tax liabilities	*20*	6,129	15,069	11,609
Total non-current liabilities		35,572	62,237	62,025
Net assets		687,999	728,278	635,541
EQUITY				
Equity attributable to owners of the parent				
Share capital	*31*	–	10,000	10,000
Paid-in capital	*31*	8,090	–	–
Reserves	*32*	680,104	704,705	592,533
		688,194	714,705	602,533
Non-controlling interests		(195)	13,573	33,008
Total equity		687,999	728,278	635,541

Year ended December 31, 2023

	Attributable to owners of the parent								
	Paid-in capital	**Statutory reserve***	**Special reserve – safety fund***	**Share-based payment reserve***	**Exchange fluctuation reserve**	**Retained profits**	**Total**	**Non-controlling interests**	**Total equity**
	RMB'000 *(note 30)*	*RMB'000* *(note 31)*	*RMB'000* *(note 31)*	*RMB'000* *(note 31)*	*RMB'000* *(note 31)*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1, 2023	8,000	4,847	–	451,012	33,150	161,793	658,802	–	658,802
Loss for the year	–	–	–	–	–	(15,500)	(15,500)	(195)	(15,695)
Exchange differences on translation of foreign operations	–	–	–	–	8,862	–	8,862	–	8,862
Total comprehensive income for the year	–	–	–	–	8,862	(15,500)	(6,638)	(195)	(6,833)
Special reserve – safety fund	–	–	3,140	–	–	(3,140)	–	–	–
Share-based payments *(note 33)*	–	–	–	43,113	–	–	43,113	–	43,113
Capital contribution by shareholders	90	–	–	–	–	–	90	–	90
Dividend declared	–	–	–	–	–	(7,173)	(7,173)	–	(7,173)
As at December 31, 2023	8,090	4,847	3,140	494,125	42,012	135,980	688,194	(195)	687,999

Year ended December 31, 2024

	Attributable to owners of the parent									
	Share capital/ Paid-in capital	**Capital reserve***	**Statutory reserve***	**Special reserve – safety fund***	**Share-based payment reserve***	**Exchange fluctuation reserve**	**Retained profits**	**Total**	**Non-controlling interests**	**Total equity**
	RMB'000 *(note 30)*	*RMB'000* *(note 31)*	*RMB'000* *(note 31)*	*RMB'000* *(note 31)*	*RMB'000* *(note 31)*	*RMB'000* *(note 31)*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1, 2024	8,090	–	4,847	3,140	494,125	42,012	135,980	688,194	(195)	687,999
Profit for the year	–	–	–	–	–	–	28,629	28,629	(4,438)	24,191
Exchange differences on translation of foreign operations	–	–	–	–	–	8,540	–	8,540	–	8,540
Total comprehensive income for the year	–	–	–	–	–	8,540	28,629	37,169	(4,438)	32,731
Special reserve – safety fund	–	–	–	3,075	–	–	(3,075)	–	–	–
Acquisition of a subsidiary	–	–	–	–	–	–	–	–	110	110
Share-based payments *(note 33)*	–	–	–	–	26,579	–	–	26,579	–	26,579
Dividend declared *(note 11)*	–	–	–	–	–	–	(39,287)	(39,287)	–	(39,287)
Capital contribution by shareholders	1,910	140	–	–	–	–	–	2,050	–	2,050
Conversion into a joint stock company	–	41,092	–	–	–	–	(41,092)	–	–	–
Capital contribution by non-controlling shareholders	–	–	–	–	–	–	–	–	18,096	18,096
As at December 31, 2024	10,000	41,232	4,847	6,215	520,704	50,552	81,155	714,705	13,573	728,278

Year ended December 31, 2025

	Attributable to owners of the parent									
	Share capital	**Capital reserve***	**Statutory reserve***	**Special reserve – safety fund***	**Share-based payment reserve***	**Exchange fluctuation reserve**	**Retained profits**	**Total**	**Non-controlling interests**	**Total equity**
	RMB'000 (note 30)	*RMB'000 (note 31)*	*RMB'000 (note 31)*	*RMB'000 (note 31)*	*RMB'000 (note 31)*	*RMB'000 (note 31)*	*RMB'000*	*RMB'000 (note 31)*	*RMB'000*	*RMB'000*
As at January 1, 2025	10,000	41,232	4,847	6,215	520,704	50,552	81,155	714,705	13,573	728,278
Loss for the year	–	–	–	–	–	–	(131,882)	(131,882)	11,463	(120,419)
Exchange differences on translation of foreign operations	–	–	–	–	–	8,065	–	8,065	333	8,398
Total comprehensive income for the year	–	–	–	–	–	8,065	(131,882)	(123,817)	11,796	(112,021)
Special reserve – safety fund	–	–	–	4,486	–	–	(4,486)	–	–	–
Acquisition of subsidiaries *(note 35)*	–	(1,754)	–	–	–	–	–	(1,754)	7,750	5,996
Acquisition of non-controlling interest	–	111	–	–	–	–	–	111	(111)	–
Share-based payments *(note 32)*	–	–	–	–	13,288	–	–	13,288	–	13,288
As at December 31, 2025	10,000	39,589	4,847	10,701	533,992	58,617	(55,213)	602,533	33,008	635,541

* The reserve accounts comprised the consolidated reserves of RMB680,104,000, RMB704,705,000 and RMB592,533,000 in the consolidated statements of financial position as at December 31, 2023, 2024 and 2025.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended December 31, 2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit/(Loss) before tax		(7,507)	44,306	(113,811)
Adjustments for:				
Finance costs	*6*	1,880	2,065	2,549
Interest income	*5*	(8,772)	(16,269)	(13,920)
Impairment losses/(gains) on financial assets, net	*5*	(366)	3,010	2,018
[**REDACTED**] expense	*7*	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Equity-settled share-based payment expenses	*33*	43,113	26,579	13,288
Gain on disposal of right of use assets	*5*	(78)	(112)	(165)
Gain on disposal of items of property, plant and equipment	*5*	(29)	–	(212)
Investment income on financial assets at fair value through profit or loss	*5*	(308)	(239)	(209)
Fair value gains on financial assets at fair value through profit or loss	*7*	(1,099)	(530)	–
Depreciation of property, plant and equipment	*7*	9,691	9,616	15,022
Amortization of intangible assets	*14*	128	686	2,785
Depreciation of right-of-use assets	*7*	12,116	16,421	23,526
Write-down of inventories to net realizable value	*7*	1,000	9,051	8,436
Share of loss of an associate		322	947	–
		50,091	95,531	(60,463)
Increase in inventories		(22,417)	(67,035)	(167,194)
Decrease/(increase) in trade and bills receivables		(61,722)	(33,592)	11,352
Increase in prepayments, deposits and other receivables		(12,193)	(19,378)	(48,688)
Increase in trade and bills payables		70,634	54,941	56,656
Increase in contract liabilities		4,608	56,366	54,792
Increase in other payables and accruals		5,240	15,592	20,593
Increase in provision for product warranties		2,930	2,350	3,740
Cash (used in)/generated from operations		37,171	104,775	(129,212)
Income tax paid		(16,465)	(13,543)	(13,517)
Net cash flows from /(used in) operating activities		20,706	91,232	(142,729)

		Year ended December 31,		
	Notes	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received		8,772	16,269	13,920
Purchase of financial assets at fair value through profit or loss		(23,370)	–	–
Proceed of financial assets at fair value through profit or loss		56,197	27,386	1,252
Purchases of equity investments designated at fair value through other comprehensive income		–	–	(11,246)
Purchases of items of property, plant and equipment		(11,923)	(37,358)	(43,253)
Purchases of intangible assets		(1,441)	(3,972)	(3,974)
Acquisition of subsidiaries		–	(12,570)	(8,353)
Proceeds from disposal of items of property, plant and equipment		–	–	822
Placement of time deposits		(432,045)	(755,435)	(1,097,668)
Withdrawal of time deposits		36,468	1,135,982	1,112,698
Acquisition of an associate		(2,081)	–	–
Net cash flows (used in)/from investing activities		(369,423)	370,302	(35,802)
CASH FLOWS FROM FINANCING ACTIVITIES				
Interest paid		(110)	(3)	(142)
New bank loans		3,000	–	1,977
Repayment of bank loans		–	(3,000)	–
Capital contribution by shareholders		90	2,050	–
Acquisition of non-controlling interest		–	–	(111)
Loans from related parties		–	5,047	3,466
Dividends paid		(7,174)	(11,269)	(22,885)
Principal portion of lease payments		(12,432)	(15,386)	(22,842)
Interest portion of lease payments		(1,770)	(2,062)	(2,407)
Net cash flows used in financing activities		(18,396)	(24,623)	(42,944)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(367,113)	436,911	(221,475)
Cash and cash equivalents at beginning of year		646,210	288,609	734,153
Effect of foreign exchange rate changes, net		9,512	8,633	1,732
CASH AND CASH EQUIVALENTS AT END OF YEAR		288,609	734,153	514,410

	Notes	As at December 31, 2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS				
Property, plant and equipment	*13*	2,282	1,245	608
Right-of-use assets	*16*	2,092	1,585	1,211
Other intangible assets	*14*	69	2,586	4,544
Investment in subsidiaries	*17*	516,117	548,220	560,037
Total non-current assets		520,560	553,636	566,400
CURRENT ASSETS				
Inventories	*19*	95	18	18
Trade receivables	*21*	3,542	8,500	10,911
Prepayments, deposits and other receivables	*22*	69,293	139,085	228,978
Cash and cash equivalents	*24*	118	5,778	7,869
Total current assets		73,048	153,381	247,776
CURRENT LIABILITIES				
Trade payables	*25*	379	46	458
Other payables and accruals	*26*	11,180	93,063	266,520
Lease liabilities	*16*	1,322	827	717
Total current liabilities		12,881	93,936	267,695
NET CURRENT ASSETS		60,167	42,445	(19,919)
TOTAL ASSETS LESS CURRENT LIABILITIES		580,727	596,081	546,481
NON-CURRENT LIABILITIES				
Deferred tax liabilities	*20*	6,129	15,068	10,109
Lease liabilities	*16*	1,250	819	643
Total non-current liabilities		7,379	15,887	10,752
Net assets		573,348	580,194	535,729
EQUITY				
Share capital	*30*	–	10,000	10,000
Paid-in capital	*30*	8,090	–	–
Reserves	*31*	565,258	570,194	525,729
Total equity		573,348	580,194	535,729

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

Fairland Corporation Limited (the "Company") was registered as a limited liability in Shenzhen, People's Republic of China (the "PRC") on April 7, 2004. It was converted into a joint stock company with limited liability in October 2024. The registered office address of the Company is 19th Floor, China Energy Storage Tower, No. 3099 Keyuan South Road, Gaoxin District, Yuehai Subdistrict, Nanshan District, Shenzhen, Guangdong Province.

During the Relevant Periods, the Company and its subsidiaries (collectively the "Group") was principally engaged in the design, development, manufacture and commercialisation of energy solutions and water treatment systems and robotic products.

In the opinion of the directors, Mr. Chen Bo and Guangzhou Hengtuo Investment Co., Ltd. were the controlling shareholders of the Group as at the end of the Relevant Periods.

