

APPENDIX I

ACCOUNTANTS’ REPORT

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

[To insert the firm’s letterhead]

ACCOUNTANTS’ REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF ZHONGDING INTELLIGENT (WUXI) TECHNOLOGY CO., LTD. AND GUOTAI JUNAN CAPITAL LIMITED

Introduction

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

Directors’ responsibility for the Historical Financial Information

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

Reporting accountants’ responsibility

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

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

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

Opinion

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

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

Adjustments

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

Dividends

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

[●]

Certified Public Accountants

Hong Kong

[Date]

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I HISTORICAL FINANCIAL INFORMATION**Preparation of Historical Financial Information**

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

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

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

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	Notes	Year ended 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
REVENUE	5	1,694,654	1,797,805	1,881,681
Cost of sales		(1,456,819)	(1,561,941)	(1,597,504)
Gross profit		237,835	235,864	284,177
Other income and gains	5	19,096	15,243	12,467
Selling and distribution expenses		(27,322)	(27,089)	(33,815)
Administrative expenses		(52,235)	(52,730)	(57,325)
Research and development expenses		(71,300)	(65,840)	(74,960)
Impairment losses on financial and contract assets, net		(11,895)	7,889	(5,780)
Other expenses		(8,438)	(15,571)	(11,198)
Finance costs	7	(4,375)	(2,664)	(2,059)
Share of losses of an associate	14	—	—	(134)
PROFIT BEFORE TAX	6	81,366	95,102	111,373
Income tax expense	10	(3,184)	(6,476)	(13,999)
PROFIT FOR THE YEAR		<u>78,182</u>	<u>88,626</u>	<u>97,374</u>
Attributable to:				
Owners of the parent		<u>78,182</u>	<u>88,626</u>	<u>97,374</u>
EARNINGS PER SHARE				
ATTRIBUTABLE TO ORDINARY				
EQUITY HOLDERS OF THE				
PARENT				
Basic (RMB)	12			
- For profit for the year		<u>0.65</u>	<u>0.74</u>	<u>0.81</u>
Diluted (RMB)				
- For profit for the year		<u>0.65</u>	<u>0.74</u>	<u>0.78</u>
OTHER COMPREHENSIVE INCOME				
Other comprehensive (expense)/income that may be reclassified to profit or loss in subsequent periods:				
Exchange differences:				
Exchange differences on translation of foreign operations		—	(90)	80
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>78,182</u>	<u>88,536</u>	<u>97,454</u>
Attributable to:				
Owners of the parent		<u>78,182</u>	<u>88,536</u>	<u>97,454</u>

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	As at 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment	13	57,018	52,477	52,137
Investments in an associate	14	–	–	14,866
Right-of-use assets	15	11,679	38,734	9,322
Other intangible assets	16	2,885	7,212	9,689
Equity investments at fair value through profit or loss	18	2,000	2,000	2,000
Deferred tax assets	32	28,625	31,476	35,228
Prepayments, other receivables and other assets	22	1,235	2,138	21,628
Total non-current assets		<u>103,442</u>	<u>134,037</u>	<u>144,870</u>
CURRENT ASSETS				
Inventories	19	2,480,582	1,641,751	1,222,813
Trade receivables	20	335,903	342,163	495,703
Contract assets	21	272,651	224,423	211,281
Prepayments, other receivables and other assets	22	73,738	86,069	139,238
Financial assets at fair value through profit or loss	23	50,001	237,688	421,870
Financial assets at fair value through other comprehensive income	24	169,204	26,044	105,342
Pledged deposits	25	70,460	39,061	125,250
Restricted cash	25	–	35,807	37,044
Cash and cash equivalents	25	218,126	149,795	104,188
Total current assets		<u>3,670,665</u>	<u>2,782,801</u>	<u>2,862,729</u>
CURRENT LIABILITIES				
Trade and bills payables	26	1,234,703	825,456	993,420
Other payables and accruals	27	82,016	62,054	63,245
Contract liabilities	28	1,930,459	1,473,419	1,318,591
Interest-bearing bank borrowings	29	85,694	45,926	11,544
Lease liabilities	15	1,969	1,175	1,827
Tax payables		–	4,744	5,077
Provisions	30	12,464	12,766	15,061
Total current liabilities		<u>3,347,305</u>	<u>2,425,540</u>	<u>2,408,765</u>
NET CURRENT ASSETS		<u>323,360</u>	<u>357,261</u>	<u>453,964</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>426,802</u>	<u>491,298</u>	<u>598,834</u>
NON-CURRENT LIABILITIES				
Deferred income	31	3,692	3,052	2,453
Lease liabilities	15	3,082	1,206	1,122
Total non-current liabilities		<u>6,774</u>	<u>4,258</u>	<u>3,575</u>
Net assets		<u>420,028</u>	<u>487,040</u>	<u>595,259</u>
EQUITY				
Equity attributable to owners of the Company				
Paid-in capital/Share capital	33	74,000	74,300	120,000
Reserves		<u>346,028</u>	<u>412,740</u>	<u>475,259</u>
Total equity		<u>420,028</u>	<u>487,040</u>	<u>595,259</u>

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2023

	Paid-in capital	Capital reserve*	Other reserve*	Share-based payment reserves*	Special reserve*	Statutory surplus reserve*	Exchange fluctuation reserve*	Retained profits*	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(note 33)</i>	<i>(note 34)</i>		<i>(note 35)</i>	<i>(note 34)</i>	<i>(note 34)</i>	<i>(note 34)</i>		
As at 1 January 2023	74,000	17,266	(7,147)	-	-	37,980	-	219,747	341,846
Profit for the year	-	-	-	-	-	-	-	78,182	78,182
Total comprehensive income for the year	-	-	-	-	-	-	-	78,182	78,182
Appropriation of safety fund	-	-	-	-	4,267	-	-	(4,267)	-
Utilisation of safety fund	-	-	-	-	(4,267)	-	-	4,267	-
As at 31 December 2023	<u>74,000</u>	<u>17,266</u>	<u>(7,147)</u>	<u>-</u>	<u>-</u>	<u>37,980</u>	<u>-</u>	<u>297,929</u>	<u>420,028</u>

Year ended 31 December 2024

	Paid-in capital	Capital reserve*	Other reserve*	Share-based payment reserves*	Special reserve*	Statutory surplus reserve*	Exchange fluctuation reserve*	Retained profits*	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(note 33)</i>	<i>(note 34)</i>		<i>(note 35)</i>	<i>(note 34)</i>	<i>(note 34)</i>	<i>(note 34)</i>		
As at 1 January 2024	74,000	17,266	(7,147)	-	-	37,980	-	297,929	420,028
Profit for the year	-	-	-	-	-	-	-	88,626	88,626
Exchange differences related to foreign operations	-	-	-	-	-	-	(90)	-	(90)
Total comprehensive income for the year	-	-	-	-	-	-	(90)	88,626	88,536
Dividends paid to the shareholders	-	-	-	-	-	-	-	(23,500)	(23,500)
Capital contribution by a shareholder	300	1,614	-	-	-	-	-	-	1,914
Equity-settled share-based payments	-	-	-	62	-	-	-	-	62
Appropriation of safety fund	-	-	-	-	4,314	-	-	(4,314)	-
Utilisation of safety fund	-	-	-	-	(4,314)	-	-	4,314	-
As at 31 December 2024	<u>74,300</u>	<u>18,880</u>	<u>(7,147)</u>	<u>62</u>	<u>-</u>	<u>37,980</u>	<u>(90)</u>	<u>363,055</u>	<u>487,040</u>

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Year ended 31 December 2025

	Share capital	Paid-in capital	Capital reserve*	Other reserve*	Share-based payment reserves*	Special reserve*	Statutory surplus reserve*	Exchange fluctuation reserve*	Retained profits*	Total
	RMB'000 (note 33)	RMB'000 (note 33)	RMB'000 (note 34)	RMB'000	RMB'000 (note 35)	RMB'000 (note 34)	RMB'000 (note 34)	RMB'000 (note 34)	RMB'000	RMB'000
As at 1 January 2025 . . .	-	74,300	18,880	(7,147)	62	-	37,980	(90)	363,055	487,040
Profit for the year . . .	-	-	-	-	-	-	-	-	97,374	97,374
Exchange differences related to foreign operations	-	-	-	-	-	-	-	80	-	80
Total comprehensive income for the year . . .	-	-	-	-	-	-	-	80	97,374	97,454
Equity-settled share-based payments . . .	-	-	-	-	10,765	-	-	-	-	10,765
Appropriation of safety fund	-	-	-	-	-	4,478	-	-	(4,478)	-
Utilisation of safety fund	-	-	-	-	-	(4,478)	-	-	4,478	-
Conversion into a joint stock company	120,000	(74,300)	345,072	-	-	-	(37,980)	-	(352,792)	-
Transferred from retained profits	-	-	-	-	-	-	11,059	-	(11,059)	-
As at 31 December 2025	<u>120,000</u>	<u>-</u>	<u>363,952</u>	<u>(7,147)</u>	<u>10,827</u>	<u>-</u>	<u>11,059</u>	<u>(10)</u>	<u>96,578</u>	<u>595,259</u>

* These reserve accounts comprise the consolidated reserves of RMB346,028,000, RMB412,740,000 and RMB475,259,000 in the consolidated statements of financial position as at the end of each of the Relevant Periods.

