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

[To insert the firm's letterhead]

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF HUBEI DSPHOS CO., LTD. AND GF CAPITAL (HONG KONG) LIMITED

Introduction

We report on the historical financial information of Hubei DSphos Co., Ltd. and its subsidiaries (together, the "**Group**") set out on pages I-4 to I-81, 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 I-4 to I-81, 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 initial **[REDACTED]** of the H 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* as issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of 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 states that no dividends have been paid by the Company in respect of the Relevant Periods.

[•]
Certified Public Accountants
Hong Kong
[REDACTED]

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 ("**HKSAs**") as issued by the HKICPA (the "**Underlying Financial Statements**").

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

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31 December 2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
REVENUE	*5*	1,506,076	1,622,806	1,858,618
Cost of sales		(950,298)	(1,309,742)	(1,453,455)
Gross profit		555,778	313,064	405,163
Other income and gains	*5*	5,816	10,926	11,312
Selling and marketing expenses		(1,443)	(2,201)	(3,838)
Administrative expenses		(24,062)	(28,936)	(35,360)
Research and development costs		(45,260)	(41,048)	(62,967)
Other expenses		(3,035)	(11,831)	(26,057)
Finance costs	*7*	(55,425)	(53,166)	(47,912)
PROFIT BEFORE TAX		432,369	186,808	240,341
Income tax expense	*10*	(65,706)	(37,261)	(48,505)
PROFIT FOR THE YEAR		366,663	149,547	191,836
OTHER COMPREHENSIVE INCOME				
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:				
Exchange differences on translation of foreign operations		—	176	(611)
Changes in fair value of financial assets at fair value through other comprehensive income		—	(649)	647
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods		—	(473)	36
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR		—	(473)	36
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		366,663	149,074	191,872
Profit attributable to:				
Owners of the parent		333,822	157,118	195,425
Non-controlling interests		32,841	(7,571)	(3,589)
		366,663	149,547	191,836
Total comprehensive income attributable to:				
Owners of the parent		333,822	156,645	195,461
Non-controlling interests		32,841	(7,571)	(3,589)
		366,663	149,074	191,872
[REDACTED] ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT				
Basic and diluted *(RMB)*	*12*	3.27	1.54	1.92

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December		
	Notes	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS				
Property, plant and equipment	*13*	1,296,164	1,548,170	1,742,040
Right-of-use assets	*15*	82,653	92,676	94,746
Intangible assets	*14*	32,278	31,559	30,864
Deferred tax assets	*16*	8,468	11,200	11,913
Other non-current assets	*17*	17,424	36,056	47,949
Total non-current assets		1,436,987	1,719,661	1,927,512
CURRENT ASSETS				
Inventories	*18*	198,676	360,241	350,597
Trade and bills receivables	*19*	632,718	240,600	307,504
Prepayments, deposits and other receivables	*20*	30,282	20,021	52,034
Financial assets at fair value through profit or loss	*21*	—	—	80,000
Restricted cash	*23*	6,279	8,020	49,881
Financial assets at fair value through other comprehensive income	*22*	—	58,393	174
Cash and cash equivalents	*23*	951	113,918	68,552
Total current assets		868,906	801,193	908,742
CURRENT LIABILITIES				
Trade payables	*24*	210,249	260,832	422,704
Other payables and accruals	*25*	1,055,806	785,648	591,929
Interest-bearing bank and other borrowings	*26*	987,305	1,072,530	969,314
Contract liabilities	*27*	208,901	398,079	219,423
Provision	*28*	—	10,850	10,850
Tax payable		17,090	52,998	42,159
Total current liabilities		2,479,351	2,580,937	2,256,379
NET CURRENT LIABILITIES		(1,610,445)	(1,779,744)	(1,347,637)
TOTAL ASSETS LESS CURRENT LIABILITIES		(173,458)	(60,083)	579,875
NON-CURRENT LIABILITIES				
Interest-bearing bank borrowings	*26*	264,100	188,380	334,947
Provision	*28*	—	12,747	13,372
Deferred income	*29*	16,800	57,876	67,961
Deferred tax liabilities	*16*	4,506	4,564	13,196
Long-term other payables	*25*	—	—	282,177
Total non-current liabilities		285,406	263,567	711,653
Net liabilities		(458,864)	(323,650)	(131,778)
EQUITY				
Equity attributable to owners of the parent				
Paid-in capital	*30*	102,000	102,000	102,000
Deficits	*31*	(474,734)	(318,155)	(218,906)
		(372,734)	(216,155)	(116,906)
Non-controlling interests		(86,130)	(107,495)	(14,872)
Total deficits		(458,864)	(323,650)	(131,778)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the parent							
	Paid-in capital	Capital reserve	Special reserve — safety fund	Statutory surplus reserve	Accumulated losses	Total	Non-controlling interests	Total deficits
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(note 30)	*(note 31)*	*(note 31)*	*(note 31)*	*(note 31)*			
As at 1 January 2023	102,000	15,811	3,468	—	(873,718)	(752,439)	(103,088)	(855,527)
Profit for the year	—	—	—	—	333,822	333,822	32,841	366,663
Total comprehensive income for the year	—	—	—	—	333,822	333,822	32,841	366,663
Acquisition of non-controlling interests	—	23,064	—	—	—	23,064	(30,064)	(7,000)
Deemed capital contribution from a shareholder	—	22,819	—	—	—	22,819	14,181	37,000
Provision for safety production reserve	—	—	14,393	—	(14,393)	—	—	—
Utilisation of safety production reserve	—	—	(9,545)	—	9,545	—	—	—
As at 31 December 2023	102,000	61,694*	8,316*	—*	(544,744)*	(372,734)	(86,130)	(458,864)

	Attributable to owners of the parent									
	Paid-in capital	Capital reserve	Foreign currency translation reserve	Other reserve	Special reserve — safety fund	Statutory surplus reserve	Accumulated losses	Total	Non-controlling interests	Total deficits
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(note 30)	*(note 31)*	*(note 31)*	*(note 31)*	*(note 31)*	*(note 31)*	*(note 31)*			
As at 1 January 2024	102,000	61,694	—	—	8,316	—	(544,744)	(372,734)	(86,130)	(458,864)
Profit for the year	—	—	—	—	—	—	157,118	157,118	(7,571)	149,547
Other comprehensive loss for the year:										
Changes in fair value of financial assets at fair value through other comprehensive income	—	—	—	(649)	—	—	—	(649)	—	(649)
Exchange differences on translation of foreign operations	—	—	176	—	—	—	—	176	—	176
Total comprehensive income for the year	—	—	176	(649)	—	—	157,118	156,645	(7,571)	149,074
Acquisition of non-controlling interests	—	(66)	—	—	—	—	—	(66)	(13,794)	(13,860)
Provision for safety production reserve	—	—	—	—	14,722	—	(14,722)	—	—	—
Utilisation of safety production reserve	—	—	—	—	(8,089)	—	8,089	—	—	—
As at 31 December 2024	102,000	61,628*	176*	(649)*	14,949*	—	(394,259)*	(216,155)	(107,495)	(323,650)

	Attributable to owners of the parent									
	Paid-in capital	Capital reserve	Foreign currency translation reserve	Other reserve	Special reserve — safety fund	Statutory surplus reserve	Accumulated losses	Total	Non-controlling interests	Total deficits
	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 1 January 2025	102,000	61,628	176	(649)	14,949	—	(394,259)	(216,155)	(107,495)	(323,650)
Profit for the year	—	—	—	—	—	—	195,425	195,425	(3,589)	191,836
Other comprehensive loss for the year:										
Changes in fair value of financial assets at fair value through other comprehensive income	—	—	—	647	—	—	—	647	—	647
Exchange differences on translation of foreign operations	—	—	(611)	—	—	—	—	(611)	—	(611)
Total comprehensive income for the year	—	—	(611)	647	—	—	195,425	195,461	(3,589)	191,872
Acquisition of additional interests in a subsidiary under common control *(note 2.1)*	—	(96,212)	—	—	—	—	—	(96,212)	96,212	—
Provision for safety production reserve	—	—	—	—	11,148	—	(11,148)	—	—	—
Utilisation of safety production reserve	—	—	—	—	(14,456)	—	14,456	—	—	—
Appropriation to statutory reserve	—	—	—	—	—	8,472	(8,472)	—	—	—
As at 31 December 2025	102,000	(34,584)*	(435)*	(2)*	11,641*	8,472*	(203,998)*	(116,906)	(14,872)	(131,778)

* These reserve accounts comprise the consolidated net deficits of RMB474,734,000, RMB318,155,000 and RMB218,906,000 in the consolidated statements of financial position as at 31 December 2023, 2024 and 2025, respectively.

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended 31 December		
	Notes	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		432,369	186,808	240,341
Adjustments for:				
Finance costs	*7*	55,425	53,166	47,912
Bank interest income	*5*	(50)	(368)	(225)
Foreign exchange differences, net		—	(433)	1,055
Depreciation of property, plant and equipment	*6*	42,134	67,010	89,200
Depreciation of right-of-use assets	*6*	912	1,791	1,796
Amortisation of intangible assets	*6*	490	1,361	764
Depreciation of long-term deferred expense	*6*	—	1,253	8,220
Write-down of inventories to net realisable value	*6*	—	5,944	862
Loss/ (gain) on disposal of items of property, plant and equipment	*6*	201	(3,202)	1,580
		531,481	313,330	391,505
Decrease/(increase) in inventories		29,801	(167,509)	8,782
Increase in trade and bills receivables		(1,039,600)	(1,199,758)	(959,856)
Decease/(increase) in prepayments, other receivables and other assets		272,651	10,261	(27,472)
Increase in a restricted cash		(6,279)	(1,741)	(41,861)
Increase in financial assets at fair value through other comprehensive income		—	(187,696)	(27,140)
Increase in trade payables		790,780	1,157,719	1,046,109
(Decrease)/Increase in other payables and accruals		(42,140)	163,243	37,446
(Decrease)/increase in contract liabilities		(110,539)	189,178	(178,656)
Increase in deferred income		16,800	41,076	10,085
Increase in provision		—	10,850	—
Cash generated from operations		442,955	328,953	258,942
Interest received		50	368	225
Corporate income tax paid		(4,455)	(4,027)	(51,425)
Net cash flows from operating activities		438,550	325,294	207,742

CONSOLIDATED STATEMENTS OF CASH FLOWS (continued)

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment, right-of-use assets and other assets	(437,925)	(161,774)	(180,173)
Proceeds from disposal of items of property, plant and equipment	4,697	7,089	13,066
Purchases of intangible assets	(325)	(642)	(69)
Purchases of financial assets at fair value through profit or loss	—	—	(80,000)
Net cash flows used in investing activities	(433,553)	(155,327)	(247,176)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from bank borrowings and other borrowings	1,124,050	1,081,500	1,538,620
Repayment of bank borrowings and other borrowings	(1,100,860)	(1,071,800)	(1,495,492)
Payment of **[REDACTED]** expenses	—	—	(940)
Acquisition of non-controlling interests	(7,000)	(13,860)	—
Interest paid	(59,556)	(53,273)	(47,065)
Deemed contribution from a shareholder	37,000	—	—
Net cash flows used in financing activities	(6,366)	(57,433)	(4,877)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(1,369)	112,534	(44,311)
Cash and cash equivalents at beginning of year	2,320	951	113,918
Effect of foreign exchange rate changes, net	—	433	(1,055)
Cash and cash equivalents at end of year	951	113,918	68,552