As at December 31, 2025, the Company had direct interests in its subsidiaries, all of which are private limited liability companies (or, if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of which are set out below:

Name	Place and date of incorporation/ registration and place of operations	Registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Guangzhou Anjie Electric Co., Ltd.* (廣州安捷電氣有限公司) *(note (a))*	Chinese Mainland June 1, 2017	RMB500,000	100%		Provision of commercial services
Guangzhou Aquagem Manufacturing Co., Ltd.* (廣州安捷製造有限公司) *(note (b), (c))*	Chinese Mainland December 13, 2017	RMB6,000,000	100%		Manufacture and Sale of Water Pumps, Electric Controls, Salt Chlorinators, and Surf Simulators
Yituo Electric Co., Ltd. * (佛山市順德區一拓電氣有限公司) *(note (b), (c))*	Chinese Mainland April 18, 2018	RMB5,000,000	100%		Manufacture of Heat Pumps and Underwater Robots
Guangzhou Yituo Outdoor Technology Co., Ltd.* (廣州一拓戶外科技有限公司) *(note (b), (c))*	Chinese Mainland April 26, 2023	RMB5,000,000	100%		Manufacture and Sales of Lawn Mowing Robots and Energy Storage Products
Fairland Group Limited *(note (d))*	Hong Kong August 31, 2020	USD11,111	100%		Sales of Heat Pumps, Underwater Robots and Robotic Mowers
Aquagem Limited *(note (d))*	Hong Kong January 18, 2021	USD10,000		100%	Sales of Pumps and Pool Equipment
Aquark Limited *(note (d))*	Hong Kong January 18, 2021	USD10,000		100%	Sales of Heat Pumps and Pool Sanitization Equipment
iGarden International Inc *(note (a))*	The United States October 15, 2024	USD10,000		100%	Sales and Business Development through Direct E-commerce Platform
Moov Pool Products Inc *(note (a))*	The United States March 3, 2023	USD599,000		85%	Sales of Pool Equipment including Heat Pumps, Water Pumps, Underwater Robots and Other Related Products

Notes:

* The English names of these companies registered in the PRC represent the best effort made by the directors of the Company to translate the Chinese names as these companies have not been registered with any official English names.

** The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the Relevant Periods or formed a substantial portion of the total assets, net assets, revenue of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

(a) No audited financial statements have been prepared for these entities for the Relevant Periods as these entities were not subject to any statutory audit requirements under the relevant rules and regulations in the jurisdictions of incorporation or newly incorporated.

(b) The statutory financial statements of this entity for the year ended December 31, 2023 prepared under China Accounting Standards for Business Enterprises ("CAS") were audited by Guangzhou Xinrui Zhiren Certified Public Accountants Co., Ltd ("廣州信瑞知仁會計師事務所有限公司"), certified public accountants registered in the PRC.

(c) The statutory financial statements of this entity for the year ended December 31, 2024 prepared under China Accounting Standards for Business Enterprises ("CAS") were audited by Guangzhou Licheng Certified Public Accountants Co., Ltd ("廣州立誠會計師事務所有限公司"), certified public accountants registered in the PRC.

(d) The statutory financial statements of this entity for the years ended December 31, 2023 and 2024 prepared under HKFRS Accounting Standards were audited by Shine Wise& CO, CPA registered in Hong Kong.

2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards, which comprise all standards and interpretations approved by the International Accounting Standards Board ("IASB"). All IFRS Accounting Standards effective for the accounting period commencing from January 1, 2025, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods.

The Historical Financial Information has been prepared under the historical cost convention except for certain financial instruments which have been measured at fair value at the end of each of the Relevant Periods.

Basis of consolidation

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

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

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

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

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

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

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

2.2 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

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

IFRS 18	*Presentation and Disclosure in Financial Statements*[2]
IFRS 19 and its amendments	*Subsidiaries without Public Accountability: Disclosures*[2]
Amendments to IFRS 9 and IFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[1]
Amendments to IFRS 9 and IFRS 7	*Contracts Referencing Nature-dependent Electricity*[1]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to IAS 21	*Translation to a Hyperinflationary Presentation Currency*[2]
Annual improvements to IFRSs Accounting Standards — Volume 11	*Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 71*

1 Effective for annual periods beginning on or after January 1, 2026
2 Effective for annual/reporting periods beginning on or after January 1, 2027
3 No mandatory effective date yet determined but available for adoption

The Group is in the process of making a detailed assessment of the impact of these new and amended IFRS Accounting Standards upon initial application. So far, the Group considers that these new and revised IFRS Accounting Standards, except for IFRS 18, may result in changes in certain accounting policies and no significant impact on the Group's financial performance and financial position is expected in the period of initial application. The application of IFRS 18 is not expected to have material impact on the financial position of the Group but is expected to affect the presentation of the statement of profit or loss and other comprehensive income and statement of cash flows and disclosures in the future financial information. The Group will continue to assess the impact of IFRS 18 on the Group's financial information.

2.3 MATERIAL ACCOUNTING POLICIES

Investments in associates

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

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

Upon loss of significant influence over the associate, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

Business combinations and goodwill

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

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

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

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognized in profit or loss or other comprehensive income, as appropriate.

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

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

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

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

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

Fair value measurement

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

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

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

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

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the Historical Financial Information on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each of the Relevant Periods.

Impairment of non-financial assets

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

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

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

Related parties

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

(a) the party is a person or a close member of that person's family and that person

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

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

Property, plant and equipment and depreciation

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

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

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

Leasehold improvements	Shorter of remaining lease terms and estimated useful lives
Machinery	10%-33.34%
Office equipment	10%-33.34%

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

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

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

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each of the Relevant Periods.

Intangible assets are stated at cost less any impairment losses and are amortized on the straight-line basis over their estimated useful lives. The estimated useful lives of intangible assets are as follows:

Trademark	3 to 5 years
Software	3 to 10 years
Customer relationship	5 years

Research and development costs

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

Leases

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

Group as a lessee

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

(a) *Right-of-use assets*

Right-of-use assets are recognized at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Where applicable, the cost of a right-of-use asset also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Buildings	2 to 10 years

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

(b) *Lease liabilities*

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

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

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

The Group applies the short-term lease recognition exemption to its short-term leases of office and employee dormitory (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets to leases of office equipment that is considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognized as an expense on a straight-line basis over the lease term.

Investments and other financial assets

Initial recognition and measurement

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

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

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

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

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

Subsequent measurement

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

Financial assets at amortized cost (debt instruments)

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

Financial assets at fair value through profit or loss

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

Derecognition of financial assets

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

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through"

arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

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

Impairment of financial assets

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

General approach

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

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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

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

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

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

Simplified approach

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

Financial liabilities

Initial recognition and measurement

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

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

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

Subsequent measurement

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

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

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

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

Derecognition of financial liabilities

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

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

Offsetting of financial instruments

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

Inventories

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

Cash and cash equivalents

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

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

Provisions

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

The Group provides for warranties in relation to the sale of products for general repairs of defects occurring during the warranty period. Provisions for these assurance-type warranties granted by the Group are initially recognized based on sales volume and past experience of the level of repairs and returns. The warranty-related cost is revised annually.

Income tax

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

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

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

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

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

- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each of the Relevant Periods and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at the end of each or the Relevant Periods and are recognized to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

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

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

Government grants

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

Revenue recognition

Revenue from contracts with customers

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

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

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

(a) *Sale of goods*

Revenue from the sale of goods is recognized at the point in time when control of the asset is transferred to the customers, generally upon acceptance of the goods as agreed in the sales contracts.

Some contracts for the sale of goods provide customers with rights of return and volume rebates, giving rise to variable consideration.

(b) *Provision of warranty services*

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

Other income

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

Contract liabilities

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

Refund liabilities

A refund liability is recognized for the obligation to refund some or all of the consideration received (or receivable) from a customer and is measured at the amount the Group ultimately expects it will have to return to the customer. The Group updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

Share-based payments

The Group operates share incentive schemes. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as in exchange for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. The fair value of share award is determined by an external valuer using probability weighted expected return method and valuation models. Further details are included in note 32 to the Historical Financial Information.

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

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

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

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

Other employee benefits

Pension scheme

Chinese Mainland

The employees of the Group's subsidiaries which operate in Chinese Mainland are required to participate in a central pension scheme operated by the local municipal government. The subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme. Other than the monthly contributions, the Group has no further payment obligations once the contributions have been paid.

Housing fund and other social insurances — Chinese Mainland

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

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. There was no borrowing cost capitalized in the reporting period.

Foreign currencies

The Historical Financial Information is presented in RMB, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of each of the Relevant Periods. Differences arising on settlement or translation of monetary items are recognized in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

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

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

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

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

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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

Estimation uncertainty

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

Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at December 31, 2025 was RMB13,028,000. Further details are given in note 15 to the Historical Financial Information.

Provision for expected credit losses on trade receivables

For the ECLs for trade receivables assessed on collective basis, the Group uses a provision matrix to calculate. The provision rates are based on invoice date for groupings of various customer segments that have similar loss patterns.

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

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 21 to the Historical Financial Information.

Write-down of inventories to net realizable value

The Group reviews the carrying amounts of the inventories at the end of each to determine whether the inventories are carried at the lower of cost and net realizable value. The net realizable value is estimated based on the current market situation and historical experience on similar inventories. Any changes in the assumptions would increase or decrease the amounts of inventories written down or the related reversals of write-down and affect the Group's financial position. The information about the write-down of inventories is disclosed in note 19 to the Historical Financial Information.

Leases — Estimating the incremental borrowing rate

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

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is not organized into business units based on its service and products and only has one reportable operating segment.

The information reported to the directors, who are the chief operating decision makers, for the purpose of resource allocation and assessment of performance does not contain discrete operating segment financial information and the directors reviewed the financial results of the Group as a whole. Therefore, no further information about the operating segment is presented.

Geographical information

(a) Revenue from external customers

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Outside Chinese Mainland			
North America	83,736	123,524	160,075
Oceania	137,878	126,324	172,547
Africa	7,165	13,137	11,746
South America	24,676	85,684	88,179
Europe	218,207	376,045	526,913
Asia	12,214	29,952	47,795
Subtotal	483,876	754,666	1,007,255
Chinese Mainland	4,293	10,044	10,180
Total Revenue	488,169	764,710	1,017,435

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

(b) Non-current assets

Most of the Group's non-current assets are located in Chinese Mainland. Thus, no geographic information is presented.

Information about major customers

Revenue from a major customer which accounted for 10% or more of the Group's revenue during the Relevant Periods are set out below:

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Customer A	83,796	N/A*	N/A*

* The corresponding revenue of the customer is not disclosed as the revenue individually did not account for 10% or more of the Group's revenue during the respective period.

5. REVENUE, OTHER INCOME AND GAINS

Revenue

An analysis of revenue is as follows:

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Revenue from contracts with customers	488,169	764,710	1,017,435

Revenue from contracts with customers

(a) Disaggregated revenue information

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Types of goods or services			
Smart Pool Equipment	472,633	751,246	998,918
Smart Lawn Equipment	93	167	1,428
Other	15,443	13,297	17,089
	488,169	764,710	1,017,435
Timing of revenue recognition			
Goods transferred at a point in time	485,699	760,110	1,010,218
Services transferred over time	2,470	4,600	7,217
Total revenue from contracts with customers	488,169	764,710	1,017,435

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

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Revenue recognized that was included in contract liabilities at the beginning of the reporting period:			
Sale of products	56,590	77,270	131,020
Provision of service	2,470	4,601	7,217

(b) Performance obligations

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

Sale of goods

The performance obligation is satisfied upon the customer's acceptance of the goods. The payment is generally due between 1 month and 6 months from delivery, except for new customers, where payment in advance is normally required.