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CONSOLIDATED STATEMENT OF CASH FLOWS

	<i>Notes</i>	Year ended 31 December		
		2023	2024	2025
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		81,366	95,102	111,373
Adjustments for:				
Finance costs	7	4,375	2,664	2,059
Interest income	5	(1,794)	(1,600)	(1,175)
Investment income from financial assets at fair value through profit or loss	5	(2,617)	(2,647)	(2,570)
Loss on disposal of a subsidiary	36	–	–	2,073
Gain on disposal of right-of-use assets		–	–	(6)
Loss/(gain) on disposal of items of property, plant and equipment	6	3,097	4,240	(9)
Share of losses of an associate	14	–	–	134
Fair value gains, net:				
Fair value gains on financial assets at fair value through profit or loss	5	(22)	(2,014)	(1,907)
Depreciation of items of property, plant and equipment	13	10,259	8,834	9,761
Depreciation of right-of-use assets	15	7,965	2,635	2,950
Amortisation of intangible assets	16	477	2,310	3,068
Share-based payment expenses	35	–	62	10,765
Foreign exchange loss		–	–	430
Impairment of inventories		927	37,220	9,324
Impairment/(reversal of impairment) of trade receivables, net	6	11,380	(3,286)	5,100
Impairment/(reversal of impairment) of contract assets, net	6	285	(3,157)	(587)
Impairment/(reversal of impairment) of other receivables, net	6	230	(1,446)	1,267
		115,928	138,917	152,050
(Increase)/decrease in inventories		(166,318)	801,611	409,614
Decrease/(increase) in trade receivables		5,509	(2,974)	(158,640)
Decrease/(increase) in financial assets at fair value through other comprehensive income		326,338	143,160	(79,298)
(Increase)/decrease in contract assets		(6,851)	51,385	13,729
Decrease/(increase) in prepayments, deposits and other receivables		70,263	(10,942)	(31,836)
Decrease in deferred income		(659)	(640)	(599)
(Decrease)/increase in provisions		(2,818)	302	2,295
(Decrease)/increase in trade and bills payables		(200,586)	(409,247)	167,964
Decrease in contract liabilities		(204,106)	(457,040)	(154,828)
(Decrease)/increase in other payables and accruals		(34,974)	(18,703)	874
Decrease/(increase) in restricted cash		8,857	(35,807)	(1,237)
Decrease/(increase) in pledged deposits		33,897	31,399	(86,189)
Cash generated (used in)/from operations		(55,520)	231,421	233,899
Income tax paid		(6,046)	(4,583)	(17,418)
Net cash flows (used in)/from operating activities		(61,566)	226,838	216,481

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	Notes	Year ended 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase items of property, plant and equipment		(11,389)	(9,636)	(9,713)
Proceeds from disposal of a subsidiary	36	–	–	18,570
Investment in an associate		–	–	(15,000)
Prepaid investment		–	–	(20,000)
Additions of right-of-use assets		–	(29,253)	–
Purchase of intangible assets		(232)	(7,616)	(4,892)
Purchase of financial assets at fair value through profit or loss		(898,101)	(1,107,000)	(1,147,000)
Redemption of financial assets at fair value through profit or loss		929,596	923,974	967,295
Proceeds from disposal of items of property, plant and equipment		319	1,049	67
Loans to related parties	39	–	(6,000)	–
Receipt of loans to related parties	39	–	6,000	–
Interest received		1,794	1,657	1,175
Net cash flows from/(used in) investing activities		21,987	(226,825)	(209,498)
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments for lease liabilities	15	(7,244)	(3,107)	(1,282)
Prepayments for right-of-use assets		–	–	(256)
Deposits paid for lease liabilities		(189)	(82)	(121)
Dividends paid to the shareholders	11	–	(23,500)	–
Repayment of loans from related parties	39	(1,438)	(1,047)	–
Payments of [REDACTED] expense		[REDACTED]	[REDACTED]	[REDACTED]
New interest-bearing bank borrowings		108,000	47,486	12,500
Repayment of interest-bearing bank borrowings		(86,708)	(87,254)	(46,882)
Interest paid		(3,849)	(2,664)	(2,059)
Capital contribution by a shareholder	33	–	1,914	–
Net cash flows from/(used in) financing activities		8,572	(68,254)	(52,240)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(31,007)	(68,241)	(45,257)
Cash and cash equivalents at beginning of year		249,133	218,126	149,795
Effect of foreign exchange rate changes, net		–	(90)	(350)
CASH AND CASH EQUIVALENTS AT END OF YEAR	25	218,126	149,795	104,188

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STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statements of financial position of the Company at the end of each of the Relevant Periods is as follows:

	<i>Notes</i>	As at 31 December		
		2023	2024	2025
		<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
NON-CURRENT ASSETS				
Property, plant and equipment	13	57,007	52,459	51,244
Investments in subsidiaries	17	20,000	32,831	7,331
Investments in an associate	14	–	–	14,866
Right-of-use assets	15	11,679	9,868	7,803
Other intangible assets	16	2,885	7,212	9,669
Equity investments at fair value through profit or loss	18	2,000	2,000	2,000
Deferred tax assets	32	26,297	30,174	32,777
Prepayments, other receivables and other assets	22	1,235	2,138	21,490
Total non-current assets		121,103	136,682	147,180
CURRENT ASSETS				
Inventories	19	2,464,760	1,605,230	1,232,418
Trade receivables	20	337,907	347,453	514,266
Contract assets	21	272,651	224,423	208,499
Prepayments, other receivables and other assets	22	73,680	107,645	138,766
Financial assets at fair value through profit or loss	23	50,000	237,687	421,870
Financial assets at fair value through other comprehensive income	24	168,904	25,548	105,342
Pledged deposits	25	70,460	39,061	125,250
Restricted cash	25	–	35,807	37,044
Cash and cash equivalents	25	212,473	124,868	88,689
Total current assets		3,650,835	2,747,722	2,872,144
CURRENT LIABILITIES				
Trade and bills payables	26	1,232,550	828,268	992,624
Contract liabilities	28	1,929,007	1,454,114	1,318,591
Other payables and accruals	27	74,631	50,531	63,227
Interest-bearing bank borrowings	29	85,694	45,926	11,544
Lease liabilities	15	1,969	1,175	1,237
Tax payables		–	4,665	5,077
Provisions	30	12,464	12,766	15,061
Total current liabilities		3,336,315	2,397,445	2,407,361
NET CURRENT ASSETS		314,520	350,277	464,783
TOTAL ASSETS LESS CURRENT LIABILITIES		435,623	486,959	611,963
NON-CURRENT LIABILITIES				
Deferred income	31	3,692	3,052	2,453
Lease liabilities	15	3,082	1,206	198
Total non-current liabilities		6,774	4,258	2,651
Net assets		428,849	482,701	609,312
EQUITY				
Paid-in capital/Share capital	33	74,000	74,300	120,000
Reserves	34	354,849	408,401	489,312
Total equity		428,849	482,701	609,312

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NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

Zhongding Intelligent (Wuxi) Technology Co., Ltd. (“the Company”) is a limited liability company established in the People’s Republic of China (“PRC”) on 9 February 2009. The registered office of the Company is located at No. 5 Da Huai Road, Luoshe Town, Huishan District, Wuxi, China.

The Company is a smart intralogistics and warehouse automation solution provider. During each of the Relevant Periods, the Group was principally engaged in the business of smart intralogistics solutions. The controlling shareholder of the Company is Noblelift Intelligent Equipment Co., Ltd. The Company is ultimately controlled by Mr. Ding Sheng, Mr. Ding Yi and Ms. Mao Ying who are acting in concert.

Pursuant to a shareholders’ resolution of the Company on 18 March 2025, the Company was converted into a joint stock company with 120,000,000 shares with a nominal value of RMB1 each issued to the shareholders of the Company in proportion to their capital contributions to the Company.

Information about subsidiaries

During the year ended 31 December 2023, 2024 and 2025, the Company had direct and indirect interests in its subsidiaries. The particulars of principal subsidiaries are set out below:

Entity name	Place and date of incorporation/ registration and place of business	Issued ordinary/ registered paid-in capital	Percentage of equity interest attributable to the Company		Principal activities
			Direct	Indirect	
			%	%	
Wuxi Liding Technical Service Co., Ltd. (“Wuxi Liding”) (a),(b),(c)	Chinese Mainland 21 July 2022	RMB30,000,000	100	–	After-sales service
Wuxi Zhongyun Hongye Soft Control Technology Co., Ltd. (“Wuxi Zhongyun”) (a),(b),(c)	Chinese Mainland 10 March 2013	RMB10,500,000	100	–	Software development
Suyue Intelligent Equipment (Wuxi) Co., Ltd. (“Suyue Intelligent”) (a),(b),(c)	Chinese Mainland 26 April 2020	RMB50,000,000	100	–	Manufacture
Wuxi Zhongnuo Software Co., Ltd. (“Wuxi Zhongnuo”) (a),(b),(c)	Chinese Mainland 28 May 2021	RMB10,000,000	100	–	Software development
Wuxi Senhe Da Intelligent Equipment Co., Ltd. (“Wuxi Senhed”) (a),(c),(d)	Chinese Mainland 18 December 2023	RMB37,000,000	100	–	Investment holding
Zhongding Integration Technology Hungary Limited Liability Company (“Zhongding Hungary”) (c)	Hungary 17 November 2023	HUF3,000,000	100	–	Sales and after-sales operations
Zhongding Integration Technology Singapore Pte. Ltd. (“Zhongding Singapore”) (c)	Singapore 8 March 2024	SGD200,000	100	–	Sales and after-sales operations
Zhongding Integration Technology Malaysia Sdn. Bhd (c)	Malaysia 20 February 2025	RM10,000,000	–	100	Sales and after-sales operations

(a) The English names of the entities registered in the PRC represent the best efforts made by the management of the Company to directly translate their Chinese names as they did not register any official English name.

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- (b) Wuxi Zhongyun was dissolved on 9 January 2023, Suyue Intelligent was dissolved on 1 February 2024, Wuxi Zhongnuo was dissolved on 29 December 2025 and Wuxi Liding was dissolved on 30 December 2025.
- (c) No audited financial statements of these subsidiaries have been prepared for the years ended 31 December 2023, 2024 and 2025, as these subsidiaries were newly incorporated or not subject to any statutory audit requirements under the relevant rules and regulations in their jurisdictions of incorporation.
- (d) Wuxi Senheda was disposed on 27 June 2025, further details of which are given in note 36 to the Historical Financial Information.

2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations) as issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and the Hong Kong Companies Ordinance.

All HKFRS Accounting Standards effective for the accounting period commencing from 1 January 2025, together with the relevant transitional provisions, have been consistently applied by the Group in the preparation of the Historical Financial Information throughout each of the Relevant Periods.

The Historical Financial Information has been prepared under the historical cost convention, except for certain financial instruments which have been measured at fair value. The Historical Financial Information is presented in RMB and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

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

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

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

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

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

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

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

2.2 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS

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

HKFRS 18	<i>Presentation and Disclosure in Financial Statements</i> ²
HKFRS 19 and its amendments	<i>Subsidiaries without Public Accountability: Disclosures</i> ²
Amendments to HKFRS 9 and HKFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i> ¹
Amendments to HKFRS 9 and HKFRS 7	<i>Contracts Referencing Nature-dependent Electricity</i> ¹
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ³
Amendments to HKAS 21	<i>Translation to a Hyperinflationary Presentation Currency</i> ²
<i>Annual Improvements to HKFRS Accounting Standards – Volume II</i>	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS7 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

Further information about those HKFRS Accounting Standards that are expected to be applicable to the Group is described below.