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Notes	As at 31 December 2023	2024	2025
		RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment	13	376,335	474,124	529,439
Right-of-use assets	15	78,505	88,644	87,000
Intangible assets	14	324	632	434
Investments in subsidiaries	1	105,649	64,367	264,363
Deferred tax assets	16	8,468	11,200	11,913
Other non-current assets	17	13,317	26,219	44,384
Total non-current assets		582,598	665,186	937,533
CURRENT ASSETS				
Inventories	18	195,690	356,092	345,646
Trade and bills receivables	19	—	—	298,939
Prepayments, deposits and other receivables	20	1,250,092	1,569,755	694,937
Restricted cash		5,075	5,015	35,006
Financial assets at fair value through other comprehensive income		—	—	11
Cash and cash equivalents	23	357	2,357	1,244
Total current assets		1,451,214	1,933,219	1,375,783
CURRENT LIABILITIES				
Trade payables	24	611,404	255,580	392,559
Other payables and accruals	25	394,731	997,567	433,920
Interest-bearing bank borrowings	26	898,467	969,683	818,605
Contract liabilities	27	118,780	99,836	99,151
Provision	28	—	10,850	10,850
Tax payable		626	35,553	29,070
Total current liabilities		2,024,008	2,369,069	1,784,155
NET CURRENT LIABILITIES		(572,794)	(435,850)	(408,372)
TOTAL ASSETS LESS CURRENT LIABILITIES		9,804	229,336	529,161
NON-CURRENT LIABILITIES				
Interest-bearing bank borrowings	26	203,700	188,380	279,980
Deferred income	29	16,800	57,876	61,764
Total non-current liabilities		220,500	246,256	341,744
Net (liabilities)/assets		(210,696)	(16,920)	187,417
EQUITY				
Paid-in capital	30	102,000	102,000	102,000
(Deficits)/reserves	31	(312,696)	(118,920)	85,417
Total (deficits)/equity		(210,696)	(16,920)	187,417

1. CORPORATE INFORMATION

Hubei DSphos Co., Ltd. (formerly known as Yichang Dongsheng Phosphate Compound Fertilizers Co., Ltd.) was incorporated in the People's Republic of China ("**PRC**") as a limited liability company on 23 December 2003. On 23 April 2026, the Company was converted to a joint stock limited liability company. The registered office of our Company is Group three, Fenshui Village, Leizu Town, Yuan'an County, Yichang, Hubei, the PRC.

The Company is ultimately controlled by Mr. Huang Changbing (黃昌炳) and Mr. Huang Bin (黃斌) ("**Mr. Huang**").. Mr. Huang Changbing and Mr. Huang are father and son, and have entered into the acting-in-concert agreements as mentioned below, and in any event are deemed to be acting in concert by virtue of their family relationship, and accordingly, Mr. Huang Changbing and Mr. Huang (collectively, the "**Huang Family**"), constituted a group of Controlling Shareholders of the Company.

In March 2004 and November 2005, the Huang Family entered into two acting-in-concert agreements (collectively, the "**Acting-in-Concert Agreements**") in respect of Hubei Dongsheng Chemical Group Co., Ltd. ("**Dongsheng Chemical**") and the Company, respectively. The principal terms of the Acting-in-Concert Agreements are substantially identical. Pursuant to the Acting-in-Concert Agreements, the Huang Family undertake, among other things, that they will be acting in concert with each other in exercising their voting rights at the Board and the Shareholders' meetings of the Company and Dongsheng Chemical.

During the Relevant Periods, the Company and its subsidiaries (collectively the "**Group**") specialize in the sale of (i) traditional phosphate chemical products; (ii) specialty phosphate chemical products; (iii) phosphate rock; and (iv) other slag and chemical products.

As at 31 December 2025, the Company's principal subsidiaries are set out below:

Name	Notes	Place and date of incorporation/registration and place of operations	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
			('000)	*%*	*%*	
Hubei Dongsheng Chemical Group Co., Ltd. ("**Dongsheng Chemical**") ("湖北東聖化工集團有限公司")	(a)/(c)	PRC/Chinese mainland/ 6 August 1998	RMB268,800	74.40	—	Production and sale of phosphate rocks and other chemical by products
Hubei Dongsheng Chemical Group Yulinxi Mining Co., Ltd. ("**Yulinxi Mining**") ("湖北東聖化工集團魚林溪礦業有限公司")	(b)/(c)/(e)	PRC/Chinese mainland/ 7 March 2018	RMB20,000	—	100.00	Phosphorus ore mining

Name	Notes	Place and date of incorporation/registration and place of operations	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
				Direct	Indirect	
		('000)	*%*	*%*		
Hubei Dongsheng Agricultural Production Material Co., Ltd. ("**Dongsheng Agricultural Production Material**") ("湖北東聖農業生產資料有限公司")	(c)/(e)	PRC/Chinese mainland/ 28 October 2008	RMB160,000	—	81.75	Production of chemical products
Yuan'an Donghe New Material Technology Co., Ltd. ("**Yuan'an Donghe New Material**") ("遠安東禾新型材料科技有限責任公司")	(c)/(e)	PRC/Chinese mainland/ 30 March 2021	RMB600	—	100.00	Sales of chemical products
Yichang Dongsheng Logistics Co., Ltd. ("**Dongsheng Logistics**") ("宜昌東聖物流有限責任公司")	(d)	PRC/Chinese mainland/ 24 March 2025	RMB1,000	100.00	—	Logistics
Hong Kong Dongsheng Chemical Trading Co., Limited ("**Dongsheng Hong Kong**")	(d)/(e)	Hong Kong/ 13 December 2023	US$10,000	—	100.00	Trading of ammonium phosphate products and phasphate rock

* The English names of the entities registered in Chinese mainland represent the best efforts made by the management of the Company to directly translate their Chinese names as they have not registered with any official English names.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, have operating activities. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

(a) On 18 December 2024, the then shareholders of Dongsheng Chemical approved a capital increase in Dongsheng Chemical, pursuant to which the Company made a capital contribution of RMB200.00 million to Dongsheng Chemica for subscription of 74.4% of shareholding interest in Dongsheng Chemical. The capital injection was completed on 17 March 2025. Since the subsidiary and the Group are both under the common control of the Huang Family before and after the acquisition, the acquisition is considered as a business combination under common control, further details of basis of consolidated of the transaction are included in note 2.1 to the Historical Financial information.

(b) In December 2023, Dongsheng Agricultural Production Material, a subsidiary of the Group, acquired additional 35% equity interests of Yulinxi Mining from a non-controlling shareholder at a consideration of RMB7 million. Upon the completion of the transaction, Yulinxi Mining was held 80% by Dongsheng Agricultural Production Material and 20% by Dongsheng Chemical respectively.

To streamline the Group's corporate structure and align assets with core business operations, in November 2025, Dongsheng Agricultural Production Material transferred its 80% equity interest in Yulinxi Mining to Dongsheng Chemical, upon the completion of the transfer, Yulinxi Mining became a wholly-owned subsidiary of Dongsheng Chemical.

(c) The statutory financial statements of these entities for the year ended 31 December 2023 and 2024 prepared under China Accounting Standards for Business Enterprises ("**CASBE**") were audited by HUBEI SAIYINTE CERTIFIED PUBLIC ACCOUNTANTS CO,,LTD (湖北賽因特會計師事務有限責任公司), certified public accountants registered in the PRC. The statutory financial statements of these entities for the year ended 31 December 2025 have not yet been issued as at the date of this report.

(d) No audited statutory financial statements have been prepared for these entities for the year ended 31 December 2023, 2024 and 2025.

(e) These entities are subsidiaries of non-wholly-owned subsidiaries of the Company and, accordingly, are accounted for as subsidiaries by virtue of the Company's control over it.

The Company

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Investment in subsidiaries	171,140	130,000	330,000
Less: impairment	65,491	65,633	65,637
	105,649	64,367	264,363

During the Relevant Periods, the directors assessed the investments in subsidiaries and concluded that impairment losses were recognised for certain subsidiaries reflecting deterioration in their financial performance. Besides that, the directors assessed and determined that no further impairment was required for the remaining investments in subsidiaries.

Certain of the Group's investment in subsidiaries with a net carrying amount of approximately RMB64,509,000, RMB64,367,000 and RMB264,363,000, as at 31 December 2023, 2024 and 2025 respectively, were pledged as securities for bank loan facilities granted to the Group (note 34).

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 1 January 2025 together with the relevant transitional provisions, have been consistently adopted by the Group in the preparation of the Historical Financial Information.

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

Going concern basis

As at 31 December 2025, the Group recorded net current liabilities of RMB1,347,637,000, and net liability of RMB131,778,000, respectively. The Directors of the Company have reviewed the Gorup's cashflow projections prepared by the management, which covers a period of no less than twelve months from 31 December 2025 and are based on the following:

1) The Group has subsequently renewed certain bank borrowings originally due within one year amounted to RMB925,970,000, and the Group has also obtained some waiver on certain loan covenants of these bank borrowings, pursuant to the renewal and waiver obtained, the Group has extended the payment obligations and payment terms of these bank borrowings to periods later than 31 December 2026;

2) The Group has subsequently entered into sales and lease back arrangement with several financing lease institutions to sells certain equipment it owns and simultaneously leases back all of the same assets in substance for financing purpose, pursuant to the arrangement, the Group has obtained borrowings amounted to RMB271,500,000 with payment obligations due in periods later than 31 December 2026;

3) Payment of a substantial amounts to certain suppliers have been extended as agreed with the suppliers to 1 July 2027 or later;

4) The Group can achieve a strategic cost saving initiatives implemented by an experienced team and the production of Yulinxi Mining would lead to a reduction in cost.

Taking into account the financial resources available to the Group, including cash and cash equivalents and management products on hand, the financial resources available to the Group, and the expected net cash flows generated from the Group's operating activities, the directors of the Company are of the opinion that the Group will have sufficient working capital to meet its financial liabilities and obligations as and when they fall due for the next twelve months from 31 December 2025, and accordingly, the Historical Financial Information has been prepared on a going concern basis.

Basis of consolidation

Basis of consolidation other than common control

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

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

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

(b) rights arising from other contractual arrangements; and

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

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

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

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

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

Business combination under common control

A business combination involving entities under common control is a business combination in which all of the combining enterprises are ultimately controlled by the same party or parties both before and after the combination, and that control is not transitory.

Business combinations of entities under common control are accounted for using the pooling of interest method.

The consolidated financial statements incorporate the financial statements of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the ultimate controlling party or parties.

Assets and liabilities (including goodwill arising from the acquisition of the merged party or parties by the ultimate controlling party) obtained by the combining party shall be measured at their respective carrying amounts as recorded by the ultimate controlling party at the date of the combination.

The assets and liabilities of the combining entities or businesses are combined using the carrying book values from the controlling party's perspective. No amount is recognised in consideration for goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over the consideration at the time of common control combination, to the extent of the continuation of the controlling party's interest. The consolidated statement of comprehensive income includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where there is a shorter period, regardless of the date of the common control combination.

Acquisition of Dongsheng Chemical under common control

In March 2004 and November 2005, the Huang Family entered into two acting-in-concert agreements in respect of their controls over the Group and Dongsheng Chemical, respectively. Pursuant to these agreements, Mr. Huang Changbing and Mr. Huang have agreed to centralise their ultimate control and right to make final decision, and to exercise and implement all major business, operation and financial decisions of the Group and Dongsheng Chemical in favour of each other, respectively.

As described in note 1 to the Historical Financial Information, the capital injection of RMB200.00 million in March 2025 resulted in the acquisition of 74.4% equity interest in Dongsheng Chemical by the Company. Since the subsidiary and the Group are both under the common control of the Huang Family before and after the acquisition, the acquisition is considered as a business combination under common control, accordingly, the financial results and cashflow of Dong sheng Chemical have been consolidated from the date when the Company and Dong sheng Chemical first came under the control of Huang Family. The assets and liabilities of the acquired subsidiary have been reflected at their existing carrying values at the date of the combination. The business combination under common control was implemented by the capital injection of RMB200.00 million to Dongsheng Chemical without any further consideration. Changes in the ownership interest between the Company and the non-controlling interest shareholders of Dong sheng Chemical upon the completion of the common control combination was accounted as an equity transaction and was adjusted in capital reserve.