Warranty services

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

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2023, 2024, 2025 are as follows:

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Amounts expected to be recognised as revenue:			
Within one year	4,601	7,217	6,928
After one year	11,899	18,724	25,683
	16,500	25,941	32,611

Other income and gains

An analysis of other income and gains is as follows:

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Other income			
Interest income	8,772	16,269	13,920
Government grants*	902	808	498
Investment income from financial assets at fair value through profit or loss	308	239	209
Total other income	9,982	17,316	14,627
Gains			
Fair value gains on financial assets at fair value through profit or loss	1,099	530	–
Gain/(loss) on disposal of items of property, plant and equipment, net	29	–	212
Derivative instruments — transactions not qualifying as hedges	2,785	–	–
Gain on disposal of right-of-use assets	78	112	165
Gain on exchange differences	105	9,253	5,214
Total gains	4,096	9,895	5,591
	14,078	27,211	20,218

* The Group has received government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs recognized in the statement of profit or loss in the period in which they become receivable.

6. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Interest on loans	110	3	142
Interest on lease liabilities	1,770	2,062	2,407
	1,880	2,065	2,549

7. PROFIT/(LOSS) BEFORE TAX

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

		Year ended December 31,		
	Notes	2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Cost of inventories and services sold*		299,536	477,451	658,289
Research and development costs		64,859	91,860	142,822
Depreciation of property, plant and equipment**	*13*	9,691	9,616	15,022
Depreciation of right-of-use assets**	*16*	12,116	16,421	23,526
Amortization of intangible assets**	*14*	128	686	2,785
Gain on disposal of property, plant and equipment***		(29)	–	(212)
Gain on disposal of right-of-use assets***		(78)	(112)	(165)
Foreign exchange losses/(gains), net***		(105)	(9,253)	(5,214)
Lease payments in respect of short-term leases	*16*	413	984	686
Impairment of financial assets, net:				
Impairment/(reversal of impairment) of trade receivables	*21*	(404)	1,591	1,877
Impairment of other receivables	*22*	38	1,419	141
Write-down of inventories to net realizable value****		1,000	9,051	8,436
Fair value gain on financial assets at fair value through profit or loss***		(1,099)	(530)	–
Product warranty provision****	*29*	4,141	5,586	8,317
[REDACTED]		**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Employee benefit expenses (excluding directors', and chief executive's remuneration *(note 8)*)				
– Wages and salaries		75,918	103,357	182,307
– Pension scheme contributions		4,886	4,763	7,998
– Share-based payment expenses		8,479	7,704	12,764
Total		89,283	115,824	203,069

* The amounts disclosed for cost of inventories sold included write-down of inventories to net realizable value.

** The depreciation of property, plant and equipment and right-of-use assets and the amortization of intangible assets are included in "Cost of sales", "Selling and distribution expenses", "Administrative expenses" and "Research and development expenses" in profit or loss, respectively.

*** The amounts are included in "Other expenses" or "Other income and gains" in profit or loss.

**** The amounts are included in "Cost of sales" in profit or loss.

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration as recorded during the Relevant Periods is set out below:

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Fees	–	–	–
Other emoluments:			
Salaries, allowances and benefits in kind	828	672	772
Performance related bonus	200	4,456	304
Pension scheme contributions	9	10	11
Share-based payment expenses	34,634	18,875	524
Total	35,671	24,013	1,611

(a) Independent non-executive directors

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

(b) Directors and the chief executive

Year ended December 31, 2023

	Salaries, allowances and benefits in kind	**Performance related bonus**	**Pension scheme contributions**	**Share-based payment expenses**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
2023					
Executive director					
Mr. Chen Bo *(note i)*	828	200	9	34,634	35,671

Year ended December 31, 2024

	Salaries, allowances and benefits in kind	**Performance related bonus**	**Pension scheme contributions**	**Share-based payment expenses**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
2024					
Executive directors					
Mr. Chen Bo *(note i)*	552	4,204	10	18,335	23,101
Ms. Li Yi *(note ii)*	120	252	–	540	912
Total	672	4,456	10	18,875	24,013

Year ended December 31, 2025

	Salaries, allowances and benefits in kind	Performance related bonus	Pension scheme contributions	Share-based payment expenses	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
2025					
Executive directors					
Chen Bo *(note i)*	367	–	11	–	378
Ms. Li Yi *(note ii)*	405	304	–	524	1,233
Total	772	304	11	524	1,611

(i) Mr. Chen Bo was appointed as an executive director and the chief executive officer of the Company with effect since April 7,2004.

(ii) Ms. Li Yi was appointed as executive director and director of administration and human resources on October 23,2024.

9. FIVE HIGHEST PAID EMPLOYEES

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

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Salaries, allowances and benefits in kind	762	1,863	1,929
Performance related bonus	1,134	6,574	892
Pension scheme contributions	3,435	3,073	1,138
Share-based payment expenses	25	32	32
	5,356	11,542	3,991

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

	Year ended December 31,		
	2023	2024	2025
	Numbers of employees		
Below HK$1,000,000	–	–	3
HK$1,000,001 to HK$1,500,000	2	–	1
HK$1,500,001 to HK$2,000,000	1	–	–
HK$2,000,001 to HK$2,500,000	1	1	–
HK$2,500,001 to HK$3,000,000	–	1	–
HK$3,000,001 to HK$3,500,000	–	–	–
HK$3,500,001 to HK$4,000,000	–	1	–
HK$4,000,001 to HK$4,500,000	–	1	–
	4	4	4

10. INCOME TAX

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

Chinese Mainland

Pursuant to the Corporate Income Tax Law of the PRC and the respective regulations (the "CIT Law"), the subsidiaries which operate in Chinese Mainland were subject to CIT at a rate of 25% on the taxable income except those which are subject to tax concession as set out below:

(a) Certain subsidiaries of the Company were recognized as High and New Technology Enterprise ("HNTE") at a preferential CIT rate of 15%, and the effective periods are as follows:

Name	Effective period
Foshan Shunde District Yituo Electric Co., Ltd. (佛山市順德區一拓電氣有限公司)	2020-2025
Guangzhou Anje Manufacturing Co., Ltd. (廣州安捷製造有限公司)	2021-2026

Hong Kong

The subsidiaries incorporated in Hong Kong have applied for offshore tax exemption and thus were not subject to Hong Kong profits tax for the Relevant Periods.

British Virgin Islands

The subsidiary incorporated in British Virgin Islands was exempted from income tax for the Relevant Periods.

Corporate income tax in other jurisdictions:

Name	Tax rate
Igarden International Inc.	10%-37%
SAS iGarden France	25%
Inverter Services	25%
All Partners Holdings Limited	0%
Fairland iGarden s.r.o.	19%
Aquark Technology Polska Spółka z Ograniczoną Odpowiedzialnością	19%
Inverquark GmbH	20%
Inverquark Deutschland GmbH	15%
9485-8701 Quebec Inc.	15%-27%
Moov Pool Products Inc.	10%-37%
Hidrochlor Systems Technologies SL	25%

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

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Current income tax	5,515	21,157	13,597
Deferred income tax	2,673	(1,042)	(6,989)
Total tax charge for the year	8,188	20,115	6,608

A reconciliation of the tax expense/(credit) applicable to profit before tax at the statutory tax rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled and/or operate to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates, are as follows:

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Profit/(Loss) before tax	(7,507)	44,300	(113,816)
Tax charge at the statutory tax rate of 25%	(1,877)	11,075	(28,454)
Entities subject to lower statutory income tax rate	(1,618)	(13,652)	(9,268)
Additional deductible allowance for qualified research and development expenses	(11,760)	(10,728)	(19,073)
Effect of deferred tax at 25% on the distributable profits of the Group's overseas subsidiaries	3,103	8,834	(4,937)
Temporary differences and tax losses not recognized	19,637	23,737	67,539
Expenses not deductible for tax	703	849	801
Tax charge at the Group's effective tax rate	8,188	20,115	6,608

11. DIVIDENDS

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Dividend declared or paid during the year	7,173	39,287	–

The dividend of RMB8.87 per 10 ordinary shares in respect of the year ended December 31, 2023 was paid in the year.

The dividend of RMB39.29 per 10 ordinary share in respect of the year ended December 31, 2024 was declared, among which RMB11,269,000, RMB22,885,000 and RMB5,133,000 was paid during 2024, 2025 and 2026, respectively.

12. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings/(loss) per share amounts was based on the profit attributable to ordinary equity holders of the parent and the weighted average numbers of ordinary shares outstanding during the Relevant Periods. The weighted average numbers of ordinary shares in issue for the Relevant Periods before the conversion of the company into a joint stock company were determined by assuming that the paid-in capital had been fully converted into share capital at the same conversion ratio of 1:1 as upon transformation into a joint stock company in 2024.

The calculation of the diluted earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares outstanding during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The following reflects the income and share data used in the basic and diluted earnings per share computation:

	Year ended December 31,		
	2023	**2024**	**2025**
(Loss)/Earnings			
(Loss)/Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation (RMB'000)	(15,500)	28,629	(131,882)
Shares (as restated for share split as disclosed in note 41 to Historical Financial Information)			
Weighted average number of ordinary shares outstanding during the year, used in the basic earnings/(loss) per share calculation ('000)	323,570	357,520	400,000
Effect of dilution – weighted average number of ordinary shares:			
Share options incentive schemes ('000)	–	46,500	–
Total	323,570	404,020	400,000

13 PROPERTY, PLANT AND EQUIPMENT

The Group

	Machinery	Office equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
December 31, 2023					
At January 1, 2023:					
Cost	19,621	4,613	10,856	212	35,302
Accumulated depreciation	(7,056)	(1,724)	(4,068)	–	(12,848)
Net carrying amount	12,565	2,889	6,788	212	22,454
At January 1, 2023, net of accumulated depreciation	12,565	2,889	6,788	212	22,454
Additions	6,651	1,180	2,486	420	10,737
Transfers	387	176	–	(563)	–
Disposals	(585)	(110)	–	–	(695)
Depreciation provided during the year	(4,946)	(1,007)	(3,738)	–	(9,691)
At December 31, 2023, net of accumulated depreciation	14,072	3,128	5,536	69	22,805
At December 31, 2023					
Cost	25,173	5,403	13,342	69	43,987
Accumulated depreciation	(11,101)	(2,275)	(7,806)	–	(21,182)
Net carrying amount	14,072	3,128	5,536	69	22,805
December 31, 2024					
At January 1, 2024					
Cost	25,173	5,403	13,342	69	43,987
Accumulated depreciation	(11,101)	(2,275)	(7,806)	–	(21,182)
Net carrying amount	14,072	3,128	5,536	69	22,805
At January 1, 2024, net of accumulated depreciation	14,072	3,128	5,536	69	22,805
Additions	31,683	1,615	3,318	4,581	41,197
Transfer	4,039	–	–	(4,039)	–
Disposals	(3,827)	–	(12)	–	(3,839)
Depreciation provided during the year	(5,067)	(1,324)	(3,225)	–	(9,616)
At December 31, 2024, net of accumulated depreciation	40,900	3,419	5,617	611	50,547
At December 31, 2024					
Cost	55,992	7,013	16,648	611	80,264
Accumulated depreciation	(15,092)	(3,594)	(11,031)	–	(29,717)
Net carrying amount	40,900	3,419	5,617	611	50,547