HKFRS 18 replaces HKAS 1 Presentation of Financial Statements. While a number of sections have been brought forward from HKAS 1 with limited changes, HKFRS 18 introduces new requirements for presentation within the statement of profit or loss and other comprehensive income, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss and other comprehensive income into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in HKAS 1 are moved to HKAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, which is renamed as HKAS 8 Basis of Preparation of Financial Statements. As a consequence of the issuance of HKFRS 18, limited, but widely applicable, amendments are made to HKAS 7 Statement of Cash Flows, HKAS 33 Earnings per Share and HKAS 34 Interim Financial Reporting. In addition, there are minor consequential amendments to other HKFRS Accounting Standards. HKFRS 18 and the consequential amendments to other HKFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The application of HKFRS 18 is not expected to have a material impact on the financial position of the Group but is expected to affect the presentation of profit or loss and statement of cash flows and additional disclosure will be included in the financial statements.

The Group is in the process of making an assessment of the impact of other new and revised HKFRS Accounting Standards upon initial application. So far, the Group considers that these new and revised HKFRS Accounting Standards are unlikely to have a significant impact on the Group’s results of operations and financial position.

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2.3 MATERIAL ACCOUNTING POLICY INFORMATION

Investment in associates

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

The Group's investments in associates are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

Fair value measurement

The Group measures its wealth management products, bills receivables and equity investments 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 an asset is required (other than inventories, contract assets, deferred tax assets, financial assets and non-current assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

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

Related parties

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

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

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

Property, plant and equipment and depreciation

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

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

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

Buildings	4.75%
Machinery	9.50%-19.40%
Office equipment and electronic devices	19.00%-31.67%
Vehicles	19.40%-23.75%
Leasehold improvements	33.33%-50.00%

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

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the 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 (other than goodwill)

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.

Software

Purchased software is stated at cost less any impairment loss and is amortised on the straight-line basis over its estimated useful life of 3 to 5 years.

Licence

Purchased licence is stated at cost less any impairment loss and is amortised on the straight-line basis over its estimated useful life of 3 years.

Research and development costs

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

Leases

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

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Group as a lessee

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

(a) Right-of-use assets

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

Buildings	2-3 years
Leasehold land	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) Lease liabilities

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

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

(c) Short-term leases

The Group applies the short-term lease recognition exemption to its short-term leases of 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).

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

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at 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 HKFRS 15 in accordance with the policies set out for "Revenue recognition" below.

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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 the profit or loss.

Derecognition of financial assets

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

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

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

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

Impairment of financial assets

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

General approach

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

At the end of each of the Relevant Periods, 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 each of the Relevant Periods with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 180 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.

For debt investments at fair value through other comprehensive income, the Group applies the low credit risk simplification. At the end of each of the Relevant Periods, the Group evaluates whether the debt investments are considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the external credit ratings of the debt investments. Debt investments graded in the top investment categories (Very Good and Good) by the credit rating agency are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk of debt investments since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from the credit rating agency both to determine whether the debt instruments have significantly increased in credit risk and to estimate ECLs.

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

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets 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 end of each of the Relevant Periods (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

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Simplified approach

For trade receivables and contract assets 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 the end of each of the Relevant Periods. 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, other payables and interest-bearing bank borrowings.

Subsequent measurement

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

Financial liabilities at amortised cost (trade and bills payables, other payables and interest-bearing bank borrowings)

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

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

Derecognition of financial liabilities

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

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

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Cash and cash equivalents

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

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

Provisions

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

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of 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 the profit or loss.

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

Income tax

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

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of 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 loss and does not give rise to equal taxable and deductible temporary differences; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, 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

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- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, 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 the profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Revenue recognition

Revenue from contracts with customers

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

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

(a) Smart intralogistics solutions

Revenue from the smart intralogistics solutions is recognised at the point in time when control of the asset is transferred to the customer, generally on completion of the project acceptance.

(b) Sales of intralogistics equipment and others

Revenue from the sales of intralogistics equipment and others is recognised at the point in time when control of the asset is transferred to the customer, generally on completion of the equipment acceptance.

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(c) After-sales services

Revenue from after-sales services comprises revenue from two service models. One is maintenance and upkeep services and the other is technical upgrading services. Revenue from the maintenance and upkeep services is recognised over the scheduled period on a straight-line basis as the customer simultaneously receives and consumes the benefits provided by the Group. Revenue from the technical upgrading services is recognised at the point in time when the services are completed.

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.

Contract assets

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

Contract liabilities

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

Share-based payments

The Company operates a share-based payment scheme. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The discount for lack of marketability is determined by the management using a Black-Scholes model. The fair value is determined using a binomial model, further details of which are given in note 35 to the Historical Financial Information.

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

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

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

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

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Other 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. These 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.

Events after the Relevant Periods

If the Group receives information after the Relevant Periods, but prior to the date of authorisation for issue, about conditions that existed at the end of the Relevant Periods, it will assess whether the information affects the amounts that it recognises in its Historical Financial Information. The Group will adjust the amounts recognised in its Historical Financial Information to reflect any adjusting events after the Relevant Periods and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the Relevant Periods, the Group will not change the amounts recognised in its 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.

Dividends

Final dividends are recognised as a liability when they are approved and declared by the shareholders in a general meeting. Proposed final dividends are disclosed in the note 11 to the Historical Financial Information.

Foreign currencies

The Historical Financial Information is presented in RMB, which is the Company’s functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of each of the Relevant Periods. Differences arising on settlement or translation of monetary items are 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. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

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

The functional currencies of certain overseas subsidiaries are currencies other than the RMB. As at the end of 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 each of the Relevant Periods and their statements of profit or loss are translated into RMB at the exchange rates that approximate to those prevailing at the dates of the transactions.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in profit or loss.

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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 judgement, apart from those involving estimations, which have the most significant effect on the amounts recognised in the Historical Financial Information:

Deferred tax assets

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

The Group has tax losses carried forward of RMB9,242,000, RMB9,929,000 and RMB5,443,000 as at the end of each of the Relevant Periods. These losses related to subsidiaries that have a history of losses, have not expired, and may not be used to offset taxable income elsewhere in the Group. The subsidiaries have neither any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Group has determined that it cannot recognise deferred tax assets on the tax losses carried forward.

If the Group had been able to recognise all unrecognised deferred tax assets, the profit and equity would have increased by RMB2,311,000, RMB2,234,000 and RMB849,000 during each of the Relevant Periods. Further details on deferred taxes are disclosed in note 32 to the Historical Financial Information.

Estimation uncertainty

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

Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on ageing of trade receivables for groupings of various customer segments that have similar loss patterns (i.e., by customer type and rating).

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

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 20 to the Historical Financial Information.

Provision for inventories – work in progress

The Group's work in progress is stated at the lower of carrying amount or the remaining amount of consideration less costs relate directly to providing those good or services. The Group's provision for impairment of work in progress is based on management's estimates of the remaining consideration incorporating assumptions about

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future costs directly linked to fulfilling obligations. These estimates are reviewed periodically, and adjustments are recognised when there are changes in circumstances or expectations. Further details of the work in progress are set out in note 19 to the Historical Financial information.

4. OPERATING SEGMENT INFORMATION

Management monitors the operating results of the Group's business which includes smart intralogistics solutions, sales of intralogistics equipment and others and after-sales services for the purpose of making decisions about resource allocation and performance assessment. Information reported to the Group's chief operating decision maker, for the purpose of resource allocation and performance assessment, focuses on the operating results of the Group as a whole as the Group's resources are integrated and no discrete operating segment information is available. Accordingly, no operating segment information is presented.

Geographical information

During each of the Relevant Periods, the Group operated within one geographical location as over 90% of its revenue during the Relevant Period was generated in Chinese Mainland and all of its non-current assets and capital expenditure were located/incurred in Chinese Mainland.

Revenue from external customers

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Chinese mainland	1,656,242	1,697,045	1,774,255
Other countries/regions.	38,412	100,760	107,426
Total revenue.	<u>1,694,654</u>	<u>1,797,805</u>	<u>1,881,681</u>

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

Information about major customers

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

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Client A	833,833	291,154	469,117
Client B	211,350	N/A*	N/A*
Client C	N/A*	473,519	292,576
Client D	N/A*	314,947	421,360
Client E	N/A*	N/A*	284,169

* Less than 10% of the Group's revenue.

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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.	1,694,654	1,797,805	1,881,681

Revenue from contracts with customers

(a) Disaggregated revenue information

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
<i>Types of good or Services</i>			
Smart intralogistics solutions	1,602,744	1,727,754	1,786,679
After-sales services	47,515	49,775	82,126
Sales of intralogistics equipment and others	44,395	20,276	12,876
Total	<u>1,694,654</u>	<u>1,797,805</u>	<u>1,881,681</u>
<i>Timing of revenue recognition</i>			
Goods transferred at a point in time.	1,686,961	1,789,316	1,867,256
Services transferred over time	7,693	8,489	14,425
Total	<u>1,694,654</u>	<u>1,797,805</u>	<u>1,881,681</u>

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 those years:

	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	912,972	1,067,143	944,105

(b) Performance obligations

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

Smart intralogistics solutions

Revenue from smart intralogistics solutions is generally recognised upon the completion of the project acceptance.

According to sales contracts, payments shall be made by project milestone. Generally, the milestones are as follows: (i) 30% prepayment before commencement of construction; (ii) 30% payment after on-site delivery; (iii) 30% after customer inspects and accepts the delivery of solutions; and (iv) 10% is retained by customers until the end of the warranty period as the Group’s entitlement to the final payment is conditional on the satisfaction of the system operation quality by the customers over a certain period as stipulated in the contracts. The warranty terms set out the time after the completion of solutions during which the Group shall be responsible for providing repairs and compensation for any quality-related issues and losses.

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Contract liabilities are recognised when the advance payments are received but revenue has yet been recognised. Retention receivables are classified as contract assets and are transferred to trade receivables upon satisfaction of the system operation quality by the customers over the warranty periods.

Sales of intralogistics equipment and others

The performance obligation is satisfied upon delivery of the products and payments are generally due within 90 to 180 days from the completion of acceptance.

After-sales services

The performance obligation for maintenance and upkeep services is satisfied over time as services are rendered. The maintenance and upkeep services are billed based on certain milestones as stipulated in the contracts.