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 IFRS Accounting Standards — Volume 11	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7[1]

[1] Effective for annual periods beginning on or after 1 January 2026

[2] Effective for annual/reporting periods beginning on or after 1 January 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 amended IFRS Accounting Standards, except for IFRS 18, may result in changes in certain accounting policies but are unlikely to have a significant impact on the Group's financial performance and financial position in the period of initial application. The application of IFRS 18 is not expected to have a material impact on the financial position of the Group but is expected to affect the presentation of the consolidated statements of profit or loss, consolidated statements of comprehensive income and consolidated 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

Fair value measurement

The Group measures its certain financial assets 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, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

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

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

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

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

Impairment of non-financial assets

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

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

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to 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 recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

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 capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depending on the nature of the item of property, plant and equipment, depreciation is calculated on the straight-line basis to write off the cost of each asset to its residual value over its estimated useful life or it is calculated using the units of production ("**UOP**") basis to write off the cost of the asset proportionately to the value obtained from the extraction of the mineral reserves.

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

Buildings	4.75%–5.00%
Production and drainage equipment	9.50%–33.33%

Vehicles and construction machinery	9.50%–33.33%
Electrical and other equipment	5.00%–33.33%

Included in property, plant and equipment is the mining infrastructure located at the mining sites. Depreciation is provided to write off the cost of the mining infrastructure using the UOP method based on the mineral reserves.

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 methods are reviewed, and adjusted if appropriate, at least at each financial year end.

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

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

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 amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Mining right

The amortisation of mining rights is based on the units-of production method. Exploration rights are not amortised until mining commences and are amortised in accordance with the units-of-production method after they are transferred to mining rights.

Exploration expenditure is recognised as other non-current assets exploration and development costs at the net amount of cost less impairment. Exploration expenditure includes costs of geological prospecting for technical consultancy and costs of feasibility study for commercial development which incurred in the surroundings, outer ring and deep areas of the existing or externally acquired mineral properties, and costs of drilling, trench sampling and other associated activities. Such expenditures may be capitalised when the mineral properties are reasonably determined to be commercially available and recognised as intangible assets after obtaining mining rights, which will be amortised under the units-of-production method. If any construction is abandoned in the development phase or belongs to the productive exploration, all costs shall be written off and recognised in profit or loss for the current period.

Mining right is stated at cost less accumulated amortisation and any impairment losses. Mining right includes the cost of acquiring mining licence. The mining right is amortised over the estimated useful life of the mine, in accordance with the production plans of the Company concerned and the reserves of the mine using the UOP method. Mining right is written off to profit or loss if the mining property is abandoned.

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

Category	Estimated useful lives
Software and others	3 to 10 years

The estimated useful lives of intangible assets are determined by considering the period of the economic benefits to the Group or the periods of validity of intangible assets protected by the relevant laws, as well as by referring to the industry practice.

Research and development costs

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

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

Leases

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

Group as a lessee

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

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

Leasehold land	40 to 50 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) Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery equipments and buildings (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 and laptop computers that are considered to be of low value. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis.

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

Group as a lessor

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

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

Investments and other financial assets

Initial recognition and measurement

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

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

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

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

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

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

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

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

For debt investments at fair value through other comprehensive income, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

Financial assets at fair value through profit or loss

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

Derecognition of financial assets

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

- the rights to receive cash flows from the asset have expired; or

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

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

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

Impairment of financial assets

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

General approach

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

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

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

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

Debt investments at fair value through other comprehensive income and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables which apply the simplified approach as detailed below.

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

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

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

Simplified approach

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

Financial liabilities

Initial recognition and measurement

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

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

The Group's financial liabilities include trade and bills payables, financial liabilities included in other payables and accruals (excluding payroll and welfare payable, contract liabilities and other tax payables), interest-bearing bank and other borrowings.

Subsequent measurement

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

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss. The net fair value gain or loss recognised in profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition as at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. Gains or losses on liabilities designated at fair value through profit or loss are recognised in profit or loss, except for the gains or losses arising from the Group's own credit risk which are presented in other comprehensive income with no subsequent reclassification to profit or loss. The net fair value gain or loss recognised in profit or loss does not include any interest charged on these financial liabilities.

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

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

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

Derecognition of financial liabilities

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

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

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 recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

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

Cash and cash equivalents

Cash and cash equivalents in the statements of financial position comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired and form an integral part of the Group's cash management.

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

Special reserve — Safety fund

Provisions for the Group's obligations for safety operation are based on the Group's revenue arising from the non-coal mine extraction products and hazardous materials production per year in accordance with related PRC rules and regulations. The Group has appropriated a certain amount of profit to the safety production reserve fund for the purposes of safety production expense purposes as required by directives issued by the relevant PRC government authorities. The Group charged the safety production expense to profit or loss when such expense was incurred, and at the same time an equal amount of special reserve fund was utilised and transferred back to accumulated losses.

Provisions

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

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

Provisions for the Group's obligations for rehabilitation are based on estimates of required expenditure at the mines in accordance with the rules and regulations of the PRC. The obligation generally arises when an asset is installed or the ground environment is disturbed at the production location. The Group estimates its liabilities for the final rehabilitation and mine closure based upon detailed calculations of the amount and timing of the future cash expenditure to perform the required work. Spending estimates are escalated for inflation, then discounted at a discount rate that reflects current market assessments of the time value of money and the risks specific to the liability such that the amount of provision reflects the present value of the expenditures expected to be required to settle the obligation. When the liability is initially recognised, the present value of the estimated cost is capitalised by increasing the carrying amount of the related asset.

Over time, the discounted liability is increased for the change in the present value based on the appropriate discount rate. The periodic unwinding of the discount is recognised within finance costs in profit or loss. The asset is depreciated using the UOP method based on the mineral reserves and the liability is accreted to the projected expenditure date. Additional disturbances or changes in estimates (such as mine plan revisions, changes in estimated costs, or changes in timing of the performance of reclamation activities) will be recognised as additions or charges to the corresponding assets and rehabilitation liabilities when they occur at the appropriate discount rate.

Income tax

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

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of 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 recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or lossand 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 recognised for all deductible temporary differences, and the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

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

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

The carrying amount of deferred tax assets is reviewed at the end of each 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 utilised. Unrecognised deferred tax assets are reassessed at the end of each of the Relevant Periods and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of 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 realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Government grants

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

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

Revenue recognition

Revenue from contracts with customers

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

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

Sale of Phosphate Chemical Products and Phosphate Rock

For domestic sales, revenue is recognised at the point in time when control of the product is transferred to the customers, which for the orders collected by customers from the Group's premises are generally at the time when the customers sign the delivery note, and for orders that the Group is responsible for the delivery are at the time when the goods are delivered to the location designated by the customers.

For oversea sales, revenue is recognised at the point in time when control of the products is transferred to the customer in accordance with the mutually agreed international commerce terms specified in the contract, generally upon customers' confirm on acceptance in bill of landing.

Certain contracts of phosphate chemical products comprise price adjustment terms to secure the sales price of phosphate chemical products over a specified period beginning from the inception of the contract. The secure period is generally less than 180 days. A discount will be offered if the industry market price decreases within the specified period as stipulated in the contract. The management has estimated the sell prices based on their best prediction in the expected sales price trends by reference to their industry experience and industry sales price forecast-related information. Revenue from these contracts is recognised based on the contract price, net of the estimated market price discounts. Revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

Certain contracts of phosphate chemical products mainly deal with trading of phosphate chemical products which are non-self-produced products, the Group do not have control over the products before transferring the control of products to its customers, the Group is an agent and recognises revenue in accordance with the amount of commissions it expects to be entitled to receive in trading contracts.

Other income

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

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

Contract liabilities

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

Employee benefits

Pension scheme

The employees of the Company and 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 Company and subsidiaries are required to contribute a certain proportion of its 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 a 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 the each of Relevant Periods.

Borrowing costs

Borrowing costs directly attributable to the 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. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. 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.

Dividends

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

Events after the reporting period

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

Foreign currencies

These Historical Financial Information are 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 Historical Financial Information 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 recognised in 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.

The functional currency of an overseas subsidiary is currency other than the RMB. As at the end of each of the Relevant Periods, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the of the Relevant Periods and its statement of profit or loss is translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

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

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

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

Research and development expenses

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

Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax losses, 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 losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits, together with future tax planning strategies. Further details are included in note16 to the Historical Financial Information.

Classification of financial assets

The classification of financial assets at initial recognition depends on the Group's business model for managing the financial assets. In determining the business model, the Group considers how the performance of the business model and the financial assets held within that business model are evaluated and reported to the Group's key management personnel, the risks that affect the performance of the business model (and the financial assets held within) and, the way those risks are managed. In determining whether cash flows are going to be realised by collecting the financial assets' contractual cash flows, it is necessary for the Group to consider the reason, timing, frequency, and value of sales prior to the maturity date.

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 disclosed below:

Environmental rehabilitation obligations

Pursuant to the regulations of the governmental authorities of the places where the mines are located, the Group recognises provision for environmental rehabilitation and restoration of mines. The amount of provision is an estimate based upon the life of mining rights, timing of mine closure and cost of such rehabilitation. When this estimate changes, it may affect the Group's operations and performance. Further details are included in note 28 to the Historical Financial Information.

Mineral reserves

Asset related to environmental rehabilitation obligations are depreciated based on the UOP method where mineral reserves are an important parameter. Engineering estimates of the Group's mineral reserves are inherently imprecise and only represent approximate amounts because of the significant judgement involved in developing such information. Mineral reserve estimates are updated at regular intervals taking into account recent production and technical information about each mine. In addition, as prices and cost levels change from year to year, the estimate of mineral reserves also changes. This change is considered a change in estimates for accounting purposes and is reflected on a prospective basis at related depreciation rates.

Write-down of inventories to net realisable value

Write-down of inventories to net realisable value is made based on the estimated net realisable value of the inventories. The assessment of the write-down required involves management's judgement and estimates on market conditions. Where the actual outcome or further expectation in future is different from the original estimate, the differences will have an impact on the carrying amounts of inventories and the write-down charge/write-back of inventories in the period in which the estimate has been changed.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets (including the right-of-use assets) at the end of each of the Relevant Periods. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Principal versus agent considerations

The Group determines whether it is a principal or an agent in providing goods to customers. The Group is a principal and therefore records revenue on a gross basis if it controls promised goods before transferring the goods to the customer. Otherwise, the Group is an agent and records as revenue the net amount that it retains profits agency services if its role is to arrange to provide the goods. To assess whether the Group controls the goods before they are transferred to the customer, the Group has considered various factors, including but not limited to whether the Group is (i) the primary obligor in the arrangement, (ii) has general inventory risk, (iii) has discretion in establishing the selling price.

4. OPERATING SEGMENT INFORMATION

Management monitors the operating results of the Group's operating segment as a whole for the purpose of making decisions about resource allocation and performance assessment.

Geographical information

(a) Revenue from external customers

Revenue is attributed to geographical areas based on the locations of customers. Revenue by geographical location based on the locations of customers for each of the Relevant Periods is presented as follows:

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Geographical markets			
Chinese mainland	1,301,792	1,197,091	1,224,847
Outside Chinese mainland	204,284	425,715	633,771
Total	1,506,076	1,622,806	1,858,618

(b) Non-current assets

All of the Group's non-current assets are in the Chinese mainland.