	Machinery	Office equipment	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
December 31, 2025					
At January 1, 2025					
Cost	55,992	7,013	16,648	611	80,264
Accumulated depreciation	(15,092)	(3,594)	(11,031)	–	(29,717)
Net carrying amount	40,900	3,419	5,617	611	50,547
At January 1, 2025, net of accumulated depreciation	40,900	3,419	5,617	611	50,547
Additions	30,974	4,931	5,138	2,210	43,253
Acquisition of subsidiaries	137	95	–	–	232
Transfer	670	328	1,368	(2,366)	–
Disposals	(124)	(486)	–	–	(610)
Depreciation provided during the year	(9,639)	(1,849)	(3,534)	–	(15,022)
At December 31, 2025, net of accumulated depreciation	62,918	6,438	8,589	455	78,400
At December 31, 2025					
Cost	87,570	10,879	23,154	455	122,058
Accumulated depreciation	(24,652)	(4,441)	(14,565)	–	(43,658)
Net carrying amount	62,918	6,438	8,589	455	78,400

The Company

	Machinery	Office equipment	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
December 31, 2023				
At January 1, 2023				
Cost	1,999	1,288	2,033	5,320
Accumulated depreciation	(1,312)	(566)	(567)	(2,445)
Net carrying amount	687	722	1,466	2,875
At January 1, 2023, net of accumulated depreciation	687	722	1,466	2,875
Additions	687	814	–	1,501
Disposals	(585)	(110)	–	(695)
Depreciation provided during the year	(381)	(309)	(709)	(1,399)
At December 31, 2023, net of accumulated depreciation	408	1,117	757	2,282
At December 31, 2023				
Cost	1,233	1,535	2,033	4,801
Accumulated depreciation	(825)	(418)	(1,276)	(2,519)
Net carrying amount	408	1,117	757	2,282

	Machinery	Office equipment	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
December 31, 2024				
At January 1, 2024				
Cost	1,233	1,535	2,033	4,801
Accumulated depreciation	(825)	(418)	(1,276)	(2,519)
Net carrying amount	408	1,117	757	2,282
At January 1, 2024, net of accumulated depreciation	408	1,117	757	2,282
Additions	11	210	–	221
Disposals	(5)	–	–	(5)
Depreciation provided during the year	(258)	(382)	(613)	(1,253)
At December 31, 2024, net of accumulated depreciation	156	945	144	1,245
At December 31, 2024				
Cost	1,236	1,745	2,033	5,014
Accumulated depreciation	(1,080)	(800)	(1,889)	(3,769)
Net carrying amount	156	945	144	1,245
December 31, 2025				
At January 1, 2025				
Cost	1,236	1,745	2,033	5,014
Accumulated depreciation	(1,080)	(800)	(1,889)	(3,769)
Net carrying amount	156	945	144	1,245
At January 1, 2025, net of depreciation	156	945	144	1,245
Additions	–	425	–	425
Disposals	–	(477)	–	(477)
Depreciation provided during the year	(67)	(374)	(144)	(585)
At December 31, 2025, net of depreciation	89	519	–	608
At December 31, 2025				
Cost	1,236	716	2,033	3,985
Accumulated depreciation	(1,147)	(197)	(2,033)	(3,377)
Net carrying amount	89	519	–	608

14. INTANGIBLE ASSETS

The Group

	Trademark	Software	Total
	RMB'000	*RMB'000*	*RMB'000*
December 31, 2023			
At January 1, 2023			
Cost	–	230	230
Accumulated amortization	–	(74)	(74)
Net carrying amount	–	156	156
At January 1, 2023, net of accumulated amortization	–	156	156
Additions	1,364	77	1,441
Amortization provided during the year	(102)	(26)	(128)
At December 31, 2023, net of accumulated amortization	1,262	207	1,469
At December 31, 2023			
Cost	1,364	307	1,671
Accumulated amortization	(102)	(100)	(202)
Net carrying amount	1,262	207	1,469
December 31, 2024			
At January 1, 2024			
Cost	1,364	307	1,671
Accumulated amortization	(102)	(100)	(202)
Net carrying amount	1,262	207	1,469
At January 1, 2024, net of accumulated amortization	1,262	207	1,469
Additions	1,386	2,567	3,953
Amortization provided during the year	(616)	(70)	(686)
Exchange realignment	19	–	19
At December 31, 2024, net of accumulated amortization	2,051	2,704	4,755
At December 31, 2024			
Cost	2,769	2,874	5,643
Accumulated amortization	(718)	(170)	(888)
Net carrying amount	2,051	2,704	4,755

	Trademark	Software	Customer relationship	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
December 31, 2025				
At January 1, 2025				
Cost	2,769	2,874	–	5,643
Accumulated amortization	(718)	(170)	–	(888)
Net carrying amount	2,051	2,704	–	4,755
At January 1, 2025, net of accumulated amortization	2,051	2,704	–	4,755
Acquisition of subsidiaries *(note 35)*	–	–	8,976	8,976
Additions	1,623	2,455	–	4,078
Disposals	–	(104)	–	(104)
Amortization provided during the period	(1,330)	(103)	(1,209)	(2,785)
Exchange realignment	(60)	–	333	273
At December 31, 2025, net of accumulated amortization	2,284	4,952	7,957	15,193
At December 31, 2025				
Cost	4,332	5,225	9,309	18,866
Accumulated amortization	(2,048)	(273)	(1,352)	(3,673)
Net carrying amount	2,284	4,952	7,957	15,193

The Company

	Software	Total
	RMB'000	*RMB'000*
December 31, 2023		
At January 1, 2023		
Cost	103	103
Accumulated amortization	(47)	(47)
Net carrying amount	56	56
At January 1, 2023, net of accumulated amortization	56	56
Additions	23	23
Amortization provided during the year	(10)	(10)
At December 31, 2023, net of accumulated amortization	69	69
At December 31, 2023		
Cost	126	126
Accumulated amortization	(57)	(57)
Net carrying amount	69	69

	Software	Total
	RMB'000	*RMB'000*
December 31, 2024		
At January 1, 2024		
Cost	126	126
Accumulated amortization	(57)	(57)
Net carrying amount	69	69
At January 1, 2024, net of accumulated amortization	69	69
Additions	2,567	2,567
Amortization provided during the year	(50)	(50)
At December 31, 2024, net of accumulated amortization	2,586	2,586
At December 31, 2024		
Cost	2,693	2,693
Accumulated amortization	(107)	(107)
Net carrying amount	2,586	2,586
December 31, 2025		
At January 1, 2025		
Cost	2,693	2,693
Accumulated amortization	(107)	(107)
Net carrying amount	2,586	2,586
At January 1, 2025, net of accumulated amortization	2,586	2,586
Additions	2,015	2,015
Amortization provided during the year	(57)	(57)
At December 31, 2025, net of accumulated amortization	4,544	4,544
At December 31, 2025		
Cost	4,708	4,708
Accumulated amortization	(164)	(164)
Net carrying amount	4,544	4,544

15. GOODWILL

	Inverquark GmbH pool and lawn products CGU	Hidrochlor Systems Technologies, S.L. pool and lawn products CGU	Aquark Technology Polska sp. z o.o. pool and lawn products CGU	9485-8701 Quebec Inc. pool and lawn products CGU	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1, 2025 and December 31, 2024 and December 31, 2023					
Cost	–	–	–	–	–
Accumulated impairment	–	–	–	–	–
Net carrying amount	–	–	–	–	–
Cost at January 1, 2025, net of accumulated impairment					
Acquisition of subsidiaries	3,265	3,488	1,470	4,288	12,511
Exchange realignment	313	325	(29)	(92)	517
As at December 31, 2025	3,578	3,813	1,441	4,196	13,028

Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to the following cash-generating unit ("CGU") for impairment testing due to the acquisition of Inverquark GmbH, Hidrochlor Systems Technologies, S.L., Aquark Technology Polska sp. z o.o. and 9485-8701 Quebec Inc.:

– Inverquark GmbH pool and lawn products CGU

– Hidrochlor Systems Technologies, S.L. pool and lawn products CGU

– Aquark Technology Polska sp. z o.o. pool and lawn products CGU

– 9485-8701 Quebec Inc. pool and lawn products CGU

(i) Inverquark GmbH pool and lawn products CGU

The recoverable amount of the Inverquark GmbH pool and lawn products CGU has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a 5-year period approved by senior management. The discount rate applied to the cash flow projections is 18.2%. The growth rate used to extrapolate the cash flows of the industrial products unit beyond the five-year period is 2.0% which was the same as the long-term average growth rate of the pool and lawn products industry.

Assumptions were used in the value in use calculation of Inverquark GmbH pool and lawn products cash-generating units for December 31, 2025. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Compound growth rate of revenue — The basis is determined with reference to the average revenue achieved in the years before the budgeted year, adjusted for management's expectation of the future market.

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

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

The Group performed the sensitivity analysis based on the assumption that the compound growth rate of revenue and pre-tax discount rate has been changed. Had the estimated key assumption during the forecast period been changed as below, the headroom would have decreased to the following:

As at December 31, 2025, based on reasonably possible changes in these key assumptions, including compound growth rate of revenue reduced by 5%, or discount rate increased 1%, respectively, with all other variables held constant, there is no shortfall of the recoverable amount against its carrying amount.

Considering that there was sufficient headroom based on the assessment, the directors of the Company believe that any reasonably possible change in any of the key assumptions would not cause the carrying amount of the CGU to exceed its recoverable amount.

(ii) Hidrochlor Systems Technologies, S.L. pool and lawn products CGU

The recoverable amount of the Hidrochlor Systems Technologies, S.L. pool and lawn products CGU has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a 5-year period approved by senior management. The discount rate applied to the cash flow projections is 18.9%. The growth rate used to extrapolate the cash flows of the industrial products unit beyond the five-year period is 2.0% which was the same as the long-term average growth rate of the pool and lawn products industry.

Assumptions were used in the value in use calculation of Hidrochlor Systems Technologies, S.L. pool and lawn products cash-generating units for December 31, 2025. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Compound growth rate of revenue — The basis is determined with reference to the average revenue achieved in the years before the budgeted year, adjusted for management's expectation of the future market.

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

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

The Group performed the sensitivity analysis based on the assumption that the compound growth rate of revenue and pre-tax discount rate has been changed. Had the estimated key assumption during the forecast period been changed as below, the headroom would have decreased to the following:

As at December 31, 2025, based on reasonably possible changes in these key assumptions, including compound growth rate of revenue reduced to by 5%, or discount rate increased 1%, respectively, with all other variables held constant, there is no shortfall of the recoverable amount against its carrying amount.

Considering that there was sufficient headroom based on the assessment, the directors of the Company believe that any reasonably possible change in any of the key assumptions would not cause the carrying amount of the CGU to exceed its recoverable amount.

(iii) Aquark Technology Polska sp. z o.o. pool and lawn products CGU

The recoverable amount of the Aquark Technology Polska sp. z o.o. pool and lawn products CGU has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a 5-year period approved by senior management. The discount rate applied to the cash flow projections is 17.5%. The growth rate used to extrapolate the cash flows of the industrial products unit beyond the five-year period is 2.5% which was the same as the long term average growth rate of the pool and lawn products industry.