The performance obligation for technical upgrading services is satisfied upon completion of the services. According to contract terms, 30% prepayments are required upon signing of sales contracts and the rest of the contract amounts are paid upon completion of the service. The payments are generally due within 90 to 180 days from the date of invoices.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at the end of each of the Relevant Periods as follows:

	Year ended 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Amounts expected to be recognised as revenue			
Within one year	1,640,965	1,937,292	1,961,912
After one year	<u>2,102,851</u>	<u>906,329</u>	<u>744,864</u>
Total	<u><u>3,743,816</u></u>	<u><u>2,843,621</u></u>	<u><u>2,706,776</u></u>

Other income and gains

An analysis of other income and gains is as follows:

	Year ended 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<u>Other income</u>			
Bank interest income	1,794	1,600	1,175
Investment income from financial assets at fair value through profit or loss.	2,617	2,647	2,570
Government grants (<i>note 6</i>)	13,741	8,298	6,340
Others	<u>922</u>	<u>684</u>	<u>460</u>
Total other income	<u>19,074</u>	<u>13,229</u>	<u>10,545</u>
<u>Gains</u>			
Fair value gains on financial assets at fair value through profit or loss	22	2,014	1,907
Others	<u>—</u>	<u>—</u>	<u>15</u>
Total gains	<u>22</u>	<u>2,014</u>	<u>1,922</u>
Total other income and gains	<u><u>19,096</u></u>	<u><u>15,243</u></u>	<u><u>12,467</u></u>

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6. PROFIT BEFORE TAX

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

	Notes	Year ended 31 December		
		2023	2024	2025
		RMB’000	RMB’000	RMB’000
Cost of inventories and services sold* . . .		1,456,819	1,561,941	1,597,504
Depreciation of property, plant and equipment**	13	10,259	8,834	9,761
Depreciation of right-of-use assets**	15	7,965	2,635	2,950
Amortisation of other intangible assets	16	477	2,310	3,068
Research and development expenses		71,300	65,840	74,960
Auditor’s remuneration		144	597	277
Lease payments not included in the measurement of lease liabilities	15	5,017	5,238	3,441
Interest on lease liabilities	15	91	131	114
Government grants***		(13,741)	(8,298)	(6,340)
Bank interest income	5	(1,794)	(1,600)	(1,175)
Employee benefit expenses (excluding directors’ and chief executive’s remuneration) (note 8)****:				
Wages, salaries and other allowances		168,744	141,654	150,106
Pension scheme contributions and social welfare		14,773	15,909	16,416
Share-based payment expense		–	10	6,174
Total		<u>183,517</u>	<u>157,573</u>	<u>172,696</u>
Foreign exchanges loss		1,730	921	431
Loss on disposal of a subsidiary		–	–	2,073
Loss/(gain) on disposal of items of property, plant and equipment		3,097	4,240	(9)
Gain on disposal of items of right-of-use assets		–	–	(6)
Write-down of inventories to net realisable value		3,626	36,547	46,769
Impairment of financial and contract assets, net:				
Impairment/(reverse of impairment) of trade receivables		11,380	(3,286)	5,100
Impairment/(reverse of impairment) of contract assets		285	(3,157)	(587)
Impairment/(reverse of impairment) of other receivables		230	(1,446)	1,267
Total		<u>11,895</u>	<u>(7,889)</u>	<u>5,780</u>

* Cost of sales for the Relevant Periods included the write-down of inventories to net realisable value, the depreciation of property, plant and equipment and the depreciation of right-of-use assets which are also included in the respective total amounts disclosed separately in “write-down of inventories to net realisable value”, “depreciation of property, plant and equipment” and “depreciation of right-of-use assets”.

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** The depreciation of property, plant and equipment were included in “cost of sales”, “selling and distribution expenses”, “administrative expenses” and “research and development expenses”, and the depreciation of right-of-use assets for the Relevant Periods were included in “cost of sales”, “administrative expenses” and “research and development expenses”.

*** The government grants have been received from the PRC local government authorities to support the operating activities of the Group’s subsidiaries incorporated in Chinese Mainland. The grants related to assets were recognised in profit or loss over the period of the useful life. There are no unfulfilled eligibility requirements or conditions relating to these government grants.

**** Employee benefit expenses of RMB75,907,000, RMB85,557,000 and RMB124,033,000 of employee benefit expenses were included in cost of sales during the Relevant Periods, respectively.

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	4,284	2,533	1,945
Interest on lease liabilities (<i>note 15</i>)	91	131	114
Total	<u>4,375</u>	<u>2,664</u>	<u>2,059</u>

8. DIRECTORS’ REMUNERATION

Directors’ remuneration for each of the Relevant Periods, disclosed pursuant to the Listing Rules, section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Fees	—	—	201
Other emoluments:			
Salaries, allowances and benefits in kind	4,143	4,365	4,967
Pension scheme contributions and social welfare	146	221	302
Equity-settled share-based payment expenses	—	52	4,591
Subtotal	<u>4,289</u>	<u>4,638</u>	<u>9,860</u>
Total	<u>4,289</u>	<u>4,638</u>	<u>10,061</u>

During the year ended 31 December 2024 and 2025, certain directors were granted restricted shares and share options, in respect of their services to the Group, under the share-based payment scheme of the Company, further details of which are set out in note 35 to the Historical Financial Information. The fair value of such restricted shares, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amount included in the Historical Financial Information is included in the above directors’ remuneration disclosures.

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	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions and social welfare	Total remuneration
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Year ended 31 December 2023					
Executive directors:					
Mr. Ding Sheng (i)	–	–	–	–	–
Mr. Yang Tianbiao (ii)	–	751	650	3	1,404
Mr. Li Xiaobin (iii)	–	602	604	51	1,257
Mr. Chen Lisheng (iv)	–	605	412	49	1,066
Ms. Du Jing (v)	–	283	236	43	562
Total	–	<u>2,241</u>	<u>1,902</u>	<u>146</u>	<u>4,289</u>

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions and social welfare	Share-based payment expenses	Total remuneration
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Year ended 31 December 2024						
Executive directors:						
Mr. Ding Sheng (i)	–	–	–	–	–	–
Mr. Yang Tianbiao (ii)	–	832	583	–	10	1,425
Mr. Li Xiaobin (iii)	–	602	410	52	10	1,074
Mr. Chen Lisheng (iv)	–	604	378	52	22	1,056
Ms. Du Jing (v)	–	281	189	45	10	525
Mr. Su Tong (vi)	–	386	100	72	–	558
Total	–	<u>2,705</u>	<u>1,660</u>	<u>221</u>	<u>52</u>	<u>4,638</u>

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions and social welfare	Share-based payment expenses	Total remuneration
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Year ended 31 December 2025						
Executive directors:						
Mr. Ding Sheng (i)	–	–	–	–	–	–
Mr. Yang Tianbiao (ii)	–	750	683	–	1,191	2,624
Mr. Li Xiaobin (iii)	–	604	413	48	666	1,731
Mr. Chen Lisheng (iv)	–	727	296	66	1,893	2,982
Ms. Du Jing (v)	–	280	264	45	608	1,197
Mr. Su Tong (vi)	–	800	150	143	233	1,326
Total	–	<u>3,161</u>	<u>1,806</u>	<u>302</u>	<u>4,591</u>	<u>9,860</u>

Independent non-executive directors:						
Ms. Zhu Ying (vii)	67	–	–	–	–	67
Ms. Lam Fei Sui (viii)	67	–	–	–	–	67
Mr. Cong Runmin (ix)	67	–	–	–	–	67
Total	<u>201</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>201</u>

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

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Notes:

- (i) Mr. Ding Sheng was appointed as an executive director in February 2017.
- (ii) Mr. Yang Tianbiao was appointed as an executive director in January 2024.
- (iii) Mr. Li Xiaobin was appointed as an executive director in July 2021.
- (iv) Mr. Chen Lisheng was appointed as an executive director in July 2021.
- (v) Ms. Du Jing was appointed as an executive director in April 2025.
- (vi) Mr. Su Tong was appointed as an executive director in March 2025.
- (vii) Ms. Zhu Ying was appointed as an independent non-executive director in April 2025.
- (viii) Ms. Lam Fei Sui was appointed as an independent non-executive director in April 2025.
- (ix) Mr. Cong Runmin was appointed as an independent non-executive director in April 2025.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees for the years ended 31 December 2023, 2024 and 2025 included two directors, one director and two directors, respectively. Details of those directors' remuneration are set out in note 8 above. Details of the remuneration for the remaining three, four and three highest paid employees who are neither directors nor the chief executive of the Company for each of the Relevant Periods of the highest paid employees who are neither a director nor chief executive of the Company are as follows:

	Year ended 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Salaries, bonuses, allowances and benefits in kind	4,709	8,420	9,676
Social welfare and other benefits.	78	86	74
Share-based payment expenses	–	10	433
Total	<u>4,787</u>	<u>8,516</u>	<u>10,183</u>

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\$1,000,001 to HK\$1,500,000	1	1	–
HK\$1,500,001 to HK\$2,000,000	1	1	–
HK\$2,000,001 to HK\$2,500,000	1	1	–
HK\$3,000,001 to HK\$3,500,000	–	–	2
HK\$3,500,001 to HK\$4,000,000	–	1	–
HK\$4,500,001 to HK\$5,000,000	–	–	1
Total	<u>3</u>	<u>4</u>	<u>3</u>

During the year ended 31 December 2024, restricted shares were granted to a non-director and non-chief executive highest paid employee in respect of his services to the Group, further details of which are included in the disclosures in note 35 to the Historical Financial Information.

During the year ended 31 December 2025, share options were granted to two non-director and non-chief executive highest paid employees in respect of their services to the Group, further details of which are included in the disclosures in note 35 to the Historical Financial Information.

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The fair value of the share-based compensation, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the Historical Financial Information for the related period is included in the above non-director and non-chief executive highest paid employees’ remuneration disclosures.

10. INCOME TAX

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

Chinese Mainland

The subsidiaries registered in Chinese Mainland are subject to tax at the statutory rate of 25% on the taxable profits determined in accordance with the Law of the PRC on Enterprise Income Tax (the “EIT law”) which became effective on 1 January 2008, except for those subject to preferential tax set out below:

The Company was qualified as a High and New Technology Enterprise (“HNTE”) in 2022 and 2025. Therefore the Company was entitled to a preferential income tax rate of 15% during the Relevant Periods and leading up to 31 December 2027. Such qualification is subject to review by the relevant tax authority in the PRC every three years.

Pursuant to the EIT law and the respective regulations, the Company’s subsidiary Wuxi Zhongnuo which operates in Chinese Mainland was qualified as a small and micro enterprise during the Relevant Periods. The Company’s subsidiary Wuxi Liding which operates in Chinese Mainland was qualified as a small and micro enterprise during the years ended 31 December 2023 and 2024. During the Relevant Periods, the preferential income tax rate was 5% for the first RMB3,000,000 of assessable profits. Wuxi Liding was no longer qualified as small and micro enterprises and subject to tax at the statutory rate of 25% during the year ended 31 December 2025.

Singapore

The subsidiary incorporated in Singapore is subject to Singapore tax at the rate of 17%. No provision for Singapore profits tax has been made as the Group had no assessable profits derived from or earned in Singapore during each of the Relevant Periods.

Hungary

The subsidiary incorporated in Hungary is subject to Hungary tax at the rate of 9%. No provision for Hungary profits tax has been made as the Group had no assessable profits derived from or earned in Hungary during each of the Relevant Periods.