Information about major customers

Revenue from major customers each individually amounting to 10% or more of the Group's revenue is as follows:

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Customer A	N/A*	171,848	186,259
Customer B	N/A*	N/A*	226,954

* 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

An analysis of revenue is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Revenue from contracts with customers	1,505,314	1,622,072	1,857,884
Revenue from other sources			
Rental income	762	734	734
Total	1,506,076	1,622,806	1,858,618

Revenue from contracts with customers

(a) Disaggregated revenue information

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Types of goods			
Traditional phosphate chemical products	1,025,511	1,111,503	1,375,118
Specialty phosphate chemical products	79,827	248,164	379,544
Phosphate rock	391,837	243,576	79,132
Others	8,139	18,829	24,090
Total	1,505,314	1,622,072	1,857,884
Geographical market			
Chinese mainland	1,301,030	1,196,357	1,224,113
Outside Chinese mainland	204,284	425,715	633,771
Total	1,505,314	1,622,072	1,857,884
Timing of revenue recognition			
Goods transferred at a point in time	1,505,314	1,622,072	1,857,884

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

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Revenue recognised that was included in contract liabilities at beginning of year:			
Sale of products	319,440	208,901	398,079

No revenue recognised during the Relevant Periods related to performance obligations that were satisfied in prior years.

(b) Performance obligations

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

Sale of Phosphate Chemical Products and Phosphate Rock

For domestic sales, revenue is recognised at the point in time when control of the product is transferred to the customers, which for the orders collected by customers from the Group's premises are generally at the time when the customers sign the delivery note, and for orders that the Group is responsible for the delivery are at the time when the goods are delivered to the location designated by the customers.

For oversea sales, revenue is recognised at the point in time when control of the product is transferred to the customer in accordance with the mutually agreed international commerce terms specified in the contract, generally upon customers' confirm on acceptance in bill of landing.

For domestic product sales, payment in advance is normally required. For export product sales, payment is generally due in 20 days from bill of lading.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are all related to contracts that have original expected duration of less than one year. The Group has elected the practical expedient for not to disclose the remaining performance obligations for these types of contracts.

Other income and gains

An analysis of other income and gains is as follows:

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Other income			
Government grants*	1,447	5,755	10,571
Bank interest income	50	368	225
Others	1,485	638	516
Total other income	2,982	6,761	11,312
Gains			
Foreign exchange differences, net	2,834	963	—
Gain on disposal of items of property, plant and equipment, net	—	3,202	—
Total gains	2,834	4,165	—
Total other income and gains	5,816	10,926	11,312

* Government grants mainly represent incentives received from local governments for the purpose of compensation on research and development contribution, local economic contribution and purchases of items of property, plant and equipment. There are no unfulfilled conditions or contingencies relating to these grants.

6. PROFIT BEFORE TAX

		Year ended 31 December		
		2023	2024	2025
	Notes	*RMB'000*	*RMB'000*	*RMB'000*
Cost of inventories sold		950,298	1,309,742	1,453,455
Depreciation of property, plant and equipment*	*13*	42,134	67,010	89,200
Depreciation of right-of-use assets*	*15(b)*	912	1,791	1,796
Amortisation of intangible assets*	*14*	490	1,361	764
Depreciation of long-term deferred expense		—	1,253	8,220
Research and development costs		45,260	41,048	62,967
[REDACTED] expenses		—	—	125
Expense relating to short-term leases		—	434	192
Employee benefit expenses (excluding directors' and chief executive's remuneration (note 8):				
Wages, salaries and other allowances		54,938	73,731	80,859
Pension scheme contributions (defined contribution scheme)		5,231	6,412	8,005
Total		60,169	80,143	88,864
Interest on bank and other borrowings		55,425	53,078	47,287
Foreign exchange differences, net		(2,834)	(963)	2,366
Write-down of inventories to net realisable value		—	5,944	862
Loss/(gain) on disposal of items of property, plant and equipment		201	(3,202)	1,580

* The depreciation of property, plant and equipment, depreciation of right-of-use assets, amortisation of intangible assets and employee benefit expense for the year are included in "Cost of inventories sold", "Selling and distribution expenses", "Research expenses" and "Administrative expenses" in profit or loss.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Interest on bank and other borrowings	55,425	53,078	47,287
Unwinding of discount *(note 28)*	—	88	625
Total	55,425	53,166	47,912

8. DIRECTORS' AND SUPERVISOR'S REMUNERATION

Directors' and supervisor's remuneration for the year is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Fees:	—	—	—
Other emoluments:			
Salaries, bonuses, allowances and benefits in kind	299	293	304
Performance related bonuses	—	2	—
Pension scheme contributions	16	16	16
Subtotal	315	311	320
Total	315	311	320

(a) Independent non-executive directors

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

In April 2026, Ms. Wong Yee Man, Mr. Chang Eric Jackson and Mr. Guo Jiabing are appointed as independent non-executive directors of the Company, and their appointment will be conditional and effective upon the **[REDACTED]** of the Company's H Shares on the Main Board of the Hong Kong Stock Exchange.

(b) Executive director and supervisor

	Fees	Salaries, allowances and benefits in kind	Pension scheme contributions and social welfare	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2023				
Executive director:				
Mr. Bao Fenghua* *(note i)*	—	164	8	172
Supervisor:				
Ms. Xiang Yanli	—	135	8	143
Total	—	299	16	315

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions and social welfare	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2024					
Executive director:					
Mr. Bao Fenghua* *(note i)*	—	160	1	8	169
Supervisor:					
Ms. Xiang Yanli	—	133	1	8	142
Total	—	293	2	16	311

	Fees	Salaries, allowances and benefits in kind	Pension scheme contributions and social welfare	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2025				
Executive director:				
Mr. Bao Fenghua* *(note i)*	—	169	8	177
Supervisor:				
Ms. Xiang Yanli	—	135	8	143
Total	—	304	16	320

There was no arrangement under which directors waived or agreed to waive any remuneration during the Relevant Periods.

Notes:

(i) Mr. Bao Fenghua was resigned as a director on 23 April 2026.

(ii) Mr. Huang was appointed as Chairman, executive director, and chief executive officer in March 2026.

(iii) Ms. Xiang Yanli, Mr. Wang Jianguo and Ms. Shi Ying were appointed as executive director and vice president in March 2026.

(iv) Ms. Tan Xuejiao was appointed as executive director and financial controller in March 2026.

(v) Mr. Chen Weihua was appointed as employee representative director in March 2026.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees for the years ended 31 December 2023, 2024 and 2025 included 1 director, 1 director and no directors, respectively, details of whose remuneration are set out in note 8 above. Details of the remuneration for the years ended of the remaining 4, 4 and 5 highest paid employees, respectively, who are neither a director nor chief executive of the Company are as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Salaries, bonuses, allowances and benefits in kind	1,116	1,098	1,225
Performance related bonuses	—	3	37
Pension scheme contributions	52	55	116
Total	1,168	1,156	1,378

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

	Year ended 31 December		
	2023	2024	2025
HK$0 to HK$1,000,000	4	4	5

10. INCOME TAX EXPENSE

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 Enterprise Income Tax Law of the People's Republic of China (中華人民共和國企業所得稅法) and the respective regulations (the "**EIT Law**"), the subsidiaries which operate in Chinese mainland are subject to EIT at a rate of 25% on the taxable income, except for those which are entitled to tax concessions as set out below:

In December 2020, the Company was qualified as a High and New Technology Enterprise ("**HNTE**") for a three-year period, and subsequently renewed in October 2023 for another three-year period. Accordingly, the Company was entitled to a preferential income tax rate of 15% during the Relevant Periods.

Hong Kong

The first HK$2.0 million of assessable profits of the Company's subsidiary in Hong Kong were taxed at 8.25% and the remaining assessable profits were taxed at 16.5% for the Relevant Periods.

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

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Current	9,343	39,935	40,586
Deferred *(note 16)*	56,363	(2,674)	7,919
Total tax charge for the year	65,706	37,261	48,505

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

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Profit before tax	432,369	186,808	240,341
Tax at the applicable PRC enterprise income tax rate	108,092	46,702	60,085
Adjustment for different tax rates for certain companies	(35,962)	(24,709)	(25,727)
Income not subject to tax	—	(71)	—
Expenses not deductible for tax	537	636	5,769
Additional deduction of research and development expenses*	—	(346)	(405)
Utilisation of previously unrecognised tax losses and temporary differences	(9,654)	(1,199)	(7,249)
Tax losses and temporary differences not recognised	2,693	16,248	16,032
Tax charge at the Group's effective tax rate	65,706	37,261	48,505

* Pursuant to the relevant CIT Law, the Company was entitled an additional deduction of 100% on qualifying research and development expenditures from taxable income during the Relevant Periods.

11. DIVIDENDS

No dividend was paid or declared by the Company during the Relevant Periods.

12. [REDACTED] ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic **[REDACTED]** amounts is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares used in the calculation is the number of ordinary shares outstanding during the Relevant Periods.

The Company was converted into a joint stock limited liability company and issued 102,000,000 shares with the par value of RMB1.0 each on 23 April 2026. The weighted average number of ordinary shares outstanding during the Relevant Period was determined 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.

The Company had no potentially dilutive ordinary shares in issue during the Relevant Periods.

The calculation of basic and diluted **[REDACTED]** is based on:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Earnings:			
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted **[REDACTED]** calculation	333,822	157,118	195,425

	Number of shares		
	2023	2024	2025
Shares:			
Weighted average number of ordinary shares outstanding	102,000,000	102,000,000	102,000,000

13. PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings	Mining infrastructure	Production equipment	Vehicles and machinery	Electrical and other equipment	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2023							
At 1 January 2023							
Cost	268,452	277,798	1,036,042	35,969	20,955	437,994	2,077,210
Accumulated depreciation	(153,443)	(10,216)	(950,351)	(15,138)	(6,326)	—	(1,135,474)
Net carrying amount	115,009	267,582	85,691	20,831	14,629	437,994	941,736
At 1 January 2023, net of accumulated depreciation	115,009	267,582	85,691	20,831	14,629	437,994	941,736
Additions	—	—	24,083	11,859	8,087	357,431	401,460
Disposals	—	—	(3,716)	(903)	—	(279)	(4,898)
Depreciation provided during the year	(13,258)	(5,157)	(16,526)	(4,397)	(2,796)	—	(42,134)
Transfers	107,421	73,052	18,597	—	5,791	(204,861)	—
At 31 December 2023, net of accumulated depreciation	209,172	335,477	108,129	27,390	25,711	590,285	1,296,164
At 31 December 2023:							
Cost	375,873	350,850	1,062,458	46,004	34,833	590,285	2,460,303
Accumulated depreciation	(166,701)	(15,373)	(954,329)	(18,614)	(9,122)	—	(1,164,139)
Net carrying amount	209,172	335,477	108,129	27,390	25,711	590,285	1,296,164

	Buildings	Mining infrastructure	Production equipment	Vehicles and machinery	Electrical and other equipment	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2024							
At 1 January 2024:							
Cost	375,873	350,850	1,062,458	46,004	34,833	590,285	2,460,303
Accumulated depreciation	(166,701)	(15,373)	(954,329)	(18,614)	(9,122)	—	(1,164,139)
Net carrying amount	209,172	335,477	108,129	27,390	25,711	590,285	1,296,164
At 1 January 2024, net of accumulated depreciation	209,172	335,477	108,129	27,390	25,711	590,285	1,296,164
Additions	934	12,659	26,108	9,950	11,758	261,494	322,903
Disposals	(990)	—	(2,050)	(847)	—	—	(3,887)
Depreciation provided during the year	(17,793)	(16,958)	(20,890)	(5,744)	(5,625)	—	(67,010)
Transfers	49,085	570,087	161,016	—	17,105	(797,293)	—
At 31 December 2024, net of accumulated depreciation	240,408	901,265	272,313	30,749	48,949	54,486	1,548,170
At 31 December 2024:							
Cost	415,920	933,596	1,155,706	52,380	63,197	54,486	2,675,285
Accumulated depreciation	(175,512)	(32,331)	(883,393)	(21,631)	(14,248)	—	(1,127,115)
Net carrying amount	240,408	901,265	272,313	30,749	48,949	54,486	1,548,170