Assumptions were used in the value in use calculation of Aquark Technology Polska sp. z o.o. pool and lawn products cash-generating units for December 31, 2025. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Compound growth rate of revenue — The basis is determined with reference to the average revenue achieved in the years before the budgeted year, adjusted for management's expectation of the future market.

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

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

The Group performed the sensitivity analysis based on the assumption that the compound growth rate of revenue and pre-tax discount rate has been changed. Had the estimated key assumption during the forecast period been changed as below, the headroom would have decreased to the following:

As at December 31, 2025, based on reasonably possible changes in these key assumptions, including compound growth rate of revenue reduced to by 5%, or discount rate increased 1%, respectively, with all other variables held constant, there is no shortfall of the recoverable amount against its carrying amount.

Considering that there was sufficient headroom based on the assessment, the directors of the Company believe that any reasonably possible change in any of the key assumptions would not cause the carrying amount of the CGU to exceed its recoverable amount.

(iv) 9485-8701 Quebec Inc. pool and lawn products CGU

The recoverable amount of the 9485-8701 Quebec Inc. pool and lawn products CGU has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a 5-year period approved by senior management. The discount rate applied to the cash flow projections is 17.1%. The growth rate used to extrapolate the cash flows of the industrial products unit beyond the five-year period is 2.2% which was the same as the long term average growth rate of the pool and lawn products industry.

Assumptions were used in the value in use calculation of 9485-8701 Quebec Inc. pool and lawn products cash-generating units for December 31, 2025. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Compound growth rate of revenue — The basis is determined with reference to the average revenue achieved in the years before the budgeted year, adjusted for management's expectation of the future market.

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

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

The Group performed the sensitivity analysis based on the assumption that the compound growth rate of revenue and pre-tax discount rate has been changed. Had the estimated key assumption during the forecast period been changed as below, the headroom would have decreased to the following:

As at December 31, 2025, based on reasonably possible changes in these key assumptions, including compound growth rate of revenue reduced to by 5%, or discount rate increased 1%, respectively, with all other variables held constant, there is no shortfall of the recoverable amount against its carrying amount.

Considering that there was sufficient headroom based on the assessment, the directors of the Company believe that any reasonably possible change in any of the key assumptions would not cause the carrying amount of the CGU to exceed its recoverable amount.

16. LEASES

The Group as a lessee

The Group has lease contracts for various items of buildings. Leases of buildings generally have lease terms between 2 and 10 years.

(a) Right-of-use assets

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

The Group

Buildings

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount at January 1	37,676	36,938	59,274
Additions	17,760	39,752	25,736
Depreciation charge	(12,116)	(16,421)	(23,526)
Termination	(6,382)	(995)	(989)
Carrying amount at December 31	36,938	59,274	60,495

The Company

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount at January 1	3,447	2,092	1,585
Additions	6,602	1,744	1,789
Depreciation charge	(1,575)	(1,255)	(1,174)
Termination	(6,382)	(996)	(989)
Carrying amount at December 31	2,092	1,585	1,211

(b) Lease liabilities

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

The Group

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount at January 1	39,613	38,481	61,752
Additions	17,760	39,752	25,736
Accretion of interest recognized during the year	1,770	2,062	2,407
Termination	(6,460)	(1,095)	(1,004)
Lease payments	(14,202)	(17,448)	(25,249)
Carrying amount at December 31	38,481	61,752	63,642
Analyzed into:			
Current portion	12,630	20,526	23,587
Non-current portion	25,851	41,226	40,055

The Company

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount at January 1	3,787	2,572	1,646
Additions	6,602	1,744	1,789
Accretion of interest recognized during the year	188	103	49
Termination	(6,460)	(1,095)	(477)
Lease payments	(1,545)	(1,678)	(1,647)
Carrying amount at December 31	2,572	1,646	1,360
Analyzed into:			
Current portion	1,322	827	717
Non-current portion	1,250	819	643

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

The Group

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Lease payments in respect of short-term leases	413	984	686
Interest on lease liabilities	1,770	2,062	2,407
Depreciation charge of right-of-use assets	12,116	16,421	23,526
Total amount recognized in profit or loss	14,299	19,467	26,619

The Company

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Lease payments in respect of short-term leases	19	117	19
Interest on lease liabilities	188	103	49
Depreciation charge of right-of-use assets	1,575	1,255	1,174
Total amount recognized in profit or loss	1,782	1,475	1,242

The total cash outflow for leases is disclosed in note 33 to the Historical Financial Information.

17. INVESTMENTS IN SUBSIDIARIES

The Company

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Investments			
Guangzhou Feiya Outdoor Technology Co., Ltd. (廣州菲亞戶外科技有限公司)	7,665	10,127	10,379
Guangzhou Anje Manufacturing Co., Ltd. (廣州安捷製造有限公司)	6,862	7,443	8,610
Foshan Shunde District Yituo Electric Co., Ltd. (佛山市順德區一拓電氣有限公司)	9,593	10,669	13,332
FAIRLAND YITUO OUTDOOR CO., LTD. (廣州一拓戶外科技有限公司)	5,000	5,005	5,074
Foshan Fialand Energy saving Equipment Co., Ltd. (佛山菲亞蘭德節能設備有限公司)	–	2,550	2,553
Aquark Technology Limited (廣州誇克電氣有限公司)	2,655	4,047	5,760
Guangzhou Biying Technology Co., Ltd. (廣州必贏科技有限公司)	500	500	500
Guangzhou Anjie Electric Co., Ltd. (廣州安捷電氣有限公司)	1,327	1,804	2,528
FAIRLAND ISPACE LIMITED (菲亞蘭德智能(深圳)有限公司)	–	4,800	10,025
FAIRLAND GROUP LIMITED	482,515	501,275	501,276
Total	516,117	548,220	560,037

18. INVESTMENT IN AN ASSOCIATE

The Group

	Year ended December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Share of net assets	1,839	829	–

The Group's trade receivable balances due from the associates are disclosed in note 21 to the historical financial information.

Particulars of the Group's material associate are as follows:

2023

Name	Particulars of issued shares held	Place and date of incorporation and place of operations	Percentage of equity attributable to the Company			Principal activity
			Ownership interest	Voting power	Profit sharing	
9485-8701 Quebec Inc.	Registered capital of CAD1 each	Canada	49	37	49	Merchandising

2024

Name	Particulars of issued shares held	Place and date of incorporation and place of operations	Percentage of equity attributable to the Company			Principal activity
			Ownership interest	Voting power	Profit sharing	
9485-8701 Quebec Inc.	Registered capital of CAD1 each	Canada	49	37	49	Merchandising

19. INVENTORIES

The Group

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	42,285	77,959	92,952
Finished goods	29,988	41,581	161,905
Goods in transit	6,467	23,989	31,559
Work in progress	2,635	4,881	29,188
	81,375	148,410	315,604

The inventories were net of write-downs of approximately RMB5,624,000, RMB13,854,000 and RMB21,951,000 as at December 31, 2023, 2024 and 2025.

The Company

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	5	5	5
Finished goods	90	13	13
Finished goods	95	18	18

The inventories were net of write-downs of approximately net of nil as at December 31, 2023, 2024 and 2025.

20. DEFERRED TAX

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

Deferred tax assets

The Group

	Leases liabilities	Warranty	Impairment of financial assets	Impairment of inventories	Losses available for offsetting against future taxable profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1, 2023	7,134	99	99	694	–	8,026
Deferred tax credited/(charged) to profit or loss during the year	98	440	11	150	–	699
As at December 31, 2023 and January 1, 2024	7,232	539	110	844	–	8,725
Deferred tax credited/(charged) to profit or loss during the year	5,669	352	338	2,289	6,502	15,150
As at December 31, 2024 and January 1, 2025	12,901	891	448	3,133	6,502	23,875
Deferred tax credited/(charged) to profit or loss during the year	(1,393)	535	(134)	210	1,052	270
As at December 31, 2025	11,508	1,426	314	3,343	7,554	24,145

Deferred tax liabilities

The Group

	Right-of-use assets	Fair value adjustments	Customer relationship arising from acquisition of subsidiaries	Effect of deferred tax at 25% on the distributable profits of the Group's overseas subsidiaries	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at January 1, 2023	6,774	51	–	3,146	9,971
Deferred tax (credited)/charged to profit or loss during the year	120	149	–	3,103	3,372
As at December 31, 2023 and January 1, 2024	6,894	200	–	6,249	13,343
Deferred tax (credited)/charged to profit or loss during the year	5,467	(194)	–	8,835	14,108
As at December 31, 2024 and January 1, 2025	12,361	6	–	15,084	27,451
Acquisition of subsidiaries	–	–	1,764	–	1,764
Deferred tax credited to profit or loss during the year	(1,507)	(6)	(265)	(4,940)	(6,718)
As at December 31, 2025	10,854	–	1,499	10,144	22,497

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

The Group

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Net deferred tax assets recognized in the consolidated statement of financial position	1,511	11,493	13,257
Net deferred tax liabilities recognized in the consolidated statement of financial position	(6,129)	(15,069)	(11,609)
Net deferred tax liabilities in respect of continuing operations	(4,618)	(3,576)	1,648

Deferred tax assets have not been recognized in respect of the following items:

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Tax losses	17,489	25,415	55,776
Deductible temporary differences	2,148	(1,678)	11,763
	19,637	23,737	67,539

The Group has accumulated tax losses in Chinese mainland of RMB17,489,000, RMB25,415,000 and RMB55,776,000 in aggregate as at December 31, 2023, 2024 and 2025, respectively, which available to offset against future taxable profits of the companies in which the losses were incurred within the next one to five years.

Deferred tax assets have not been recognized in respect of the above items as it is not considered probable that taxable profits will be available against which the above items can be utilized.

21. TRADE AND BILLS RECEIVABLES

The Group

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Bills receivable	3,250	944	2,318
Trade receivables	73,409	117,910	113,249
Less: Impairment of trade receivables	343	1,934	3,811
Trade receivables, net	76,316	116,920	111,756

The Company

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Due from related parties:			
Subsidiaries	3,542	8,500	10,911

* The Company estimated that the expected loss rate for its trade receivables due from subsidiaries is minimal.

The Group's trading terms with its customers are mainly on credit. The credit period is generally 30 to 180 days. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimize credit risk. Overdue balances are reviewed regularly by senior management and credit limits attributed to customers are reviewed once a month. Trade receivables are non-interest-bearing.

An aging analysis of the trade and bills receivables as at the end of each of the Relevant Periods, based on the revenue recognition date and net of loss allowance, is as follows:

The Group

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Within 90 days	63,099	107,275	59,581
91 to 180 days	9,692	8,582	42,895
181 to 270 days	238	119	3,759
271 to 365 days	37	–	3,203
Total	73,066	115,976	109,438

The Company

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Within 90 days	3,542	8,500	10,911

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

The Group

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
At beginning of year	747	343	1,934
Impairment net *(note 7)*	(404)	1,591	1,877
At end of year	343	1,934	3,811

An impairment analysis is performed at the end of each of Relevant Periods using a provision matrix to measure expected credit losses. The provision rates are based on days past due 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.