Malaysia

The subsidiary incorporated in Malaysia is subject to Malaysia tax at the rate of 24%. No provision for Malaysia profits tax has been made as the Group had no assessable profits derived from or earned in Malaysia during each of the Relevant Periods.

The major components of income tax expense of the Group during each of the Relevant Periods are analysed as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Current – Chinese Mainland:			
Charge for the year	4,961	9,327	17,751
Deferred tax (<i>note 32</i>)	(1,777)	(2,851)	(3,752)
Total tax charge for the year	<u>3,184</u>	<u>6,476</u>	<u>13,999</u>

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A reconciliation of the tax expense applicable to profit before tax at the statutory rate for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled and/or operate to the income tax expense at the effective income tax rate for each of the Relevant Periods is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Profit before tax	81,366	95,102	111,373
Tax at the statutory tax rate	20,342	24,152	28,106
Effect of preferential tax rate	(6,435)	(9,045)	(10,084)
Expenses not deductible for tax*.	2,570	1,944	2,889
Tax losses not recognised	–	1,722	814
Tax losses utilised from previous periods	(2,044)	(1,798)	–
Effect of super deduction for research and development costs**.	(11,249)	(10,499)	(7,726)
Tax charge at the Group’s effective tax rate	3,184	6,476	13,999

* Expenses not deductible for tax mainly include non-deductible business entertainment expenses and penalties without compliant notes.

** Super deduction on research and development costs was for qualified research and development costs. According to the relevant laws and regulations promulgated by the State Taxation Administration of the PRC, enterprises engaging in research and development activities were entitled to claim 200% of their qualified research and development costs as tax deductible expenses when determining their assessable profits for each of the Relevant Periods.

11. DIVIDENDS

On 2 November 2024, the Company declared dividends of RMB23,500,000 to its shareholders for which RMB23,500,000 were paid in December 2024.

There is no dividend declared or paid other than those mentioned above during the Relevant Periods.

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

The basic earnings per share is calculated by dividing the profit attributable to ordinary equity holders of the Group by the weighted average number of ordinary shares outstanding during the Relevant Periods.

The weighted average number of ordinary shares used in the calculation of diluted earnings per share is the number of ordinary shares outstanding during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise.

	Year ended 31 December		
	2023	2024	2025
Profit attributable to owners of the parent (RMB'000)	78,182	88,626	97,374
Shares			
Weighted average number of ordinary shares outstanding ('000)	119,515	119,576	120,000
Effect of dilution-weighted average number of ordinary shares:			
Share options	–	–	5,474
Total	119,515	119,576	125,474

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13. PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings	Machinery	Office equipment and electronic devices	Vehicles	Leasehold improvements	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	47,212	24,209	9,040	5,534	11,936	4,069	102,000
Accumulated depreciation	(19,625)	(8,631)	(6,215)	(3,461)	(4,947)	–	(42,879)
Net carrying amount . . .	<u>27,587</u>	<u>15,578</u>	<u>2,825</u>	<u>2,073</u>	<u>6,989</u>	<u>4,069</u>	<u>59,121</u>
At 1 January 2023, net of accumulated							
depreciation	27,587	15,578	2,825	2,073	6,989	4,069	59,121
Additions	–	5,587	2,106	807	2,093	979	11,572
Transfers of property, plant and equipment . .	–	2,055	–	–	2,252	(4,307)	–
Disposals	–	(208)	–	(26)	(3,182)	–	(3,416)
Depreciation provided during the year (note 6)	<u>(2,327)</u>	<u>(2,886)</u>	<u>(943)</u>	<u>(523)</u>	<u>(3,580)</u>	<u>–</u>	<u>(10,259)</u>
At 31 December 2023, net of accumulated depreciation	<u>25,260</u>	<u>20,126</u>	<u>3,988</u>	<u>2,331</u>	<u>4,572</u>	<u>741</u>	<u>57,018</u>
At 31 December 2023:							
Cost	47,212	31,006	11,146	5,813	11,364	741	107,282
Accumulated depreciation	(21,952)	(10,880)	(7,158)	(3,482)	(6,792)	–	(50,264)
Net carrying amount . . .	<u>25,260</u>	<u>20,126</u>	<u>3,988</u>	<u>2,331</u>	<u>4,572</u>	<u>741</u>	<u>57,018</u>
31 December 2024							
At 1 January 2024							
Cost	47,212	31,006	11,146	5,813	11,364	741	107,282
Accumulated depreciation	(21,952)	(10,880)	(7,158)	(3,482)	(6,792)	–	(50,264)
Net carrying amount . . .	<u>25,260</u>	<u>20,126</u>	<u>3,988</u>	<u>2,331</u>	<u>4,572</u>	<u>741</u>	<u>57,018</u>
At 1 January 2024, net of accumulated							
depreciation	25,260	20,126	3,988	2,331	4,572	741	57,018
Additions	–	242	514	1,516	269	7,041	9,582
Transfers of property, plant and equipment . .	–	1,103	227	–	1,516	(2,846)	–
Disposals*	–	(340)	–	(1,348)	–	(3,601)	(5,289)
Depreciation provided during the year (note 6)	<u>(2,232)</u>	<u>(2,700)</u>	<u>(1,064)</u>	<u>(490)</u>	<u>(2,348)</u>	<u>–</u>	<u>(8,834)</u>
At 31 December 2024, net of accumulated depreciation	<u>23,028</u>	<u>18,431</u>	<u>3,665</u>	<u>2,009</u>	<u>4,009</u>	<u>1,335</u>	<u>52,477</u>
At 31 December 2024							
Cost	47,212	31,764	11,887	2,566	13,149	1,335	107,913
Accumulated depreciation	(24,184)	(13,333)	(8,222)	(557)	(9,140)	–	(55,436)
Net carrying amount . . .	<u>23,028</u>	<u>18,431</u>	<u>3,665</u>	<u>2,009</u>	<u>4,009</u>	<u>1,335</u>	<u>52,477</u>

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	Buildings	Machinery	Office equipment and electronic devices	Vehicles	Leasehold improvements	Construction in progress	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2025							
At 1 January 2025							
Cost	47,212	31,764	11,887	2,566	13,149	1,335	107,913
Accumulated depreciation	<u>(24,184)</u>	<u>(13,333)</u>	<u>(8,222)</u>	<u>(557)</u>	<u>(9,140)</u>	<u>–</u>	<u>(55,436)</u>
Net carrying amount	<u>23,028</u>	<u>18,431</u>	<u>3,665</u>	<u>2,009</u>	<u>4,009</u>	<u>1,335</u>	<u>52,477</u>
At 1 January 2025, net of accumulated							
depreciation	23,028	18,431	3,665	2,009	4,009	1,335	52,477
Additions	3,316	1,528	657	2,286	353	1,339	9,479
Transfers of property, plant and equipment	762	–	1,552	–	–	(2,314)	–
Disposals	–	(5)	(53)	–	–	–	(58)
Depreciation provided during the year (note 6)	<u>(2,393)</u>	<u>(2,670)</u>	<u>(1,071)</u>	<u>(688)</u>	<u>(2,939)</u>	<u>–</u>	<u>(9,761)</u>
At 31 December 2025, net of accumulated							
depreciation	<u>24,713</u>	<u>17,284</u>	<u>4,750</u>	<u>3,607</u>	<u>1,423</u>	<u>360</u>	<u>52,137</u>
At 31 December 2025							
Cost	51,290	33,218	12,713	4,852	13,502	360	115,935
Accumulated depreciation	<u>(26,577)</u>	<u>(15,934)</u>	<u>(7,963)</u>	<u>(1,245)</u>	<u>(12,079)</u>	<u>–</u>	<u>(63,798)</u>
Net carrying amount	<u>24,713</u>	<u>17,284</u>	<u>4,750</u>	<u>3,607</u>	<u>1,423</u>	<u>360</u>	<u>52,137</u>

At the end of each of the Relevant Periods, none of the Group’s property, plant and equipment were pledged.

* The disposal of construction in progress mainly contains the costs of disposal of construction in progress of Wuxi Senheda, which were recognised in profit or loss. The Group terminated its self-constructed factory plant projects in the second half of 2024, with the expenses incurred to date primarily consisting of construction costs.

The Company

	Buildings	Machinery	Office equipment and electronic devices	Vehicles	Leasehold improvements	Construction in progress	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2023							
At 1 January 2023:							
Cost	47,211	17,826	8,912	5,534	7,851	4,069	91,403
Accumulated depreciation	<u>(19,625)</u>	<u>(4,264)</u>	<u>(6,210)</u>	<u>(3,461)</u>	<u>(4,062)</u>	<u>–</u>	<u>(37,622)</u>
Net carrying amount	<u>27,586</u>	<u>13,562</u>	<u>2,702</u>	<u>2,073</u>	<u>3,789</u>	<u>4,069</u>	<u>53,781</u>
At 1 January 2023, net of accumulated							
depreciation	27,586	13,562	2,702	2,073	3,789	4,069	53,781
Additions	–	7,112	2,198	807	1,261	979	12,357
Transfers of property, plant and equipment	–	2,055	–	–	2,252	(4,307)	–
Disposals	–	–	–	(26)	–	–	(26)
Depreciation provided during the year	<u>(2,327)</u>	<u>(2,594)</u>	<u>(931)</u>	<u>(523)</u>	<u>(2,730)</u>	<u>–</u>	<u>(9,105)</u>
At 31 December 2023, net of accumulated							
depreciation	<u>25,259</u>	<u>20,135</u>	<u>3,969</u>	<u>2,331</u>	<u>4,572</u>	<u>741</u>	<u>57,007</u>