	Buildings	Mining infrastructure	Production equipment	Vehicles and machinery	Electrical and other equipment	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2025							
At 1 January 2025:							
Cost	415,920	933,596	1,155,706	52,380	63,197	54,486	2,675,285
Accumulated depreciation	(175,512)	(32,331)	(883,393)	(21,631)	(14,248)	—	(1,127,115)
Net carrying amount	240,408	901,265	272,313	30,749	48,949	54,486	1,548,170
At 1 January 2025, net of accumulated depreciation	240,408	901,265	272,313	30,749	48,949	54,486	1,548,170
Additions	5,315	—	42,066	26,578	5,804	217,953	297,716
Disposal	(1,421)	—	(10,148)	(1,442)	(1,635)	—	(14,646)
Depreciation provided during the year	(21,627)	(12,753)	(35,843)	(7,786)	(11,191)	—	(89,200)
Transfers	51,014	56,581	63,328	—	16,037	(186,960)	—
At 31 December 2025, net of accumulated depreciation	273,689	945,093	331,716	48,099	57,964	85,479	1,742,040
At 31 December 2025:							
Cost	468,860	990,177	1,211,787	73,879	81,481	85,479	2,911,663
Accumulated depreciation	(195,171)	(45,084)	(880,071)	(25,780)	(23,517)	—	(1,169,623)
Net carrying amount	273,689	945,093	331,716	48,099	57,964	85,479	1,742,040

The Company

	Buildings	Production equipment	Vehicles and machinery	Electrical and other equipment	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2023						
At 1 January 2023:						
Cost	240,285	1,010,308	7,014	5,591	21,049	1,284,247
Accumulated depreciation	(146,804)	(946,509)	(5,637)	(3,277)	—	(1,102,227)
Net carrying amount	93,481	63,799	1,377	2,314	21,049	182,020
At 1 January 2023, net of accumulated depreciation	93,481	63,799	1,377	2,314	21,049	182,020
Additions	—	6,731	1,794	559	210,813	219,897
Disposals	—	—	(1)	—	—	(1)
Depreciation provided during the year	(12,075)	(12,474)	(492)	(540)	—	(25,581)
Transfers	82,255	16,423	—	146	(98,824)	—
At 31 December 2023, net of accumulated depreciation	163,661	74,479	2,678	2,479	133,038	376,335
At 31 December 2023:						
Cost	322,540	1,021,299	8,802	6,296	133,038	1,491,975
Accumulated depreciation	(158,879)	(946,820)	(6,124)	(3,817)	—	(1,115,640)
Net carrying amount	163,661	74,479	2,678	2,479	133,038	376,335

	Buildings	Production equipment	Vehicles and machinery	Electrical and other equipment	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2024						
At 1 January 2024:						
Cost	322,540	1,021,299	8,802	6,296	133,038	1,491,975
Accumulated depreciation	(158,879)	(946,820)	(6,124)	(3,817)	—	(1,115,640)
Net carrying amount	163,661	74,479	2,678	2,479	133,038	376,335
At 1 January 2024, net of accumulated depreciation	163,661	74,479	2,678	2,479	133,038	376,335
Additions	507	13,350	2,617	1,996	114,321	132,791
Disposals	(990)	(953)	(48)	—	—	(1,991)
Depreciation provided during the year	(16,062)	(15,000)	(680)	(1,269)	—	(33,011)
Transfers	39,592	158,421	—	11,349	(209,362)	—
At 31 December 2024, net of accumulated depreciation	186,708	230,297	4,567	14,555	37,997	474,124
At 31 December 2024:						
Cost	352,667	1,100,948	9,589	19,142	37,997	1,520,343
Accumulated depreciation	(165,959)	(870,651)	(5,022)	(4,587)	—	(1,046,219)
Net carrying amount	186,708	230,297	4,567	14,555	37,997	474,124

	Buildings	Production equipment	Vehicles and machinery	Electrical and other equipment	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2025						
At 1 January 2025:						
Cost	352,667	1,100,948	9,589	19,142	37,997	1,520,343
Accumulated depreciation	(165,959)	(870,651)	(5,022)	(4,587)	—	(1,046,219)
Net carrying amount	186,708	230,297	4,567	14,555	37,997	474,124
At 1 January 2025, net of accumulated depreciation	186,708	230,297	4,567	14,555	37,997	474,124
Additions	4,567	21,609	2,120	622	86,704	115,622
Disposals	(719)	(6,178)	—	(254)	—	(7,151)
Depreciation provided during the year	(18,137)	(29,215)	(1,083)	(4,721)	—	(53,156)
Transfers	26,076	21,195	—	11,003	(58,274)	—
At 31 December 2025, net of accumulated depreciation	198,495	237,708	5,604	21,205	66,427	529,439
At 31 December 2025:						
Cost	381,051	1,101,355	11,709	30,084	66,427	1,590,626
Accumulated depreciation	(182,556)	(863,647)	(6,105)	(8,879)	—	(1,061,187)
Net carrying amount	198,495	237,708	5,604	21,205	66,427	529,439

(a) Certain of the Group's property, plant and equipment with net carrying amounts of approximately RMB392,247,000, RMB1,006,222,000 and RMB1,049,539,000, as at 31 December 2023, 2024 and 2025, respectively, were pledged as securities for bank loan facilities granted to the Group (note 34).

(b) At 31 December 2023, 2024 and 2025, the Group have not yet to obtained building ownership certificates for certain buildings with net book values of approximately nil, RMB3,148,000 and RMB3,607,000, respectively.

14. INTANGIBLE ASSETS

The Group

	Mining right	Software and others	Total
	RMB'000	*RMB'000*	*RMB'000*
31 December 2023			
At 1 January 2023:			
Cost	33,266	7,019	40,285
Accumulated amortisation	(947)	(6,895)	(7,842)
Net carrying amount	32,319	124	32,443
At 1 January 2023, net of accumulated amortisation	32,319	124	32,443
Additions	—	325	325
Amortisation provided during the year	(477)	(13)	(490)
At 31 December 2023, net of accumulated amortisation	31,842	436	32,278
At 31 December 2023:			
Cost	33,266	7,344	40,610
Accumulated amortisation	(1,424)	(6,908)	(8,332)
Net carrying amount	31,842	436	32,278

	Mining right	Software and others	Total
	RMB'000	*RMB'000*	*RMB'000*
31 December 2024			
At 1 January 2024:			
Cost	33,266	7,344	40,610
Accumulated amortisation	(1,424)	(6,908)	(8,332)
Net carrying amount	31,842	436	32,278
At 1 January 2024, net of accumulated amortisation	31,842	436	32,278
Additions	—	642	642
Amortisation provided during the year	(1,186)	(175)	(1,361)
At 31 December 2024, net of accumulated amortisation	30,656	903	31,559
At 31 December 2024:			
Cost	33,266	7,986	41,252
Accumulated amortisation	(2,610)	(7,083)	(9,693)
Net carrying amount	30,656	903	31,559

	Mining right	Software and others	Total
	RMB'000	*RMB'000*	*RMB'000*
31 December 2025			
At 1 January 2025:			
Cost	33,266	7,986	41,252
Accumulated amortisation	(2,610)	(7,083)	(9,693)
Net carrying amount	30,656	903	31,559
At 1 January 2025, net of accumulated amortisation	30,656	903	31,559
Additions	—	69	69
Amortisation provided during the year	(411)	(353)	(764)
At 31 December 2025, net of accumulated amortisation	30,245	619	30,864
At 31 December 2025:			
Cost	33,266	8,055	41,321
Accumulated amortisation	(3,021)	(7,436)	(10,457)
Net carrying amount	30,245	619	30,864

(a) The Group's mining right with a net carrying amount of approximately RMB31,842,000, RMB30,656,000 and RMB30,245,000 as at 31 December 2023 ,2024 and 2025, respectively, were pledged to secure certain bank loans granted to a subsidiary of the Group (note 34).

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Software and others			
At beginning of year:			
Cost	72	389	824
Accumulated depreciation	(53)	(65)	(192)
Net carrying amount	19	324	632
At beginning of year, net of accumulated depreciation	19	324	632
Additions	317	435	69
Amortisation provided during the year	(12)	(127)	(267)
At end of year, net of accumulated depreciation	324	632	434
At end of year:			
Cost	389	824	893
Accumulated depreciation	(65)	(192)	(459)
Net carrying amount	324	632	434

15. LEASES

The Group as a lessee

The Company has lease contracts for land use right in its operations. Lump sum payments were made upfront for leases of the leasehold land with lease periods of 20 to 50 years, and no ongoing payments will be made under the terms of the leases.

Right-of-use assets

The Group

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

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Land use right			
At beginning of year:	68,993	82,653	92,676
Additions	15,422	12,219	4,460
Deprecation charge	(1,762)	(2,196)	(2,390)
At end of year	82,653	92,676	94,746

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Land use right			
At beginning of year:	69,391	78,505	88,644
Additions	10,758	12,219	587
Depreciation charge	(1,644)	(2,080)	(2,231)
At end of year	78,505	88,644	87,000

(a) Certain of the Group's land use right with net carrying amounts of approximately RMB47,007,000, RMB47,089,000 and RMB45,734,000 as at 31 December 2023, 2024 and 2025, respectively, were pledged to secure certain bank loans granted to a subsidiary of the Group (note 34).

(b) During the Relevant Periods, depreciation of land use right of RMB912,000, RMB1,791,000, RMB1,796,000 were included in profit or loss, the remaining RMB850,000, RMB405,000, RMB594,000 were capitalised in construction in progress.

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

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Depreciation charge of right-of-use assets . . .	912	1,791	1,796
Expense relating to short-term leases (included in cost of sales)	—	434	192
Total amount recognised in profit or loss	912	2,225	1,988

(d) The total cash outflows for leases are disclosed in note 33 to the Historical Financial Information.

16. DEFERRED TAX

Deferred tax assets

The Group

	Deferred income	Provision	Inventory impairment	Losses available for offsetting against future taxable profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023.	—	—	—	62,670	62,670
Deferred tax credited/(charged) to profit or loss during the year *(note 10)*	2,520	—	—	(56,722)	(54,202)
Deferred tax assets at 31 December 2023	2,520		—	5,948	8,468
Deferred tax credited/(charged) to profit or loss during the year *(note 10)*	6,161	4,773	892	(5,948)	5,878
Deferred tax assets at 31 December 2024	8,681	4,773	892	—	14,346
Deferred tax credited/(charged) to profit or loss during the year *(note 10)*	584	(42)	129	—	671
Gross deferred tax assets at 31 December 2025	9,265	4,731	1,021	—	15,017

The Company

	Deferred income	Provision	Inventory impairment	Losses available for offsetting against future taxable profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	—	—	—	62,670	62,670
Deferred tax credited/(charged) to profit or loss during the year	2,520	—	—	(56,722)	(54,202)
Deferred tax assets at 31 December 2023	2,520	—	—	5,948	8,468
Deferred tax credited/(charged) to profit or loss during the year	6,161	1,627	892	(5,948)	2,732
Deferred tax assets at 31 December 2024	8,681	1,627	892	—	11,200
Deferred tax credited to profit or loss during the year	584	—	129	—	713
Gross deferred tax assets at 31 December 2025	9,265	1,627	1,021	—	11,913

Deferred tax liabilities

The Group

	Depreciation allowance in excess of related depreciation
	RMB'000
At 1 January 2023	2,345
Deferred tax charge to profit or loss during the year *(note 10)*	2,161
Deferred tax liabilities at 31 December 2023	4,506
Deferred tax charge to profit or loss during the year *(note 10)*	3,204
Deferred tax liabilities at 31 December 2024	7,710
Deferred tax charge to profit or loss during the year *(note 10)*	8,590
Gross deferred tax liabilities at 31 December 2025	16,300

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:

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Net deferred tax assets recognised in the consolidated statement of financial position	8,468	11,200	11,913
Net deferred tax liabilities recognised in the consolidated statement of financial position	4,506	4,564	13,196

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

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Tax losses	157,551	217,498	243,374
Deductible temporary differences	—	250	7,153
	157,551	217,748	250,527

The Group has tax losses arising in the Chinese mainland that will expire in one to five years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of the above items as it is not considered probable that taxable profits will be available against which the above item can be utilised.