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

The Group

As at December 31, 2023

	Gross carrying amount	Expected credit loss rate	Expected credit loss
	RMB'000		*RMB'000*
Trade receivables aged:			
Within 90 days	63,309	0.33%	210
91 to 180 days	9,790	1.00%	98
181 to 270 days	244	2.46%	6
271 to 365 days	45	17.78%	8
Over 1 year	21	100.00%	21
	73,409	0.47%	343

As at December 31, 2024

	Gross carrying amount	Expected credit loss rate	Expected credit loss
	RMB'000		*RMB'000*
Trade receivables aged:			
Within 90 days	107,728	0.42%	453
91 to 180 days	8,712	1.49%	130
181 to 270 days	131	9.16%	12
271 to 365 days	–	–	–
Over 1 year	1,339	100.00%	1,339
	117,910	1.64%	1,934

As at December 31, 2025

	Gross carrying amount	Expected credit loss rate	Expected credit loss
	RMB'000		*RMB'000*
Trade receivables aged:			
Within 90 days	60,102	0.87%	521
91 to 180 days	43,745	1.94%	850
181 to 270 days	4,217	10.86%	458
271 to 365 days	5,131	37.58%	1,928
Over 1 year	54	100.00%	54
	113,249	3.37%	3,811

22. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

The Group

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Current			
Value-added tax recoverable	3,560	15,900	41,840
Prepaid other taxes	973	–	12
Prepayments	12,531	8,355	26,768
Other receivables and deposits	11,288	23,127	15,711
Less: Impairment of other receivables and deposits	(67)	(1,496)	(1,696)
	28,285	45,886	82,635
Non-current			
Prepayments for property, plant and equipment	1,910	2,710	2,777
Prepayment for investments	–	12,128	–
	1,910	14,838	2,777

The Company

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Current			
Value-added tax recoverable	726	1,459	2,138
Prepayments	994	1,493	955
Due from subsidiaries	66,900	134,457	225,310
Other receivables and deposits	679	1,692	581
Less: Impairment of other receivables and deposits	6	16	6
	69,293	139,085	228,978

The Company estimated that the expected loss rate for its other receivables due from subsidiaries is minimal.

Other receivables were unsecured, non-interest-bearing and were collectable within one year of the reporting year.

As at December 31, 2023, 2024 and 2025, the impairment of the other receivables and deposits were measured based on 12-month expected credit loss if they are not past due and there was no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, they were measured based on lifetime expected credit loss.

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

The Group

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
At beginning of year	29	67	1,496
Impairment net *(note 7)*	38	1,419	141
Exchange realignment	–	10	59
At the end of the year	67	1,496	1,696

23. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group

Financial assets at fair value through profit or loss

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Bank wealth management products	27,130	1,043	–

The bank wealth management products issued by banks in Chinese Mainland are classified and measured at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

24. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The Group

Financial assets at fair value through other comprehensive income

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Unlisted equity investments, at fair value	–	–	11,246

The unlisted equity investments was made for long-term strategic purposes rather than short-term trading.

25. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AND TIME DEPOSITS

The Group

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Cash and bank balances	288,609	547,043	187,797
Restricted cash	7	7	7
Time deposits	395,577	202,140	326,613
	684,193	749,190	514,417
Less:			
Restricted cash	(7)	(7)	(7)
Time deposits with original maturity over three months:			
Current	(395,577)	(15,030)	–
Cash and cash equivalents	288,609	734,153	514,410
Denominated in:			
RMB	25,945	32,744	46,937
USD	658,248	715,968	464,847
EUR	–	478	2,060
CAD	–	–	11
CZK	–	–	475
PLN	–	–	82
HKD	–	–	5
	684,193	749,190	514,417

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

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

The Company

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Cash and bank balances	118	5,778	7,869
Cash and cash equivalents	118	5,778	7,869
Denominated in:			
RMB	118	5,778	7,869

26. TRADE PAYABLES

The Group

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	104,428	159,369	216,025

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

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	104,330	159,287	215,085
Over 1 year	98	82	940
	104,428	159,369	216,025

The trade payables are non-interest-bearing and are normally settled within a period of 3 months and are extendable to a longer period.

The Company

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	379	46	458

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

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	360	27	412
Over 1 year	19	19	46
	379	46	458

27. OTHER PAYABLES AND ACCRUALS

The Group

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Payroll payables	33,755	47,282	65,918
Dividends payable	–	28,018	5,133
Deposit	1,506	3,250	620
Other payables, including due to the non-controlling shareholder of subsidiaries*	167	5,620	13,053
Other tax payables	412	325	945
	35,840	84,495	85,669

* The balances due to the non-controlling shareholder of subsidiaries are interest free or interest bearing at 4% per annum, unsecured, repayable on demand.

The Company

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Payroll payables	10,995	13,410	12,514
Dividends payable	–	28,018	5,133
Other payables, including due to subsidiaries*	185	51,635	248,873
	11,180	93,063	266,520

* The balances due to subsidiaries are non-interest-bearing and repayable on demand.

28. INTEREST-BEARING BANK LOANS

The Group

	At December 31,								
	2023			2024			2025		
	Effective interest rate (%)	*Maturity*	*RMB'000*	*Effective interest rate (%)*	*Maturity*	*RMB'000*	*Effective interest rate (%)*	*Maturity*	*RMB'000*
Current									
Bank loans — secured *(note a)*	3.7	2024	3,003			–	4.125	2026	587
Current portion of long-term bank loans — secured *(note b)*	–	–	–			–	1.75 to 4.70	2026	711
Total — current			3,003			–			1,298
Non-current									
Long-term bank loans — secured *(note b)*			–			–	1.75 to 4.70	2027 to 2028	679
Total — non-current			–			–			679
Total			3,003			–			1,977

Notes:

(a) Certain of the Group's bank loans are guaranteed by the Company.

(b) Certain of the Group's bank loans are guaranteed by the non-controlling shareholders.

29. CONTRACT LIABILITIES

The Group

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Advances from customers	81,871	138,237	193,029

30. PROVISION

The Group

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Product warranty provision	3,592	5,942	9,639
Sales Return provision	–	–	43
	3,592	5,942	9,682

The Group generally provides warranties ranging from one to three years to its customers for general repairs of defects occurring during the warranty period. The amount of the provision for the warranties is estimated based on sales volumes and past experience of the level of repairs and returns. The estimation basis is reviewed on an ongoing basis and revised where appropriate.

	Product warranty provision	Sales Return provision	Total
	RMB'000	*RMB'000*	*RMB'000*
At January 1, 2023	662	–	662
Additional provision *(note 7)*	4,141	–	4,141
Amounts utilized during the year	(1,211)	–	(1,211)
At December 31, 2023 and January 1, 2024	3,592	–	3,592
At January 1, 2024	3,592	–	3,592
Additional provision *(note 7)*	5,586	–	5,586
Amounts utilized during the year	(3,236)	–	(3,236)
At December 31, 2024	5,942	–	5,942
At January 1, 2025	5,942	–	5,942
Additional provision *(note 7)*	8,317	341	8,658
Amounts utilized during the year	(4,620)	(298)	(4,918)
At December 31, 2025	9,639	43	9,682

31. SHARE CAPITAL/PAID-IN CAPITAL

The Group and the Company

Share capital

A summary of the movement in the share capital is as follows:

	Number of shares in issue	Share capital
	(in thousand)	*RMB'000*
As at January 1, 2024	–	–
Issue of ordinary shares of RMB1 each upon conversion of the limited liability company into a joint stock company	10,000	10,000
As at December 31, 2024, January 1, 2025 and December 31, 2025	10,000	10,000

Paid-in capital

	RMB'000
As at January 1, 2023	8,000
Capital contribution by shareholders	90
As at December 31, 2023	8,090
As at January 1, 2024	8,090
Capital contribution by shareholders	1,910
Conversion into a joint stock company	(10,000)
As at December 31, 2024	–

32. RESERVES

The Group

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

(i) Capital reserve

Capital reserve of the Group represents the difference between the value of the paid-up capital and the consideration received.

(ii) Statutory reserve

In accordance with the PRC Company Law and the articles of association of the subsidiaries established in the PRC, the Group is required to appropriate 10% of its net profits after tax, as determined under the Chinese Accounting Standards, to the statutory surplus reserve until the reserve balance reaches 50% of its registered capital. Subject to certain restrictions set out in the relevant PRC regulations and in the articles of association of the subsidiaries, the statutory surplus reserve may be used either to offset losses or to be converted to increase paid-in capital, provided that the balance after such conversion is not less than 25% of the registered capital of the respective entities. The reserve cannot be used for purposes other than those for which it is created and is not distributable as cash dividends.

(ii) Share-based payment reserve

The share-based payment reserve of the Group represents the share-based compensation reserve due to equity-settled share-based payment transactions, details of which were set out in note 32 to the Historical Financial Information.

(iii) Exchange fluctuation reserve

The exchange fluctuation reserve of the Group represents exchange differences arising from the translation of financial statements of foreign operations.

(iv) Special reserve — safety fund

Pursuant to the revised *Measures for the Extraction and Use of Enterprise Safety Production Funds* issued in November 2022, the Group is required to set aside a fund for safety-related maintenance and production. The safety fund can be used for the maintenance of production and improvements in safety and is not available for distribution to shareholders.

The Company

The amounts of the Company's reserves and the movements therein for the Relevant Periods are presented as follows:

	Capital reserve	**Statutory reserve**	**Share-based payment reserve**	**Retained profits**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2023	–	4,847	451,012	45,552	501,311
Profit for the year	–	–	–	28,007	28,007
Total comprehensive income for the year	–	–	–	28,007	28,007
Share-based payments	–	–	43,113	–	43,113
Dividend declared	–	–	–	(7,173)	(7,173)
At December 31, 2023	–	4,847	494,125	66,286	565,258

	Capital reserve	Statutory reserve	Share-based payment reserve	Retained profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At January 1, 2024	–	4,847	494,125	66,286	565,258
Profit for the year	–	–	–	17,504	17,504
Total comprehensive income for the year	–	–	–	17,504	17,504
Share-based payments	–	–	26,579	–	26,579
Capital contribution by shareholders	140	–	–	–	140
Conversion into a joint stock company	41,092	–	–	(41,092)	–
Dividend declared	–	–	–	(39,287)	(39,287)
At December 31, 2024	41,232	4,847	520,704	3,411	570,194
At January 1, 2025	41,232	4,847	520,704	3,411	570,194
Loss for the year	–			(57,753)	(57,753)
Total comprehensive income for the year	–	–	–	(57,753)	(57,753)
Share-based payments	–	–	13,288	–	13,288
At December 31, 2025	41,232	4,847	533,992	(54,342)	525,729

33. SHARE-BASED PAYMENTS

On January 1, 2021, the Group granted its employees share options of the Company ("the Share Incentive Scheme I"), which are subject to restrictions on transfer, termination and such other limitations set forth in the plan. The relevant portion of share options shall vest on the relevant vesting date, which is determined by the board of directors.

The above share options granted to employees and directors under the Share Incentive Scheme I shall vest and become exercisable when the following conditions are met: (i) continuous service to the Company during the vesting period; (ii) vesting in tranches starting from the second year following the grant date, with the respective vesting percentages of 65%, 10%, 10%, and 15%. All share options must be exercised within ten years subsequent to the dates when they vest; otherwise, they shall be deemed lapsed. In the event of resignation or termination of service during the vesting period, any share options already exercised shall not be reclaimed; however, any unexercised portions — whether already vested but not exercised, or unvested — shall no longer be valid and shall be deemed voluntarily relinquished by the recipient.

On July 20, 2022, the Group granted the it's employees and directors restricted shares ("the Share Incentive Scheme II-RSU") and share options ("the Share Incentive Scheme II-option"), which are subject to restrictions on transfer, termination and such other limitations set forth in the plan. The relevant portion of restricted shares and share options shall vest on the relevant vesting date, which is determined by the board of directors.