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	Buildings	Machinery	Office equipment and electronic devices	Vehicles	Leasehold improvements	Construction in progress	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 31 December 2023:							
Cost	47,211	26,993	11,110	5,807	11,364	741	103,226
Accumulated depreciation	(21,952)	(6,858)	(7,141)	(3,476)	(6,792)	–	(46,219)
Net carrying amount	<u>25,259</u>	<u>20,135</u>	<u>3,969</u>	<u>2,331</u>	<u>4,572</u>	<u>741</u>	<u>57,007</u>
31 December 2024							
At 1 January 2024							
Cost	47,211	26,993	11,110	5,807	11,364	741	103,226
Accumulated depreciation	(21,952)	(6,858)	(7,141)	(3,476)	(6,792)	–	(46,219)
Net carrying amount	<u>25,259</u>	<u>20,135</u>	<u>3,969</u>	<u>2,331</u>	<u>4,572</u>	<u>741</u>	<u>57,007</u>
At 1 January 2024, net of accumulated							
depreciation	25,259	20,135	3,969	2,331	4,572	741	57,007
Additions	–	242	497	1,516	269	3,440	5,964
Transfers of property, plant and equipment	–	1,103	227	–	1,516	(2,846)	–
Disposals	–	(340)	–	(1,348)	–	–	(1,688)
Depreciation provided during the year	(2,231)	(2,700)	(1,054)	(491)	(2,348)	–	(8,824)
At 31 December 2024, net of accumulated depreciation	<u>23,028</u>	<u>18,440</u>	<u>3,639</u>	<u>2,008</u>	<u>4,009</u>	<u>1,335</u>	<u>52,459</u>
At 31 December 2024							
Cost	47,211	27,751	11,834	2,560	13,149	1,335	103,840
Accumulated depreciation	(24,183)	(9,311)	(8,195)	(552)	(9,140)	–	(51,381)
Net carrying amount	<u>23,028</u>	<u>18,440</u>	<u>3,639</u>	<u>2,008</u>	<u>4,009</u>	<u>1,335</u>	<u>52,459</u>
31 December 2025							
At 1 January 2025							
Cost	47,211	27,751	11,834	2,560	13,149	1,335	103,840
Accumulated depreciation	(24,183)	(9,311)	(8,195)	(552)	(9,140)	–	(51,381)
Net carrying amount	<u>23,028</u>	<u>18,440</u>	<u>3,639</u>	<u>2,008</u>	<u>4,009</u>	<u>1,335</u>	<u>52,459</u>
At 1 January 2025, net of accumulated							
depreciation	23,028	18,440	3,639	2,008	4,009	1,335	52,459
Additions	3,316	1,528	946	1,901	40	814	8,545
Transfers of property, plant and equipment	762	–	1,241	–	–	(2,003)	–
Disposals	–	(5)	(31)	–	–	–	(36)
Depreciation provided during the year	(2,393)	(2,670)	(1,067)	(681)	(2,913)	–	(9,724)
At 31 December 2025, net of accumulated depreciation	<u>24,713</u>	<u>17,293</u>	<u>4,728</u>	<u>3,228</u>	<u>1,136</u>	<u>146</u>	<u>51,244</u>
At 31 December 2025							
Cost	51,289	29,204	12,683	4,461	13,189	146	110,972
Accumulated depreciation	(26,576)	(11,911)	(7,955)	(1,233)	(12,053)	–	(59,728)
Net carrying amount	<u>24,713</u>	<u>17,293</u>	<u>4,728</u>	<u>3,228</u>	<u>1,136</u>	<u>146</u>	<u>51,244</u>

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14. INVESTMENTS IN AN ASSOCIATE

The Group and the Company

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Share of net assets	–	–	14,866
	<u>–</u>	<u>–</u>	<u>14,866</u>

Particulars of the associate are as follows:

Name	Particulars of issued shares held	Place of incorporation/ registration and business	Percentage of ownership interest attributable to the Group	Principal activity
Shengmo Intelligent Systems (Shanghai) Co., Ltd.	Ordinary shares	Chinese Mainland	33.3%	Manufacture and sale of intelligent equipment

The above investment is held by the Company.

The following table illustrates the aggregate financial information of the Group's associates that is not individually material during the Relevant Periods:

	Year ended 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Share of the associates' loss for the year	–	–	(134)
Share of the associates' total comprehensive loss.	–	–	(134)
Aggregate carrying amount of the Group's investments in the associates	–	–	14,866
	<u>–</u>	<u>–</u>	<u>14,866</u>

15. LEASES

The Group as a lessee

The Group has lease contracts for various items of leasehold land and plant and properties used in its operations. Lease of leasehold land generally have lease terms of 50 years, while plant and properties generally have lease terms between 2 and 3 years. Other equipment generally has lease terms of 12 months or less.

(a) Right-of-use assets

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

	Buildings	Leasehold land	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 1 January 2023	6,766	6,871	13,637
Additions	6,007	–	6,007
Depreciation charge	(7,767)	(198)	(7,965)
As at 31 December 2023.	<u>5,006</u>	<u>6,673</u>	<u>11,679</u>

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	<u>Buildings</u>	<u>Leasehold land</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 1 January 2024	5,006	6,673	11,679
Additions	484	29,206	29,690
Depreciation charge	<u>(2,096)</u>	<u>(539)</u>	<u>(2,635)</u>
As at 31 December 2024.	<u>3,394</u>	<u>35,340</u>	<u>38,734</u>

	<u>Buildings</u>	<u>Leasehold land</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 1 January 2025	3,394	35,340	38,734
Additions	2,378	–	2,378
Depreciation charge	(2,459)	(491)	(2,950)
Disposal	(297)	–	(297)
Exchange differences	31	–	31
Disposal of a subsidiary (<i>note 36</i>)	–	(28,574)	(28,574)
As at 31 December 2025.	<u>3,047</u>	<u>6,275</u>	<u>9,322</u>

(b) Lease liabilities

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

	<u>Year ended 31 December</u>		
	<u>2023</u>	<u>2024</u>	<u>2025</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Carrying amount at the beginning of the year . . .	6,288	5,051	2,381
Additions	6,007	437	2,122
Accretion of interest recognised during the year .	91	131	114
Exchange differences	–	–	31
Disposal	–	–	(303)
Payments	<u>(7,335)</u>	<u>(3,238)</u>	<u>(1,396)</u>
Carrying amount at the end of the year	<u>5,051</u>	<u>2,381</u>	<u>2,949</u>
Analysed into:			
Current portion.	1,969	1,175	1,827
Non-current portion	<u>3,082</u>	<u>1,206</u>	<u>1,122</u>

The maturity analysis of lease liabilities is disclosed in note 43 to the Historical Financial Information.

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

	<u>Year ended 31 December</u>		
	<u>2023</u>	<u>2024</u>	<u>2025</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Interest on lease liabilities.	91	131	114
Depreciation charge of right-of-use assets	7,965	2,635	2,950
Expense related to short-term leases.	<u>5,017</u>	<u>5,238</u>	<u>3,441</u>
Total amount recognised in profit or loss.	<u>13,073</u>	<u>8,004</u>	<u>6,505</u>

The total cash outflow for leases relating to leases is disclosed in note 37 to the Historical Financial Information.

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The Company as a lessee

(a) Right-of-use assets

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

	<u>Buildings</u>	<u>Leasehold land</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 1 January 2023	–	6,871	6,871
Addition in original value	6,007	–	6,007
Depreciation charge	<u>(1,001)</u>	<u>(198)</u>	<u>(1,199)</u>
As at 31 December 2023.	<u>5,006</u>	<u>6,673</u>	<u>11,679</u>

	<u>Buildings</u>	<u>Leasehold land</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 1 January 2024	5,006	6,673	11,679
Addition in original value	484	–	484
Depreciation charge	<u>(2,096)</u>	<u>(199)</u>	<u>(2,295)</u>
As at 31 December 2024.	<u>3,394</u>	<u>6,474</u>	<u>9,868</u>

	<u>Buildings</u>	<u>Leasehold land</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
As at 1 January 2025	3,394	6,474	9,868
Additions	590	–	590
Depreciation charge	<u>(2,159)</u>	<u>(199)</u>	<u>(2,358)</u>
Disposal	<u>(297)</u>	<u>–</u>	<u>(297)</u>
As at 31 December 2025.	<u>1,528</u>	<u>6,275</u>	<u>7,803</u>

(b) Lease liabilities

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

	<u>Year ended 31 December</u>		
	<u>2023</u>	<u>2024</u>	<u>2025</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Carrying amount at the beginning of the year . . .	–	5,051	2,381
Additions	6,007	437	387
Accretion of interest recognised during the year . .	91	131	66
Disposal	–	–	(303)
Payments	<u>(1,047)</u>	<u>(3,238)</u>	<u>(1,096)</u>
Carrying amount at the end of the year	<u>5,051</u>	<u>2,381</u>	<u>1,435</u>
Analysed into:			
Current portion	1,969	1,175	1,237
Non-current portion	<u>3,082</u>	<u>1,206</u>	<u>198</u>

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

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Interest on lease liabilities	91	131	66
Depreciation charge of right-of-use assets	1,199	2,295	2,358
Expense related to short-term leases	3,717	4,300	3,060
Total amount recognised in profit or loss	<u>5,007</u>	<u>6,726</u>	<u>5,484</u>

16. OTHER INTANGIBLE ASSETS

The Group

	Software	Licence	Total
	RMB'000	RMB'000	RMB'000
31 December 2023			
Cost at 1 January 2023, net of accumulated amortisation	3,341	–	3,341
Additions	21	–	21
Amortisation provided during the year	(477)	–	(477)
As at 31 December 2023.	<u>2,885</u>	<u>–</u>	<u>2,885</u>
31 December 2024			
Cost at 1 January 2024, net of accumulated amortisation	2,885	–	2,885
Additions	42	6,595	6,637
Amortisation provided during the year	(478)	(1,832)	(2,310)
As at 31 December 2024.	<u>2,449</u>	<u>4,763</u>	<u>7,212</u>
31 December 2025			
Cost at 1 January 2025, net of accumulated amortisation	2,449	4,763	7,212
Additions	5,545	–	5,545
Amortisation provided during the year	(870)	(2,198)	(3,068)
As at 31 December 2025.	<u>7,124</u>	<u>2,565</u>	<u>9,689</u>

The Company

	Software	Licence	Total
	RMB'000	RMB'000	RMB'000
31 December 2023			
Cost at 1 January 2023, net of accumulated amortisation	3,341	–	3,341
Additions	21	–	21
Amortisation provided during the year	(477)	–	(477)
As at 31 December 2023.	<u>2,885</u>	<u>–</u>	<u>2,885</u>
31 December 2024			
Cost at 1 January 2024, net of accumulated amortisation	2,885	–	2,885
Additions	42	6,595	6,637
Amortisation provided during the year	(478)	(1,832)	(2,310)
As at 31 December 2024.	<u>2,449</u>	<u>4,763</u>	<u>7,212</u>

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	Software	Licence	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
31 December 2025			
Cost at 1 January 2025, net of accumulated amortisation	2,449	4,763	7,212
Additions	5,524	–	5,524
Amortisation provided during the year	<u>(869)</u>	<u>(2,198)</u>	<u>(3,067)</u>
As at 31 December 2025.	<u>7,104</u>	<u>2,565</u>	<u>9,669</u>

17. INVESTMENTS IN SUBSIDIARIES

The Company

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Investments in subsidiaries – capital contribution			
Wuxi Liding	10,000	10,000	–
Wuxi Zhongnuo	10,000	10,000	–
Wuxi Senheda	–	10,000	–
Zhongding Hungary	–	2,112	2,112
Zhongding Singapore	–	719	5,219
Investments in subsidiaries	<u>20,000</u>	<u>32,831</u>	<u>7,331</u>

Particulars of the subsidiaries as at the end of each of the Relevant Periods are set out in note 1 to the Historical Financial Information.