The following is an analysis of the deferred tax balances of the Company for financial reporting purposes:

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Net deferred tax assets recognised in the statement of financial position	8,468	11,200	11,913

17. OTHER NON-CURRENT ASSETS

The Group

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Prepayments for long-term assets	17,424	23,253	39,029
Long-term deferred expense	—	12,803	8,920
	17,424	36,056	47,949

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Prepayments for long-term assets	13,317	13,416	35,464
Long-term deferred expense	—	12,803	8,920
	13,317	26,219	44,384

18. INVENTORIES

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	134,471	127,454	162,777
Work in progress	20,673	30,148	44,227
Finished goods	43,532	208,583	150,399
	198,676	366,185	357,403
Less: write-down of inventories to net realisable value	—	(5,944)	(6,806)
Total	198,676	360,241	350,597

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	131,485	123,305	157,826
Work in progress	20,673	30,148	44,227
Finished goods	43,532	208,583	150,399
	195,690	362,036	352,452
Less: write-down of inventories to net realisable value	—	(5,944)	(6,806)
Total	195,690	356,092	345,646

At 31 December 2023, 2024 and 2025, the Group's inventories with carrying amounts of RMB198,676,000, RMB269,121,000 and RMB350,597,000 were pledged as security for the Group's bank loans (note 34).

19. TRADE AND BILLS RECEIVABLES

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	—	145	491
Bills receivables	632,718	240,455	307,013
Net carrying amount	632,718	240,600	307,504

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	—	—	491
Bills receivables	—	—	298,448
Net carrying amount	—	—	298,939

The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management of the Group. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

The Group's bills receivables were all issued by reputable banks and within short-term maturities of 180 days. The Group applies the general approach in calculating ECLs for bill receivables and the impairment losses were minimal at the end of each of the Relevant Periods.

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

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 3 months	—	145	491

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 3 months	—	—	491

The Company endorsed certain bills receivable which were all accepted by banks in the Chinese mainland to certain suppliers in order to settle the trade and other payables due to such suppliers. Further details are included in note 38 to the Historical Financial Information.

20. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Prepayments	18,032	15,394	14,719
Deferred **[REDACTED]** expenses	—	—	4,541
Deposits and other receivables	1,882	2,990	3,150
Deductible input value-added tax	10,368	1,637	29,624
Total	30,282	20,021	52,034

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Amount due from the intra-group companies	1,235,335	1,555,855	665,975
Prepayments	14,543	12,176	13,137
Deferred **[REDACTED]** expenses	—	—	4,541
Deposits and other receivables:	214	1,210	1,008
Deductible input value-added tax	—	514	10,276
Total	1,250,092	1,569,755	694,937

The balances are not secured by collateral.

The Group has applied the general approach in calculating the expected credit loss for deposits and other receivables. The Group considers the historical loss rate and adjusts for forward-looking macroeconomic data in calculating the expected credit loss rate and the impairment is considered to be minimal.

21. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Wealth management products, at fair value	—	—	80,000

The wealth management products were purchased from reputable banks in Chinese mainland. It is mandatorily classified as a financial asset at fair value through profit or loss as its contractual cash flows are not solely payments of principal and interest.

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The Group

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Bills receivables, at fair value	—	58,393	174

The bills receivable at fair value through other comprehensive income are bank acceptance bills issued by certain reputable banks in the Chinese mainland. They are classified and measured at fair value through other comprehensive income as they are held within a business model with the objective of both collecting contractual cashflows and selling. Bills receivable at fair value through other comprehensive income is subject to impairment under the general approach and the impairment is considered to be minimal.

23. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

The Group

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Cash and bank balances	951	113,918	68,552
Restricted cash	6,279	8,020	49,881
Subtotal	7,230	121,938	118,433
Less:			
Restricted cash	6,279	8,020	49,881
Cash and cash equivalents	951	113,918	68,552
Denominated in:			
RMB	951	57,982	30,284
USD	—	55,936	38,268

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Cash and bank balances	357	2,357	1,244
Restricted cash	5,075	5,015	35,006
Subtotal	5,432	7,372	36,250
Less:			
Restricted cash	5,075	5,015	35,006
Cash and cash equivalents	357	2,357	1,244
Denominated in:			
RMB	357	2,357	1,244

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

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

As at the end of each of the Relevant Periods, certain of the Group's cash and bank balances were restricted, primarily as follows:

(a) As at 31 December 2023, 2024 and 2025, cash and bank balances amounting to RMB1,001,000, RMB3,004,000 and RMB4,007,000, respectively, were restricted for environmental management funds in relation to our rehabilitation obligation.

(b) As at 31 December 2023, 2024 and 2025, cash and bank balances amounting to RMB5,000,000, RMB5,000,000 and RMB5,000,000, respectively, were restricted for litigation matters.

(c) As at 31 December 2025, cash and bank balances amounting to RMB40,000,000 were restricted for issuance of letter of credit.

24. TRADE PAYABLES

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

The Group

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	113,831	176,967	338,979
1 to 2 years	20,353	18,753	12,887
2 to 3 years	1,918	1,459	6,447
Over 3 years	74,147	63,653	64,391
Total	210,249	260,832	422,704

The Company

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	515,620	179,706	319,488
1 to 2 years	20,261	11,361	5,463
2 to 3 years	1,900	1,361	3,801
Over 3 years	73,623	63,152	63,807
Total	611,404	255,580	392,559

Trade payables are non-interest-bearing.

As at 31 December 2023, 2024 and 2025, the carrying amounts of trade payables approximated to their fair values.

Trade payable aged over one year primarily due to the internal restructuring of certain suppliers and not able to reach until 2026.

The amounts due to related parties included in trade payables are disclosed in note 35 to the Historical Financial Information.

25. OTHER PAYABLES AND ACCRUALS

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Payables for long-term assets	376,542	477,853	512,673
Payable for endorsed bills receivable that are not derecognized	622,608	240,091	307,013
Output VAT to be transferred	18,798	35,827	19,746
Payroll and welfare payable	10,264	12,853	16,784
Payable for **[REDACTED]** expense	—	—	3,601
Other tax payables	20,375	10,480	8,847
Other payables	7,219	8,544	5,442
Less: Non-current portion *(note a)*	—	—	282,177
Total	1,055,806	785,648	591,929

Other payables are non-interest-bearing. Other payables are unsecured and repayable on demand.

(a) As at 31 December 2025, the Group has entered into amended payment agreements in respect of several construction payables with its suppliers. Pursuant to the amended agreement, and after taking into account that the construction service provided by these suppliers were in the process of performing review and audit on the construction cost, the suppliers have agreed that the payment terms of the Group on the payable for long-term assets amounted to RMB282,177,000 were adjusted to be due and payable on or after 1 July 2027. Accordingly, the respective construction payables are presented as non-current liabilities in the consolidated financial statements as of 31 December 2025.

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Payables for long-term assets	58,790	56,769	69,123
Payable for endorsed bills receivable that are not derecognized	—	—	298,448
Amount due to the intra-group companies	301,400	917,034	40,346
Payroll and welfare payable	7,242	10,818	10,876
Payable for **[REDACTED]** expense	—	—	3,601
Output VAT to be transferred	10,690	8,985	8,922
Other tax payables	13,179	2,941	1,154
Other payables	3,430	1,020	1,450
Total	394,731	997,567	433,920

Other payables are non-interest-bearing, unsecured and repayable on demand.

26. INTEREST-BEARING BANK AND OTHER BORROWINGS

The Group

	31 December 2023			31 December 2024			31 December 2025		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current									
Bank loans — secured	3.60–4.35	2024	900,500	2.75–3.90	2025	887,820	1.10–4.50	2026	929,620
Other loans — unsecured	4.20	2024	17,800	4.20–7.20	2025	22,500	4.77	2026	20,000
Current portion of long-term bank loans — secured	4.65–5.00	2024	65,200	4.65–5.00	2025	157,600	4.20	2026	14,620
Current portion of long-term bank loans — secured	1-year LPR + 80 bps	2024	1,500	1-year LPR + 80 bps	2025	2,500	1-year LPR + 80 bps	2026	2,500
Interest payable accrued	—	—	2,305	—	—	2,110	—	—	2,574
Total — current			987,305			1,072,530			969,314
Non-current									
Bank loans — secured	4.65–5.00	2025–2026	149,900	—	—	—	4.20	2027–2028	105,067
Bank loans — secured	1-year LPR + 80 bps	2026	114,200	1-year LPR + 80 bps	2026–2027	188,380	1-year LPR + 80 bps	2027	185,880
Other loans — secured	—	—	—	—	—	—	3.00–3.10	2029	26,000
Other loans — unsecured	—	—	—	—	—	—	4.20	2027	18,000
Total — non-current			264,100			188,380			334,947
Total			1,251,405			1,260,910			1,304,261

The Company

	31 December 2023			31 December 2024			31 December 2025		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current									
Bank loans — secured	3.60–4.35	2024	880,500	3.10–3.90	2025	856,820	3.20–3.40	2026	804,620
Other loans — unsecured	4.20	2024	5,000	4.20–7.20	2025	10,000	—	—	—
Current portion of long-term bank loans — secured	4.65	2024	10,000	4.65	2025	99,000	4.20	2026	9,900
Current portion of long-term bank loans — secured	1-year LPR + 80 bps	2024	1,500	1-year LPR + 80 bps	2025	2,500	1-year LPR + 80 bps	2026	2,500
Interest payable accrued	—	—	1,467	—	—	1,363	—	—	1,585
Total — current			898,467			969,683			818,605
Non-current									
Bank loans — secured	4.65	2025	89,500	—	—	—	4.20	2027–2028	89,100
Bank loans — secured	1-year LPR + 80 bps	2026	114,200	1-year LPR + 80 bps	2026–2027	188,380	1-year LPR + 80 bps	2027	185,880
Other loans — unsecured	—	—	—	—	—	—	4.20	2027	5,000
Total — non-current			203,700			188,380			279,980
Total			1,102,167			1,158,063			1,098,585

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Analysed into:			
Bank loans and overdrafts repayable:			
Within one year or on demand	987,305	1,072,530	969,314
In the second year	151,900	112,700	110,300
In the third to fifth years, inclusive	112,200	75,680	224,647
Total	1,251,405	1,260,910	1,304,261

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Analysed into:			
Bank loans and overdrafts repayable:			
Within one year or on demand	898,467	969,683	818,605
In the second year	91,500	112,700	92,580
In the third to fifth years, inclusive	112,200	75,680	187,400
Total	1,102,167	1,158,063	1,098,585

Notes:

(a) Guarantees provided by related parties for certain bank loans of the Group, which is further disclosed in note 35 to the Historical Financial Information.