On December 31, 2025, the Company terminated Share Incentive Scheme II and canceled the unexercised options under Scheme II that had met the vesting conditions. In addition, the Company established Share Incentive Scheme III and granted share incentives to eligible participants.

Restricted shares were granted under the Share Incentive Scheme II-RSU and Share Incentive Scheme III to the participants as awards. After the grant of the awards, the participants became partners of the employee shareholding platforms and are indirectly interested in the incentive shares under the terms and conditions contained in the relevant agreements. The above shares granted to employees and directors under the Share Incentive Scheme II-RSU and Share Incentive Scheme III shall vest when the following conditions are met: (i) the completion of the [**REDACTED**] by the Company, (ii) the expiration of the corresponding restriction period, with vesting occurring in five equal tranches of 20% over a period of five years. The fair value of services received in exchange for shares granted to employees and directors was measured by reference to the fair value of shares granted and the subscription price paid by employees and directors. The recent transaction price method was used to determine the underlying equity fair value of the Company.

As at 31 December 2023, 153,300 shares granted under the Share Incentive Scheme II-RSU were forfeited due to resignation.

As at December 31, 2024, 1,110,000 share options granted under the Share Incentive Scheme I were vested and became exercisable but not yet exercised. 125,900 shares granted under the Share Incentive Scheme II were forfeited due to resignation.

As at December 31, 2025, 75,500 shares granted under the Share Incentive Scheme II were forfeited due to resignation, while 903,200 share options under the Share Incentive Scheme II-options were cancelled. Upon establishemnt of the Share Incentive Scheme III 445,972.50 shares have been granted.

(a) Restricted shares

Movements in the number of restricted shares for the Relevant Periods are as follows:

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
At beginning of the year	–	–	–
Granted	–	–	446
Forfeited	–	–	–
At end of the year	–	–	446

Share-based payment expenses during the Relevant Periods are as follows:

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Restricted shares granted by the Company under the plans	–	–	226
Total	–	–	226

(b) Share options

Movements in the number of restricted options for the Relevant Periods are as follows:

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
At beginning of the year	2,368	2,215	2,089
Granted	–	–	–
Lapsed/forfeited/cancelled	(153)	(126)	(979)
Exercised	–	–	–
At end of the year	2,215	2,089	1,100

Share-based payment expenses during the Relevant Periods are as follows:

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Share options granted by the Company under the plans	43,113	26,579	13,062
Total	43,113	26,579	13,062

34. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the years ended December 31, 2023, 2024 and 2025, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB17,760,000, RMB39,752,000 and RMB25,736,000 respectively, in respect of lease arrangements for buildings premises.

During the years ended 31 December 2024, the Group had non-cash additions to inventory and tangible assets of RMB16,184,000, RMB39,752,000 and RMB1,912,000 respectively, as the capital contribution by a non-controlling shareholder of a subsidiary.

(b) Changes in liabilities arising from financing activities

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

	Interest bearing bank loans	Lease liabilities	Loans from related parties	Dividend payable	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	
At January 1, 2023	–	39,613	–	–	39,613
Changes from financing cash flows	2,893	(14,202)	–	–	(11,309)
New lease	–	17,760	–	–	17,760
Termination	–	(6,460)	–	–	(6,460)
Accretion of interest	110	1,770	–	–	1,880
Dividend declared *(note 11)*	–	–	–	7,174	7,174
Dividend paid *(note 11)*	–	–	–	(7,174)	(7,174)
At December 31, 2023 and January 1, 2024	3,003	38,481	–	–	41,484
Changes from financing cash flows	(3,003)	(17,448)	5,047	–	(15,404)
New lease	–	39,752	–	–	39,752
Termination	–	(1,095)	–	–	(1,095)
Accretion of interest	3	2,062	–	–	2,065
Dividend declared *(note 11)*	–	–	–	39,287	39,287
Dividend paid *(note 11)*	–	–	–	(11,269)	(11,269)
At December 31, 2024 and January 1, 2025	3	61,752	5,047	28,018	66,802
Changes from financing cash flows	1,835	(25,249)	3,466	–	(19,948)
New lease	–	25,735	–	–	25,735
Termination	–	(1,003)	–	–	(1,003)
Accretion of interest	142	2,407	–	–	2,549
Dividend declared *(note 11)*	–	–	–	–	–
Dividend paid *(note 11)*	–	–	–	(22,885)	(22,885)
At December 31, 2025	1,980	63,642	8,513	5,133	74,135

(c) Total cash outflow for leases

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

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Within operating activities	413	984	686
Within financing activities	14,202	17,448	25,249
Total	14,615	18,432	25,935

35. BUSINESS COMBINATION

(i) Acquisition of Inverquark GmbH

On February 12, 2025, the Group acquired a 60% interest in Inverquark GmbH from a third party. Inverquark GmbH is engaged in the sales of pool and lawn products. The acquisition was made as part of the Group's strategy to expand its market share of pool and lawn products in the European Union. The purchase consideration for the acquisition was in the form of cash, with RMB4,708,000 paid at the acquisition date.

The fair values of the identifiable assets and liabilities of business combination as at the date of acquisition were as follows:

	Fair value recognized on acquisition
	RMB'000
Property, plant and equipment	127
Customer relationship	3,737
Cash and bank balances	52
Trade receivables	389
Prepayments and other receivables	3,109
Inventories	9,738
Trade payables	(9,641)
Accruals and other payables	(4,358)
Deferred tax liabilities	(746)
Total identifiable net assets at fair value	2,407
Non-controlling interests	964
Goodwill on acquisition *(note 15)*	3,265
Satisfied by cash	4,708

A customer list was recognized as an intangible asset separately. Because the list is the distribution network of the companies and is expected to generate the economic benefit in a foreseeable future, and therefore it meet the criteria for recognition as an intangible asset under IAS 38 Intangible Assets. None of the goodwill recognized is expected to be deductible for income tax purposes.

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

	Fair value recognized on acquisition
	RMB'000
Cash consideration	(4,708)
Cash and bank balances acquired	52
Net outflow of cash and cash equivalents included in cash flows from investing activities	(4,656)
Transaction costs of the acquisition included in cash flows from operating activities	–
Total net cash outflow	(4,656)

Since the acquisition, Inverquark GmbH contributed RMB43,660,000 to the Group's revenue and profit amounting RMB4,278,000 to the consolidated loss for the year ended December 31, 2025.

(ii) Acquisition of Hidrochlor Systems Technologies, S.L.

On February 18, 2025, the Group acquired a 60% interest in Hidrochlor Systems Technologies, S.L. from a third party. Hidrochlor Systems Technologies, S.L. is engaged in the sales of pool and lawn products. The acquisition was made as part of the Group's strategy to expand its market share of pool and lawn products in the European Union. The purchase consideration for the acquisition was in the form of cash, with RMB9,989,000 paid at the acquisition date.

The fair values of the identifiable assets and liabilities of business combination as at the date of acquisition were as follows:

	Fair value recognized on acquisition
	RMB'000
Property, plant and equipment	467
Customer relationship	3,013
Cash and bank balances	–
Trade receivables	3,895
Prepayments and other receivables	1,032
Inventories	8,106
Accruals and other payables	(5,107)
Deferred tax liabilities	(573)
Total identifiable net assets at fair value	10,833
Non-controlling interests	4,332
Goodwill on acquisition *(note 15)*	3,488
Satisfied by cash paid during the year ended 31 December 2024	9,989

A customer list was recognized as an intangible asset separately. Because the list is the distribution network of the companies and is expected to generate the economic benefit in a foreseeable future, and therefore it meet the criteria for recognition as an intangible asset under IAS 38 Intangible Assets. None of the goodwill recognized is expected to be deductible for income tax purposes.

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

	Fair value recognized on acquisition
	RMB'000
Cash consideration	(9,989)
Cash and bank balances acquired	–
Net outflow of cash and cash equivalents included in cash flows from investing activities	(9,989)
Transaction costs of the acquisition included in cash flows from operating activities	–
Total net cash outflow	(9,989)

Since the acquisition, Hidrochlor Systems Technologies, S.L. contributed RMB25,738,000 to the Group's revenue and profit amounting RMB7,493,000 to the consolidated loss for the year ended December 31, 2025.

(iii) Acquisition of Aquark Technology Polska sp. z o.o.

On February 27, 2025, the Group acquired a 60% interest in Aquark Technology Polska sp. z o.o. from a third party. Aquark Technology Polska sp. z o.o. is engaged in the sales of pool and lawn products. The acquisition was made as part of the Group's strategy to expand its market share of pool and lawn products in the middle European. The purchase consideration for the acquisition was in the form of cash, with RMB4,304,000 paid at the acquisition date.

The fair values of the identifiable assets and liabilities of business combination as at the date of acquisition were as follows:

	Fair value recognized on acquisition
	RMB'000
Customer relationship	72
Cash and bank balances	1,715
Trade receivables	1,212
Prepayments and other receivables	402
Inventories	2,195
Trade payables	(294)
Accruals and other payables	(567)
Deferred tax liabilities	(14)
Total identifiable net assets at fair value	4,721
Non-controlling interests	1,887
Goodwill on acquisition *(note 15)*	1,470
Satisfied by:	
Cash consideration paid during the year ended 31 December 2024	2,139
Cash consideration paid during the year ended 31 December 2025	2,165

A customer list was recognized as an intangible asset separately. Because the list is the distribution network of the companies and is expected to generate the economic benefit in a foreseeable future, and therefore it meet the criteria for recognition as an intangible asset under IAS 38 Intangible Assets. None of the goodwill recognized is expected to be deductible for income tax purposes.

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

	Fair value recognized on acquisition
	RMB'000
Cash consideration	(4,304)
Cash and bank balances acquired	1,715
Net outflow of cash and cash equivalents included in cash flows from investing activities	(2,589)
Transaction costs of the acquisition included in cash flows from operating activities	–
Total net cash outflow	2,589

Since the acquisition, Aquark Technology Polska sp. z o.o. contributed RMB1,995,000 to the Group's revenue and loss amounting RMB1,352,000 to the consolidated loss for the year ended December 31, 2025.

(iv) Acquisition of 9485-8701 Quebec Inc.

On June 11, 2025, the Group acquired an additional 48% interest in 9485-8701 Quebec Inc. from a third party, increasing it interest from 37% to 85%, in order to obtain the control of Moov Pool Products Inc. Moov Pool Products Inc is engaged in the sales of pool and lawn products. A cash consideration of RMB5,279,000 was paid to the non-controlling shareholders. The acquisition was made as part of the Group's strategy to expand its market share of pool and lawn products in the North America.

The fair values of the identifiable assets and liabilities of business combination as at the date of acquisition were as follows:

	Fair value recognized on acquisition
	RMB'000
Property, plant and equipment	108
Customer relationship	2,154
Cash and bank balances	2,032
Trade receivables	4,180
Prepayments and other receivables	165
Inventories	25,128
Trade payables	(24,044)
Accruals and other payables	(5,508)
Deferred tax liabilities	(431)
Total identifiable net assets at fair value	3,784
Non-controlling interests	567
Goodwill on acquisition *(note 15)*	4,288
Satisfied by cash	5,279
Satisfied by equity investment	2,226

A customer list was recognized as an intangible asset separately. Because the list is the distribution network of the companies and is expected to generate the economic benefit in a foreseeable future, and therefore it meet the criteria for recognition as an intangible asset under IAS 38 Intangible Assets. None of the goodwill recognized is expected to be deductible for income tax purposes.