The Company’s outstanding balances with the subsidiaries are disclosed in note 39.

18. EQUITY INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group and the Company

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Equity investments at fair value through profit or loss			
Unlisted equity investments, at fair value	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>

19. INVENTORIES

The Group

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Raw materials	92,682	91,609	59,434
Work in progress	2,397,601	1,597,063	1,219,624
	2,490,283	1,688,672	1,279,058
Provision for impairment of inventories	<u>(9,701)</u>	<u>(46,921)</u>	<u>(56,245)</u>
Total	<u>2,480,582</u>	<u>1,641,751</u>	<u>1,222,813</u>

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The Company

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Raw materials	92,212	90,666	59,434
Work in progress	2,382,249	1,561,256	1,229,229
	<u>2,474,461</u>	<u>1,651,922</u>	<u>1,288,663</u>
Provision for impairment of inventories	(9,701)	(46,692)	(56,245)
Total	<u>2,464,760</u>	<u>1,605,230</u>	<u>1,232,418</u>

20. TRADE RECEIVABLES

The Group

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade receivables	464,687	467,389	626,029
Impairment	(128,784)	(125,226)	(130,326)
Net carrying amount	<u>335,903</u>	<u>342,163</u>	<u>495,703</u>

The Group’s trading terms with its customers are mainly on credit. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk.

The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

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

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year.	155,212	240,631	343,464
1 to 2 years.	138,095	59,029	120,251
2 to 3 years.	26,928	34,889	20,009
3 to 4 years.	11,312	5,850	9,767
4 to 5 years.	4,356	1,764	2,212
Total	<u>335,903</u>	<u>342,163</u>	<u>495,703</u>

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

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At beginning of year	130,973	128,784	125,226
Impairment losses recognised/(reversed)	11,380	(3,286)	5,100
Amount written off as uncollectible	(13,569)	(272)	–
At end of year	<u>128,784</u>	<u>125,226</u>	<u>130,326</u>

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The Group applies the simplified approach in calculating ECLs for trade receivables. Trade receivables relating to customers not sharing similar credit risk with others are assessed individually for impairment allowance, for instance, customers with known financial difficulties or significant doubt on collection. The remaining trade receivables are grouped and collectively assessed for impairment allowance. Under the collective approach, an impairment analysis is performed as at the end of each of the Relevant Periods using a provision matrix to measure expected credit losses. The provision rates are based on ageing analysis for grouping of customers that have similar loss patterns. The calculation reflects the age of the balance, existence of disputes, recent historical payment patterns, and any other available information concerning the creditworthiness of counterparties and influence from macro economy.

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

As at 31 December 2023

	Current to one year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
On a collective basis:							
Expected credit loss rate	5%	10%	30%	50%	80%	100%	20%
Gross carrying amount (RMB’000)	163,526	153,439	38,469	16,235	21,778	24,147	417,594
Expected credit losses (RMB’000)	8,314	15,344	11,541	8,118	17,422	24,147	84,886
On an individual basis:							
Expected credit loss rate	–	–	–	80%	100%	100%	93%
Gross carrying amount (RMB’000)	–	–	–	15,972	4,400	26,721	47,093
Expected credit losses (RMB’000)	–	–	–	12,777	4,400	26,721	43,898

As at 31 December 2024

	Current to one year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
On a collective basis:							
Expected credit loss rate	5%	10%	30%	50%	80%	100%	18%
Gross carrying amount (RMB’000)	253,297	65,587	43,363	11,700	8,820	28,734	411,501
Expected credit losses (RMB’000)	12,666	6,558	13,009	5,850	7,056	28,734	73,873
On an individual basis:							
Expected credit loss rate	–	–	50%	100%	100%	100%	92%
Gross carrying amount (RMB’000)	–	–	9,069	1,825	15,884	29,110	55,888
Expected credit losses (RMB’000)	–	–	4,534	1,825	15,884	29,110	51,353

As at 31 December 2025

	Current to one year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
On a collective basis:							
Expected credit loss rate	5%	10%	30%	50%	80%	100%	15%
Gross carrying amount (RMB’000)	361,541	133,612	28,584	15,866	11,058	33,130	583,791
Expected credit losses (RMB’000)	18,077	13,361	8,575	7,933	8,846	33,130	89,922
On an individual basis:							
Expected credit loss rate	–	–	–	66%	100%	100%	96%
Gross carrying amount (RMB’000)	–	–	–	5,353	140	36,745	42,238
Expected credit losses (RMB’000)	–	–	–	3,519	140	36,745	40,404

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The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Trade receivables	466,684	472,677	644,153
Impairment	(128,777)	(125,224)	(129,887)
Net carrying amount	<u>337,907</u>	<u>347,453</u>	<u>514,266</u>

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

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within 1 year.	157,216	245,921	362,027
1 to 2 years.	138,095	59,029	120,251
2 to 3 years.	26,928	34,889	20,009
3 to 4 years.	11,312	5,850	9,767
4 to 5 years.	<u>4,356</u>	<u>1,764</u>	<u>2,212</u>
Total	<u>337,907</u>	<u>347,453</u>	<u>514,266</u>

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

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At beginning of year	130,972	128,777	125,224
Impairment losses recognised/(reversed)	11,374	(3,281)	4,663
Amount written off as uncollectible	<u>(13,569)</u>	<u>(272)</u>	<u>–</u>
At end of year	<u>128,777</u>	<u>125,224</u>	<u>129,887</u>

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

As at 31 December 2023

	Current to one year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
On a collective basis:							
Expected credit loss rate.	5%	10%	30%	50%	80%	100%	20%
Gross carrying amount (RMB'000)	165,523	153,439	38,469	16,235	21,778	24,147	419,591
Expected credit losses (RMB'000)	8,307	15,344	11,541	8,118	17,422	24,147	84,879
On an individual basis:							
Expected credit loss rate.	–	–	–	80%	100%	100%	93%
Gross carrying amount (RMB'000)	–	–	–	15,972	4,400	26,721	47,093
Expected credit losses (RMB'000)	–	–	–	12,777	4,400	26,721	43,898

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As at 31 December 2024

	Current to one year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
On a collective basis:							
Expected credit loss rate	5%	10%	30%	50%	80%	100%	18%
Gross carrying amount (RMB’000)	258,585	65,587	43,363	11,700	8,820	28,734	416,789
Expected credit losses (RMB’000)	12,664	6,558	13,009	5,850	7,056	28,734	73,871
On an individual basis:							
Expected credit loss rate	–	–	50%	100%	100%	100%	92%
Gross carrying amount (RMB’000)	–	–	9,069	1,825	15,884	29,110	55,888
Expected credit losses (RMB’000)	–	–	4,534	1,825	15,884	29,110	51,353

As at 31 December 2025

	Current to one year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	Over 5 years	Total
On a collective basis:							
Expected credit loss rate	5%	10%	30%	50%	80%	100%	15%
Gross carrying amount (RMB’000)	379,665	133,612	28,584	15,866	11,058	33,130	601,915
Expected credit losses (RMB’000)	17,638	13,361	8,575	7,933	8,846	33,130	89,483
On an individual basis:							
Expected credit loss rate	–	–	–	66%	100%	100%	96%
Gross carrying amount (RMB’000)	–	–	–	5,353	140	36,745	42,238
Expected credit losses (RMB’000)	–	–	–	3,519	140	36,745	40,404

21. CONTRACT ASSETS

The Group

	As at 31 December		
	2023	2024	2025
	RMB’000	RMB’000	RMB’000
Contract assets arising from:			
Smart intralogistics solutions	284,129	236,047	222,893
After-sales services – technical upgrading services	2,090	–	–
Sales of intralogistics equipment and others	3,248	2,035	1,460
Total	289,467	238,082	224,353
Impairment	(16,816)	(13,659)	(13,072)
Net carrying amount	272,651	224,423	211,281

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Contract assets are initially recognised for revenue earned from the smart intralogistics solutions, after-sales services and sales of intralogistics equipment and others as the receipt of consideration is conditional on the satisfaction of the system operation quality by customers.

Included in contract assets are retention receivables. Upon expiration of the warranty periods, the amounts recognised as contract assets are reclassified to trade receivables, provided that no warranty issues have arisen or that any identified issues have been satisfactorily resolved for the customer. The decrease in contract assets in 2024 and 2025 was the result of expiration of warranty periods for several contracts with no warranty issues arising or identified issues being satisfactorily resolved.

The expected timing of recovery or settlement for contract assets as at the end of each of the Relevant Periods is as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Within one year	248,716	206,775	194,902
After one year	23,935	17,648	16,379
Total	<u>272,651</u>	<u>224,423</u>	<u>211,281</u>

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

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At the beginning of the year	16,531	16,816	13,659
Impairment losses recognised/(reversed)	285	(3,157)	(587)
At the end of the year	<u>16,816</u>	<u>13,659</u>	<u>13,072</u>

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

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

	Year ended 31 December		
	2023	2024	2025
Expected credit loss rate	6%	6%	6%
Gross carrying amount (RMB'000)	289,467	238,082	224,353
Expected credit losses (RMB'000)	16,816	13,659	13,072

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22. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Current portion:			
Prepayments to suppliers	55,721	73,129	104,821
Deposits	16,225	14,292	14,349
Prepaid tax	5,548	2,161	–
Receivables from disposal of a subsidiary	–	–	8,460
Deferred [REDACTED] expense	[REDACTED]	[REDACTED]	15,821
Others	2,118	915	981
	<u>79,612</u>	<u>90,497</u>	<u>144,432</u>
Impairment allowance	(5,874)	(4,428)	(5,194)
Subtotal	<u>73,738</u>	<u>86,069</u>	<u>139,238</u>
Non-current portion:			
Rental deposits	235	317	438
Prepayments for long-term assets	1,000	1,821	21,190
Subtotal	<u>1,235</u>	<u>2,138</u>	<u>21,628</u>
Total	<u>74,973</u>	<u>88,207</u>	<u>160,866</u>

At the end of each of the Relevant Periods, the ECLs of the financial assets included in prepayments, other receivables and other assets were measured based on the 12-month expected credit loss if they were not past due and there was no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, they were measured based on the lifetime expected credit loss. An impairment analysis was performed at the end of each of the Relevant Periods.