(b) As at 31 December 2023, 2024 and 2025, the bank loans were secured by property, plant and equipment (note 13), intangible assets (note 14), right-of-use assets (note 15(a)) and inventory (note 18).

(c) All borrowings are in RMB.

(d) The secured bank loan of RMB308,800,000 and RMB50,000,000 with the maturity date falling within May 2028 and December 2028 respectively, is subject to a covenant that requires a debt-to-asset ratio less than 75%. The debt-to-asset ratio based on the relevant financial information as at 31 December 2025 was over the debt-to-asset ratio required by the covenant. Based on the bank loan agreement, the lender may demand for immediate repayment of the bank loan. The Group obtained a waiver in respect of the potential non-compliance of the covenant on 26 February 2026.

(e) As at 31 December 2025, amounts included unsecured other loan from suppliers of the Group of RMB20,000,000 with interest rate at 4.77% per annum.

The unsecured other loans due to a related party as at 31 December 2023, 2024 and 2025 is disclosed in note 35 to the Historical Financial Information. The Group fully repaid the relevant loans in April 2026.

(f) As at 31 December 2025, amounts included secured other loans from the employees of the Group of RMB26,000,000 with interest rates of 3.00% and 3.10% per annum and a 3-year maturity.

27. CONTRACT LIABILITIES

Details of contract liabilities are as follows:

The Group

	As at 1 January	As at 31 December		
	2023	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Short-term advances received from customers	319,440	208,901	398,079	219,423

Contract liabilities include short-term advances received to deliver products. The increase in contract liabilities in 2024 was mainly due to the increase in short-term advances received from customers in relation to deliver products at the end of the year. The decrease in contract liabilities in 2023 and 2025 was mainly due to the decrease in short-term advances received from customers in relation to deliver products at the end of the year.

The amounts due to related parties included in contract liabilities are disclosed in note 35 to the Historical Financial Information.

The Company

	As at 1 January	As at 31 December		
	2023	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Short-term advances received from customers	314,948	118,780	99,836	99,151

28. PROVISION

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Rehabilitation *(note i)*	—	12,747	13,372
Litigation *(note ii)*	—	10,850	10,850
Less: current portion	—	(10,850)	(10,850)
Non-current portion	—	12,747	13,372

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Litigation *(note ii)*	—	10,850	10,850
Less: current portion	—	(10,850)	(10,850)
Non-current portion	—	—	—

(i) Pursuant to the regulations of the governmental authorities of the places where the mines are located, the Group recognises provision for environmental rehabilitation and restoration of mine. The amount of provision is an estimate based upon the life of mining tenements, timing of mine closure and cost of such rehabilitation. The management will update the estimation basis annually. The movements in the present value of the provision for rehabilitation are as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
As at the beginning of the year	—	—	12,747
Additions	—	12,659	—
Unwinding of discount	—	88	625
As at the end of the year	—	12,747	13,372

(ii) The Company was a defendant in a lawsuit brought by a party alleging that the Company used certain trademarks without authorization and sought to hold the Company jointly liable for the alleged trademark infringement and unfair competition. The Company filed an appeal against the first-instance judgment in July 2025. The Group provided for claim arising from the litigation taking into account a number of factors including the first-instance judgment.

29. DEFERRED INCOME

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Government grants and subsidies	16,800	57,876	67,961

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Government grants and subsidies	16,800	57,876	61,764

The Group received government grants for capital expenditure incurred for property, plant and equipment and intangible asset. The amounts are deferred and amortised over the estimated useful lives of the respective assets. There are no unfulfilled conditions or contingencies attached to these grants.

30. PAID-IN CAPITAL

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

	Number of shares in issue	Paid-in capital
	in thousand shares	*RMB'000*
As at 1 January 2023, 31 December 2023, 2024 and 2025	102,000	102,000

31. DEFICITS

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.

Capital reserve

Capital reserve of the Group includes:

(i) The deemed capital contribution from a shareholder in a subsidiary before the completion of the transaction under common control as disclosed in note 2.1 to the Historical Financial Information;

(ii) The difference between the consideration paid and the adjustment to the non-controlling interests of relevant subsidiaries for the transaction of acquisition of a subsidiary under common control and the transaction of acquisition of additional equity interests in subsidiaries.

Safety production reserve

The Group has appropriated a certain amount of profit to the safety production reserve for the purposes of safety production expense purposes as required by directives issued by the relevant PRC government authorities. The Group charged the safety production expense to profit or loss when such expense was incurred, and at the same time an equal amount of safety production reserve was utilised and transferred back to retained profits. The funds can be used for maintenance of production and improvements of safety and are not available for distribution to shareholders.

Statutory surplus 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 China Accounting Standards for Business Enterprises, 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.

Other reserve

Other reserve represents reserve resulted from changes in fair value of financial assets measured at fair value through other comprehensive income.

Foreign currency translation reserve

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations with a functional currency other than RMB. The reserve is dealt with in accordance with the accounting policies set out in note 2.3 to the Historical Financial Information.

The Company

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

	Special reserve — safety fund	Statutory surplus reserve	(Accumulated losses)/ Retained profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	3,467	—	(621,451)	(617,984)
Profit for the year	—	—	305,288	305,288
Provision for safety production reserve	7,787	—	(7,787)	—
Utilisation of safety production reserve	(6,674)	—	6,674	—
At 31 December 2023	4,580	—	(317,276)	(312,696)
Profit for the year	—	—	193,776	193,776
Provision for safety production reserve	7,544	—	(7,544)	—
Utilisation of safety production reserve	(6,033)	—	6,033	—
At 31 December 2024	6,091	—	(125,011)	(118,920)
At end of year:				
Profit for the year	—	—	204,337	204,337
Profit appropriations to statutory reserve	—	8,472	(8,472)	—
Provision for safety production reserve	7,758	—	(7,758)	—
Utilisation of safety production reserve	(13,148)	—	13,148	—
At 31 December 2025	701	8,472	76,244	85,417

32. PARTLY-OWNED SUBSIDIARIE WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiaries that have material non-controlling interests as set out below:

As at 31 December 2023

	Percentage of equity interest held by non-controlling interests	Profit/(loss) for the year allocated to non-controlling interests	Dividends declared to non-controlling shareholders	Accumulated balances of non-controlling interests
	%	*RMB'000*	*RMB'000*	*RMB'000*
Dongsheng Chemical	38.33	(4,183)	—	(136,427)

	Dongsheng Chemical
	RMB'000
Revenue	299,528
(Loss)/profit for the year	(10,913
Total comprehensive (loss)/income for the year	(10,913)
Current assets	597,429
Non-current assets	32,533
Current liabilities	925,490
Non-current liabilities	60,400

As at 31 December 2024

	Percentage of equity interest held by non-controlling interests	Profit/(loss) for the year allocated to non-controlling interests	Dividends declared to non-controlling shareholders	Accumulated balances of non-controlling interests
	%	*RMB'000*	*RMB'000*	*RMB'000*
Dongsheng Chemical	38.33	8,525	—	(127,994)

	Dongsheng Chemical
	RMB'000
Revenue	956,723
Profit/(loss) for the year	22,241
Total comprehensive income/(loss) for the year	21,754
Current assets	1,278,628
Non-current assets	44,476
Current liabilities	1,644,283
Non-current liabilities	12,747

As at 31 December 2025

	Percentage of equity interest held by non-controlling interests	Profit/(loss) for the year allocated to non-controlling interests	Dividends declared to non-controlling shareholders	Accumulated balances of non-controlling interests
	%	*RMB'000*	*RMB'000*	*RMB'000*
Dongsheng Chemical	25.60	(3,588)	—	(33,828)

	Dongsheng Chemical
	RMB'000
Revenue	1,444,252
Profit/(loss) for the year	(14,020)
Total comprehensive income/(loss) for the year	(13,535)
Current assets	148,563
Non-current assets	1,225,166
Current liabilities	1,167,243
Non-current liabilities	338,651

33. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the year ended 31 December 2024, the Group had non-cash additions of RMB12,659,000, in respect of addition of provision for environmental rehabilitation of mines.

During the Relevant Periods, the Group has non-cash reduction to trade and other payables settled by endorsement of bill receivables of RMB856,382,000, RMB1,720,529,000 and RMB978,309,000, respectively.

(b) Changes in liabilities arising from financing activities

	Interest-bearing bank and other borrowings
	RMB'000
At 1 January 2023	1,232,346
Changes from financing cash flows	(36,366)
Interest expense	55,425
At 31 December 2023	1,251,405
Changes from financing cash flows	(43,573)
Interest expense	53,078
At 31 December 2024	1,260,910
Changes from financing cash flows	(3,936)
Interest expense	47,287
At 31 December 2025	1,304,261

(c) Total cash outflow for leases

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

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within operating activities	—	434	192
Within investing activities	15,422	12,219	4,460
	15,422	12,653	4,652

34. PLEDGE OF ASSETS

Details of the Group's assets pledged are as follows and included in notes 1, 13, 14, 15, and 18 to the Historical Financial Information.

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Investment in subsidiaries	64,509	64,367	264,363
Property, plant and equipment	392,247	1,006,222	1,049,539
Land use right	47,007	47,089	45,734
Intangible assets	31,842	30,656	30,245
Inventories	198,676	269,121	350,597
Total	734,281	1,417,455	1,740,478

35. RELATED PARTY TRANSACTIONS

(a) Names and relationships

Name of the related parties	Relationship with the Group
Mr. Huang Changbing* Mr. Huang*	Ultimate joint controlling persons
Ms. Huang Hongyan	Close family member of the ultimate joint controlling persons
Yichang Lisheng Commerce & Trade Co., Ltd	Controlled by a close relative of the ultimate joint controlling persons
Yichang Haoda Logistics Co., Ltd.	Controlled by a close relative of the ultimate joint controlling persons
Yuan'an Jieteng Logistics Co., Ltd.**	Joint controlled by a close relative of the ultimate joint controlling persons

* Mr. Huang Changbing and Mr. Huang are father and son, they have entered acting-in-concert agreements. Pursuant to the agreements, Mr. Huang Changbing and Mr. Huang has agreed to exercise and implemented all major business, operation and financial decisions of the Group. Accordingly, Mr. Huang Changbing and Mr. Huang are considered as ultimate joint controlling persons of the Group.

** Yuan'an Jieteng Logistics Co., Ltd. is no longer a related party of the Group after 11 December 2023, as the close relative of the Group transferred his equity interest to a third party.

(b) The Group had the following transactions with related parties during the year:

In addition to the transactions detailed elsewhere in the Historical Financial Information, the Group had the following transactions with related parties during the Relevant Periods:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Revenue from goods and services *(note i)*			
Yichang Lisheng Commerce & Trade Co., Ltd	35,785	31,776	13,592
Purchase of goods and services *(note ii)*			
Yichang Lisheng Commerce & Trade Co., Ltd	—	—	70,999
Yichang Haoda Logistics Co., Ltd.	878	4,507	3,849
Yuan'an Jieteng Logistics Co., Ltd.	7,232	N/A	N/A
	8,110	4,507	74,848
Borrowing from a related party			
Ms. Huang Hongyan	—	—	500
Interest expense to a related party			
Ms. Huang Hongyan	758	745	789

Note i The sales to the related party were made according to commercial terms mutually agreed to the counterparties and conditions offered to the major customers.

Note ii The purchases from related parties were conducted in the ordinary course of business and based on commercial terms mutually agreed by the counterparties.

(c) Outstanding balances with related parties

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade payables			
Yichang Lisheng Commerce & Trade Co., Ltd	—	—	66
Yichang Haoda Logistics Co., Ltd.	—	956	2,990
Yuan'an Jieteng Logistics Co., Ltd.	1,640	N/A	N/A
	1,640	956	3,056
Other borrowings *(note i)*			
Ms. Huang Hongyan	18,558	18,245	18,765
Contract liabilities			
Yichang Lisheng Commerce & Trade Co., Ltd	7,263	5,728	3,983

Note i The balance of other borrowings from Ms Huang Hongyan was fully repaid in April 2026.