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

	Fair value recognized on acquisition
	RMB'000
Cash consideration	(5,279)
Cash and bank balances acquired	2,032
Net outflow of cash and cash equivalents included in cash flows from investing activities	(3,247)
Transaction costs of the acquisition included in cash flows from operating activities	–
Total net cash outflow	(3,247)

Since the acquisition, 9485-8701 Quebec Inc and its subsidiary Moov Pool Products Inc contributed RMB56,101,000 to the Group's revenue and profit amounting RMB4,541,000 to the consolidated loss for the year ended December 31, 2025.

Had the above combinations taken place at the beginning of the year, the revenue from continuing operations of the Group and the loss of the Group for the year would have been RMB1,022,238,000 and RMB115,616,000, respectively.

36. COMMITMENTS

The Group had the following capital commitments at the end of each of the Relevant Periods.

	As at December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Contracted, but not provided for:			
Purchases of items of property, plant and equipment	2,317	2,265	7,866

37. RELATED PARTY TRANSACTIONS

The directors are of the view that the following are related parties that have material transactions or balances with the Group during the Relevant Periods.

(a) Name and relationships of the related parties

Name	Relationship
Chen Bo	Ultimate controlling party of the group
Jiang Hui	Ultimate controlling party of the group
Foshan Shunde Siruide Electric Co., Ltd.	Non-controlling interests of a subsidiary
Henan Xingmian Robot Technology Co., Ltd.	Non-controlling interests of a subsidiary
Ronald Schönleitner	Non-controlling interests of a subsidiary
Moov Pool Products Inc.	Subsidiary of an associate
Moov Sales Agency 9426-6111 Quebec Inc.	Company owned by the non-controlling interests of an associate/subsidiary
Foshan Ziren Electrical Appliance Co., Ltd.	Company owned by relatives of an ultimate controlling party
Foshan Zixin Energy Saving Equipment Co., Ltd.	Company owned by relatives of an ultimate controlling party
Foshan Shunde Zealux Electrical Appliances Co., Ltd.	Company owned by relatives of an ultimate controlling party
Foshan Gangyi Swimming Pool Equipment Technology Co., Ltd.	Company owned by an ultimate controlling party
Guangzhou Hengqi Real Estate Co., Ltd.	Company owned by an ultimate controlling party
Guangzhou Hengjing Real Estate Co., Ltd.	Company owned by an ultimate controlling party
Guangzhou Hengtuo Investment Co., Ltd.	Company owned by an ultimate controlling party

(b) Recurring transactions with related parties:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Sales of products to related parties:			
Foshan Shunde Siruide Electric Co., Ltd.	777	109	–
Moov Pool Products Inc.	6,227	30,803	1,027
Moov Sales Agency 9426-6111 Quebec Inc.	23,131	28,381	37,484
Total	30,135	59,293	38,511
Purchases of products and services from related parties:			
Foshan Shunde Siruide Electric Co., Ltd.	155	24,648	–
Foshan Ziren Electrical Appliance Co., Ltd.	1,378	459	–
Foshan Zixin Energy Saving Equipment Co., Ltd.	8,877	3,729	–
Henan Xingmian Robot Technology Co., Ltd.	670	1,149	–
Foshan Gangyi Swimming Pool Equipment Technology Co., Ltd.	768	–	–
Guangzhou Hengqi Real Estate Co., Ltd.	720	479	720
Guangzhou Hengjing Real Estate Co., Ltd.	120	110	120
Inverter Services	1,726	–	–
Total	14,414	30,574	840

Note:

These transactions were carried out in accordance with the terms and conditions mutually agreed by the parties involved.

(c) Outstanding balances with related parties:

		As at December 31,		
		2023	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
Amounts due from related parties:				
Trade				
Foshan Shunde Siruide Electric Co., Ltd.	*(i)*	414	–	–
Moov Pool Products Inc.	*(i)*	240	15,666	–
Moov Sales Agency 9426-6111 Quebec Inc.	*(i)*	535	11,781	–
Total		1,189	27,447	–
Amounts due to related parties:				
Trade				
Foshan Shunde Siruide Electric Co., Ltd.	*(i)*	27,455	–	–
Foshan Ziren Electrical Appliance Co., Ltd.	*(i)*	234	–	–
Foshan Zixin Energy Saving Equipment Co., Ltd.	*(i)*	1,255	–	–
Henan Xingmian Robot Technology Co., Ltd.	*(i)*	85	106	–
Inverter Services	*(i)*	717	–	–
Moov Sales Agency 9426-6111 Quebec Inc.	*(i)*	5	7,525	13,163
Moov Pool Products Inc.	*(i)*	–	114	–
Total		29,751	7,745	13,163

Notes:

(i) Details of the Group's trade balances with its related parties as at the end of the reporting period are disclosed in notes 22 and 29 to the financial statements.

(ii) Details of the Group's loans from its related parties as at the end of the reporting period are included in note 27 to the financial statements.

The balances with related parties are unsecured with no fixed terms of repayment and interest-free. The non-trade balances will be fully settled upon [**REDACTED**].

(d) Compensation of key management personnel of the Group

	Year ended December 31,		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Salaries, allowances and benefits in kind	3,040	3,886	3,413
Performance related bonus	1,642	11,856	1,268
Pension scheme contributions	58	41	75
Equity-settled share-based payment expenses	39,016	40,127	4,125
	43,756	55,910	8,881

Further details of directors' and the chief executive's remuneration are included in note 8 to the Historical Financial Information.

38. FINANCIAL INSTRUMENTS BY CATEGORY

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

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Financial assets			
Financial assets at fair value through profit and loss:			
Bank wealth management products	27,130	1,043	–
Financial assets			
Financial assets at fair value through other comprehensive income:			
Unlisted equity investments, at fair value	–	–	11,246
Financial assets at amortized cost:			
Trade receivables	76,316	116,920	111,756
Financial assets included in deposit and other receivables	11,221	21,631	14,015
Restricted cash	7	7	7
Time deposits	395,577	15,030	–
Cash and cash equivalents	288,609	734,153	514,410
Total	771,730	887,741	640,188
Financial liabilities at amortized cost:			
Trade payables	104,428	159,369	216,025
Financial liabilities included in other payables and accruals	2,085	37,213	19,751
Lease liabilities	38,481	61,752	63,642
Interest-bearing bank loans	3,003	–	1,977
Total	147,997	258,334	301,395

39. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

All the carrying amounts of the Group's financial instruments approximate to their fair values due to the short-term maturities of these instruments.

The Group's finance department is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At the end of each reporting period, the finance department analyzes the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the finance manager. The valuation process and results are discussed with the directors of the Company once a year for annual financial reporting.

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

The fair values of the financial assets and financial liabilities at fair value through profit and loss have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities.

Fair value hierarchy

Financial assets:

As at December 31, 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bank wealth management products	–	27,130	–	27,130

As at December 31, 2024

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bank wealth management products	–	1,043	–	1,043

As at December 31, 2025

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Unlisted equity investments, at fair value . . .	–	–	11,246	11,246

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank and other borrowings, financial assets at fair value through profit or loss and cash and short-term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

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

Foreign currency risk

Foreign currency risk is the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between RMB and other currencies in which the Group conducts business may affect the Group's financial condition and results of operations.

The following table demonstrates the sensitivity at the end of each of the Relevant Periods to a reasonably possible change in foreign currency exchange rates, with all other variables held constant, of the Group's increase/decrease profit before tax (due to changes in the translated value of monetary assets and liabilities) and the Group's equity.

	Increase/ (decrease) in foreign currency exchange rate	Increase/ (decrease) in profit before tax	(Decrease)/ increase in equity
	%	*RMB'000*	*RMB'000*
Year ended December 31, 2023			
If RMB weakens against the USD	5.0%	(679)	(3,004)
If RMB strengthens against the USD	(5.0%)	679	3,004
Year ended December 31, 2024			
If RMB weakens against the USD	5.0%	(379)	(3,134)
If RMB strengthens against the USD	(5.0%)	379	3,134
Year ended December 31, 2025			
If RMB weakens against the USD	5.0%	25	25
If RMB strengthens against the USD	(5.0%)	(25)	(25)

Credit risk

The Group trades only with recognized and creditworthy parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. Receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, time deposits, restricted cash and financial assets included in prepayments, deposits and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at the end of each of the Relevant Periods.

The amounts presented are gross carrying amounts for financial assets.

As at December 31, 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bill receivables	3,250	–	–	73,409	76,659
Financial assets included in deposits and other receivables*	11,288	–	–	–	11,288
Restricted cash	7	–	–	–	7
Time deposits	395,577	–	–	–	395,577
Cash and cash equivalents	288,609	–	–	–	288,609
	698,731	–	–	73,409	772,140

As at December 31, 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bill receivables	944	–	–	117,910	118,854
Financial assets included in deposits and other receivables	23,127	–	–	–	23,127
Restricted cash	7	–	–	–	7
Time deposits	15,030	–	–	–	15,030
Cash and cash equivalents	734,153	–	–	–	734,153
	773,261	–	–	117,910	891,171

Maximum exposure and year-end staging

As at December 31, 2025

	12-month ECLs	Lifetime ECLs			
2025	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bill receivables	2,318	–	–	113,249	115,567
Financial assets included in deposits and other receivables*	15,711	–	–	–	15,711
Restricted cash	7	–	–	–	7
Cash and cash equivalents	514,410	–	–	–	514,410
	532,446	–	–	113,249	645,695

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

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations. The maturity profile of the Group's financial liabilities as at the end of each of the Relevant Periods, based on the contractual undiscounted payments, is as follows:

As at December 31, 2023

	Less than 12 months or on demand	1 to 10 years	Total
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	104,330	98	104,428
Financial liabilities included in other payables and accruals	2,085	–	2,085
Lease liabilities	14,079	27,435	41,514
Interest-bearing bank loans	3,006	–	3,006
	123,500	27,533	151,033

As at December 31, 2024

	Less than 12 months or on demand	1 to 10 years	Total
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	159,287	82	159,369
Financial liabilities included in other payables and accruals	37,213	–	37,213
Lease liabilities	22,578	43,524	66,102
	219,078	43,606	262,684

As at December 31, 2025

	Less than 12 months or on demand	1 to 10 years	Total
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	215,085	940	216,025
Financial liabilities included in other payables and accruals	19,751	–	19,751
Lease liabilities	26,220	42,382	68,602
Interest-bearing bank loans	1,298	692	1,990
	262,354	44,014	306,368

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

The asset-liability ratios as at the end of the Relevant Periods are as follows:

	As at December 31,		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Total assets	963,771	1,203,185	1,218,808
Total liabilities	275,772	474,907	583,267
Asset-liability ratio*	29%	39%	48%

* Asset-liability ratio is calculated by dividing total liabilities by total assets.

41. EVENTS AFTER THE REPORTING PERIOD

On 31 March 2026, the shareholders of the Company resolved to approve the share split where the Group's shares will be split on a one-for-forty basis effective immediately prior to the [**REDACTED**]. Upon completion of the share split, the registered share capital of the Company with the amount of RMB10,000,000 will be divided into 400,000,000 shares with a nominal value of RMB0.025 per share.

42. SUBSEQUENT FINANCIAL STATEMENTS

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