(d) Other transactions with related parties

As of 31 December 2023, 2024, and 2025, certain bank loans of the Group in the amounts of RMB1,216,900,000, RMB1,223,700,000, and RMB1,141,687,000, respectively, were guaranteed by Mr. Huang Changbing, Mr. .Huang, and their respective spouses, either individually or jointly.

(e) Compensation of key management personnel of the Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Short term employee benefits	1,201	1,197	1,305

Further details of directors' emoluments are included in note 8 to the financial statements.

36. COMMITMENTS

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

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Capital commitments	65,257	31,770	236,536

37. FINANCIAL INSTRUMENTS BY CATEGORY

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

As at 31 December 2023

Financial assets

	Financial assets at amortised cost
	RMB'000
Trade and bills receivables	632,718
Financial assets included in prepayments, deposits and other receivables	1,882
Restricted cash	6,279
Cash and cash equivalents	951
Total	641,830

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Trade payables	210,249
Financial liabilities included in other payables and accruals	1,006,369
Interest-bearing bank borrowings	1,251,405
Total	2,468,023

As at 31 December 2024

Financial assets

	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*
Trade and bills receivables	—	240,600	240,600
Financial assets included in deposits and other receivables	—	2,990	2,990
Financial assets at fair value through other comprehensive income	58,393	—	58,393
Restricted cash	—	8,020	8,020
Cash and cash equivalents	—	113,918	113,918
Total	58,393	365,528	423,921

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Trade payables	260,832
Financial liabilities included in other payables and accruals	726,488
Interest-bearing bank and other borrowings	1,260,910
Total	2,248,230

As at 31 December 2025

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills receivables	—	—	307,504	307,504
Financial assets at fair value through profit or loss	80,000	—	—	80,000
Financial assets at fair value through other comprehensive income	—	174	—	174
Financial assets included in deposits and other receivables	—	—	3,150	3,150
Restricted cash	—	—	49,881	49,881
Cash and cash equivalents	—	—	68,552	68,552
Total	80,000	174	429,087	509,261

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Trade payables	422,704
Financial liabilities included in other payables and accruals	546,552
Interest-bearing bank and other borrowings	1,304,261
Long-term other payables	282,177
Total	2,555,694

38. TRANSFERS OF FINANCIAL ASSETS

Transferred financial assets that are not derecognised in their entirety

The Group endorsed certain bills receivable included in bills receivable, which were all accepted by banks in the Chinese mainland (the "Endorsed Bills") to certain suppliers in order to settle the trade and other payables due to such suppliers (the "**Endorsement**"). The aggregate amounts of the Endorsed Bills that were not due were RMB622,608,000, RMB240,091,000 and RMB307,013,000 as at 31 December 2023, 2024 and 2025, respectively. In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Endorsed Bills, and accordingly, it continued to recognise the full carrying amounts of the Endorsed Bills. Subsequent to the Endorsement, the Group did not retain any rights on the use of the Endorsed Bills, including the sale, transfer or pledge of the Endorsed Bills to any other third parties.

Transferred financial assets that are derecognised in their entirety

The Group endorsed certain bills receivable included in financial assets at fair value through other comprehensive income, which were all accepted by banks in the Chinese mainland (the "**Derecognised Bills**") to certain suppliers in order to settle the trade and other payables due to such suppliers. The aggregate amounts of the Derecognised Bills that were not due were nil, RMB83,553,000, and RMB43,284,000 as at 31 December 2023, 2024 and 2025, respectively. The Derecognised Bills had a maturity term from one to six months as at 31 December 2023, 2024 and 2025, respectively. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills may exercise the right of recourse against any, several or all of the persons liable for the Derecognised Bills, including the Group, in disregard of the order of precedence (the "**Continuing Involvement**"). In the opinion of the directors, the risk of the Group being claimed by the holders of the Derecognised Bills is remote in the absence of a default of the accepted banks. The Group has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills and the associated trade payables. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group's Continuing Involvement in the Derecognised Bills are not significant.

39. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, trade receivables, financial assets included in prepayments, deposits and other receivables, pledged bank deposits, trade payables and financial liabilities included in other payables and accruals approximate to their carrying amounts largely due to the short-term maturities of these instruments.

The Company's financial department headed by the financial manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At the end of each of the Relevant Periods, the financial department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The directors review the results of the fair value measurement of financial instruments periodically for financial reporting.

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

The fair values of the non-current portion of interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank and other borrowings as at the end of each of the Relevant Periods were assessed to be insignificant.

The Group has estimated the fair value of its wealth management products by using the market approach based on the market interest rates of instruments with similar terms and risks.

The fair values of the bank acceptance bills at fair value through other comprehensive income (Level 2) have been calculated by discounting the expected cash flows from the receivables based on the market interest rates of instruments with similar terms and risks.

Fair value hierarchy

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

Assets measured at fair value:

As at 31 December 2024

	Fair value measurement using			
	Quoted prices in active markets	**Significant observable inputs**	**Significant unobservable**	
	Level 1	**Level 2**	**Level 3**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through other comprehensive income	—	58,393	—	58,393

As at 31 December 2025

	Fair value measurement using			
	Quoted prices in active markets	**Significant observable inputs**	**Significant unobservable**	
	Level 1	**Level 2**	**Level 3**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through profit or loss.	—	80,000	—	80,000
Financial assets at fair value through other comprehensive income	—	174	—	174
Total	—	80,174	—	80,174

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash, interest-bearing bank and other borrowings. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade 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 summarised below.

Interest rate risk

The Group's interest rate risks arise from long-term borrowings. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. Borrowings obtained at floating rates expose the Group to cash flow interest rate risk which is partially offset by cash held at floating rates.

At as 31 December 2023, 2024 and 2025, approximately 91%, 85% and 86% of the Group's interest-bearing borrowings bore interest at fixed rates.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax by assuming the floating rate borrowings outstanding at the end of each of the Relevant Periods were outstanding for the whole year.

	Increase/ (decrease) in base points	(decrease)/ Increase in profit before tax
		RMB'000
Year ended 31 December 2023	50	(579)
Year ended 31 December 2023	(50)	579
Year ended 31 December 2024	50	(954)
Year ended 31 December 2024	(50)	954
Year ended 31 December 2025	50	(942)
Year ended 31 December 2025	(50)	942

Foreign currency risk

	Increase/ (decrease) in USD/RMB rate	Increase/ (decrease) in profit after tax
	%	*RMB'000*
2023		
If the RMB weakens against the USD	5	(1,495)
If the RMB strengthens against the USD	5	1,495
2024		
If the RMB weakens against the USD	5	2,269
If the RMB strengthens against the USD	5	(2,269)
2025		
If the RMB weakens against the USD	5	1,610
If the RMB strengthens against the USD	5	(1,610)

Credit risk

The Group trades only with recognised and creditworthy customers with no requirement for collateral. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In order to minimise the credit risk, the Group reviews the recoverable amount of each individual trade receivable periodically and management also has monitoring procedures to ensure the follow-up action is taken to recover overdue receivables. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

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 31 December 2023, 2024 and 2025.

The amounts presented are gross carrying amounts for financial assets and the exposure to credit risk for the financial guarantee contracts.

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Bills receivables	632,718	—	—	—	632,718
Financial assets included in prepayments, deposits and other receivables					
— Normal*	1,882	—	—	—	1,882
Restricted cash					
— Not yet past due	6,279	—	—	—	6,279
Cash and cash equivalents					
— Not yet past due	951	—	—	—	951
	641,830	—	—	—	641,830

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	—	—	—	145	145
Bills receivables	240,455	—	—	—	240,455
Financial assets at fair value through other comprehensive income	58,393	—	—	—	58,393
Financial assets included in prepayments, deposits and other receivables					
— Normal*	2,990	—	—	—	2,990
Restricted cash					
— Not yet past due	8,020	—	—	—	8,020
Cash and cash equivalents					
— Not yet past due	113,918	—	—	—	113,918
	423,776	—	—	145	423,921

As at 31 December 2025

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	—	—	—	491	491
Bills receivables	307,013	—	—	—	307,013
Financial assets at fair value through other comprehensive income	174	—	—	—	174
Financial assets included in prepayments, deposits and other receivables					
— Normal*	3,150	—	—	—	3,150
Restricted cash					
— Not yet past due	49,881	—	—	—	49,881
Cash and cash equivalents					
— Not yet past due	68,552	—	—	—	68,552
	428,770	—	—	491	429,261

* 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.

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables are disclosed in note 19 to the Historical Financial Information.

Concentrations of credit risk are managed by customer and geographical region. As at 31 December 2023, 2024 and 2025, the Group had no significant concentrations of credit risk.

Liquidity risk

The Group monitors its exposure to liquidity risk by monitoring the current ratio, which is calculated by comparing the current assets with the current liabilities.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing loans.

The tables below summarise the maturity profile of the Group's financial liabilities at the end of each of the Relevant Periods based on contractual undiscounted payments:

31 December 2023

	Within 1 year or on demand	1 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Interest-bearing bank and other borrowings	1,040,382	272,056	—	1,312,438
Trade payables	210,249	—	—	210,249
Financial liabilities included in other payables and accruals	1,006,369	—	—	1,006,369
Total	2,257,000	272,056	—	2,529,056

31 December 2024

	Within 1 year or on demand	1 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Interest-bearing bank and other borrowings	1,119,818	195,549	—	1,315,367
Trade payables	260,832	—	—	260,832
Financial liabilities included in other payables and accruals	726,488	—	—	726,488
Total	2,107,138	195,549	—	2,302,687

31 December 2025

	Within 1 year or on demand	1 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Interest-bearing bank and other borrowings	997,895	352,800	—	1,350,695
Trade payables	422,704	—	—	422,704
Financial liabilities included in other payables and accruals	546,552	282,177	—	828,729
Total	1,967,151	634,977	—	2,602,128

Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit profile and healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

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

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Total liabilities	2,764,757	2,844,504	2,968,032
Total assets	2,305,893	2,520,854	2,836,254
Debt-to-asset ratio	120%	113%	105%

41. EVENTS AFTER THE REPORTING PERIODS

(a) On 23 April 2026, the Company converted into a joint stock company with limited liability under the laws of the PRC and to change its name into Hubei DSphos Co., Ltd. The net assets of the Company as of the conversion base date, including paid-in capital, other reserves and retained profits, amounting to approximately RMB106,384,000 were converted into 102,000,000 ordinary shares at RMB1.0 each. The excess of the net assets converted over the nominal value of the ordinary shares RMB4,384,000 was credited to the Company's share premium.

(b) Pursuant to the shareholder's resolutions of Yulinxi Mining in January 2026, Yulinxi Mining transferred the assets and liabilities related to the phosphate rock business to Dongsheng Chemical and the employees in Yulinxi Mining commence new employment relationships with Dongsheng Chemical. On 24 March 2026, the Group entered into an equity transfer agreement with a related party, Jinlin Tongmao (Yichang City) Trading Co. Ltd. (錦磷通貿(宜昌市)貿易有限公司) ("**Jinlin Tongmao**"), pursuant to which the Group agreed to transfer 100% of its equity interest in Yulinxi Mining to Jinlin Tongmao at a consideration of RMB20 million.

(c) In March and April 2026, the Group entered into sales and lease back arrangement with several financing lease institutions to sells certain equipment it owns and simultaneously leases back all of the same assets in substance for financing purpose, pursuant to which the Group has obtained borrowings amounted to RMB235,000,000.

42. SUBSEQUENT FINANCIAL STATEMENTS

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