The Company

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Current portion:			
Prepayments to suppliers	56,312	75,183	104,470
Deposits	16,225	14,171	14,259
Prepaid tax	5,548	–	–
Due from subsidiaries	–	21,800	–
Receivables from disposal of a subsidiary	–	–	8,460
Deferred [REDACTED] expense	[REDACTED]	[REDACTED]	15,821
Others	1,436	912	945
	<u>79,521</u>	<u>112,066</u>	<u>143,955</u>
Impairment allowance	(5,841)	(4,421)	(5,189)
Subtotal	<u>73,680</u>	<u>107,645</u>	<u>138,766</u>
Non-current portion:			
Rental deposit	235	317	300
Prepayments for long-term assets	1,000	1,821	21,190
Subtotal	<u>1,235</u>	<u>2,138</u>	<u>21,490</u>
Total	<u>74,915</u>	<u>109,783</u>	<u>160,256</u>

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23. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Wealth management products	50,001	237,688	421,870

The Company

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Wealth management products	50,000	237,687	421,870

During each of the Relevant Periods, the financial assets at fair value through profit or loss represented wealth management products issued by banks, with expected return rates from 1.14% to 3.07% per annum.

The fair values are based on cash flows discounted using the expected yield rates and are within Level 2 of the fair value hierarchy.

24. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

The Group

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Bills receivables	169,204	26,044	105,342

The Company

	Year ended 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Bills receivables	168,904	25,548	105,342

The loss allowance for bills receivables at financial assets at fair value through other comprehensive income as a result of applying the expected credit risk model is immaterial.

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25. CASH AND CASH EQUIVALENTS

The Group

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cash and bank balances	288,586	224,663	266,482
Less:			
Pledged deposits*	70,460	39,061	125,250
Restricted cash	–	35,807	37,044
Cash and cash equivalents	<u>218,126</u>	<u>149,795</u>	<u>104,188</u>
Denominated in:			
RMB	218,061	148,559	87,484
USD	65	441	2,408
EUR	–	795	333
SGD	–	–	5
MYR	–	–	13,957
HUF	–	–	1
Total	<u>218,126</u>	<u>149,795</u>	<u>104,188</u>

The Company

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cash and bank balances	282,933	199,736	250,983
Less:			
Pledged deposits*	70,460	39,061	125,250
Restricted cash	–	35,807	37,044
Cash and cash equivalents	<u>212,473</u>	<u>124,868</u>	<u>88,689</u>
Denominated in:			
RMB	212,408	124,803	86,450
USD	65	65	2,239
Total	<u>212,473</u>	<u>124,868</u>	<u>88,689</u>

* Certain bank deposits are pledged for letters of guarantee and bills payables.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents approximated to their fair values.

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.

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26. TRADE AND BILLS PAYABLES

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

The Group

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	1,069,294	585,593	827,493
1 to 2 years	127,641	198,403	97,768
2 to 3 years	21,441	15,616	41,662
Over 3 years	16,327	25,844	26,497
Total	<u>1,234,703</u>	<u>825,456</u>	<u>993,420</u>

The Company

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	1,067,141	588,851	826,697
1 to 2 years	127,641	197,957	97,768
2 to 3 years	21,441	15,616	41,662
Over 3 years	16,327	25,844	26,497
Total	<u>1,232,550</u>	<u>828,268</u>	<u>992,624</u>

Trade and bills payables are non-interest-bearing and are normally settled in 0 to 180 days upon acceptance of the invoices or settled on back-to-back terms.

As at the end of each of the Relevant Periods, the Group’s certain bills payables were secured by the pledged deposits amounting to RMB70,040,000, RMB37,889,000 and RMB122,623,000, respectively.

As at the end of each of the Relevant Periods, the Group’s certain bills payables were secured by the financial assets at fair value through other comprehensive income amounting to RMB194,731,000, nil and nil, respectively.

27. OTHER PAYABLES AND ACCRUALS

The Group

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Deposits received	4,023	8,452	9,382
Payroll and welfare payable	29,746	30,065	37,976
Other tax payables	43,755	16,650	12,929
Payables for purchase of property, plant and equipment	1,268	1,056	1,227
Due to related parties	1,047	–	–
Other payables	2,177	5,831	1,731
Total	<u>82,016</u>	<u>62,054</u>	<u>63,245</u>

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The Company

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Deposits received	4,023	8,452	9,382
Payroll and welfare payable	23,522	24,061	37,855
Other tax payables	42,644	15,087	12,921
Payables for purchase of property, plant and equipment	1,268	1,052	1,227
Due to related parties	1,047	–	–
Due to subsidiaries	–	–	120
Other payables	<u>2,127</u>	<u>1,879</u>	<u>1,722</u>
Total	<u><u>74,631</u></u>	<u><u>50,531</u></u>	<u><u>63,227</u></u>

Other payables are non-interest-bearing, unsecured and have no fixed terms of settlement. The details of amounts due to related parties during the Relevant Periods were included in note 39.

28. CONTRACT LIABILITIES

The Group

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Contract liabilities	<u><u>1,930,459</u></u>	<u><u>1,473,419</u></u>	<u><u>1,318,591</u></u>

The Company

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Contract liabilities	<u><u>1,929,007</u></u>	<u><u>1,454,114</u></u>	<u><u>1,318,591</u></u>

Contract liabilities represented advances received from customers. Contract liabilities that are expected to be settled within the Group’s and the Company’s normal operating cycle are classified as current liabilities based on the Group’s and Company’s earliest obligations to transfer goods to the customers.

29. INTEREST-BEARING BANK BORROWINGS

The Group and the Company

	As at 31 December 2023		
	<i>Effective interest rate (%)</i>	<i>Maturity</i>	<i>RMB'000</i>
Current			
Bank borrowings – secured	2.80%-3.20%	2024	<u><u>85,694</u></u>

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As at 31 December 2024			
	Effective interest rate (%)	Maturity	RMB'000
Current			
Bank borrowings – secured	2.30%-2.50%	2025	44,727
Bank borrowings – unsecured.	2.50%	2025	1,199
Total			<u>45,926</u>

As at 31 December 2025			
	Effective interest rate (%)	Maturity	RMB'000
Current			
Bank borrowings – unsecured	2.15%	2026	<u>11,544</u>

As at 31 December			
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Analysed into:			
Within one year	<u>85,694</u>	<u>45,926</u>	<u>11,544</u>

As at the end of each of the Relevant Periods, the Group’s certain interest-bearing bank borrowings amounting to RMB85,694,000, RMB44,727,000 and nil were guaranteed by Noblelift Intelligent Equipment Co., Ltd., the controlling shareholder of the Group. The guarantee has been released during the year ended 31 December 2025.

All interest-bearing bank borrowings are denominated in RMB.

30. PROVISIONS

The Group and the Company

Year ended 31 December			
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
At the beginning of the year	15,282	12,464	12,766
Additional provision	16,558	17,590	18,064
Amounts utilised during the year.	<u>(19,376)</u>	<u>(17,288)</u>	<u>(15,769)</u>
At the end of the year	<u>12,464</u>	<u>12,766</u>	<u>15,061</u>

The Group’s products are generally subject to a one-year warranty period for general repairs of defects occurring during the warranty period. The amount of the provision for the warranties is estimated based on sales volumes and past experience of the level of repairs and returns. The estimation is reviewed on an ongoing basis and revised when appropriate.

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31. DEFERRED INCOME

The Group and the Company

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Government grants	3,692	3,052	2,453

The movements of deferred income for each of the Relevant Periods are as follows:

	Year ended 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At the beginning of the year	4,351	3,692	3,052
Amounts released to profit or loss during the year	<u>(659)</u>	<u>(640)</u>	<u>(599)</u>
At the end of the year	<u>3,692</u>	<u>3,052</u>	<u>2,453</u>

32. DEFERRED TAX

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

The Group

Deferred tax assets

	Impairment of financial and contract assets	Impairment of inventories	Unrealised profits on intragroup transactions	Provisions	Lease liabilities	Deferred income	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2023	22,949	1,316	–	2,292	–	653	27,210
Deferred tax (charged)/credited to profit or loss during the year	<u>(234)</u>	<u>139</u>	<u>2,328</u>	<u>(422)</u>	<u>758</u>	<u>(99)</u>	<u>2,470</u>
At 31 December 2023	<u>22,715</u>	<u>1,455</u>	<u>2,328</u>	<u>1,870</u>	<u>758</u>	<u>554</u>	<u>29,680</u>
At 1 January 2024	22,715	1,455	2,328	1,870	758	554	29,680
Deferred tax (charged)/credited to profit or loss during the year	<u>(1,220)</u>	<u>5,549</u>	<u>(1,026)</u>	<u>45</u>	<u>(401)</u>	<u>(96)</u>	<u>2,851</u>
At 31 December 2024	<u>21,495</u>	<u>7,004</u>	<u>1,302</u>	<u>1,915</u>	<u>357</u>	<u>458</u>	<u>32,531</u>
At 1 January 2025	21,495	7,004	1,302	1,915	357	458	32,531
Deferred tax credited/(charged) to profit or loss during the year	<u>705</u>	<u>1,433</u>	<u>1,149</u>	<u>344</u>	<u>223</u>	<u>(90)</u>	<u>3,764</u>
At 31 December 2025	<u>22,200</u>	<u>8,437</u>	<u>2,451</u>	<u>2,259</u>	<u>580</u>	<u>368</u>	<u>36,295</u>

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Deferred tax liabilities

	<u>Right-of-use assets</u>	<u>Others</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2023	–	362	362
Deferred tax charged/(credited) to profit or loss during the year	<u>751</u>	<u>(58)</u>	<u>693</u>
At 31 December 2023	<u>751</u>	<u>304</u>	<u>1,055</u>
At 1 January 2024	751	304	1,055
Deferred tax (credited)/charged to profit or loss during the year	<u>(241)</u>	<u>241</u>	<u>–</u>
At 31 December 2024	<u>510</u>	<u>545</u>	<u>1,055</u>
At 1 January 2025	510	545	1,055
Deferred tax charged/(credited) to profit or loss during the year	<u>84</u>	<u>(72)</u>	<u>12</u>
At 31 December 2025	<u>594</u>	<u>473</u>	<u>1,067</u>

The Company

Deferred tax assets

	<u>Impairment of financial and contract assets</u>	<u>Impairment of inventories</u>	<u>Provisions</u>	<u>Lease liabilities</u>	<u>Deferred income</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2023	22,949	1,316	2,292	–	653	27,210
Deferred tax (charged)/credited to profit or loss during the year	<u>(234)</u>	<u>139</u>	<u>(422)</u>	<u>758</u>	<u>(99)</u>	<u>142</u>
At 31 December 2023	<u>22,715</u>	<u>1,455</u>	<u>1,870</u>	<u>758</u>	<u>554</u>	<u>27,352</u>
At 1 January 2024	22,715	1,455	1,870	758	554	27,352
Deferred tax (charged)/credited to profit or loss during the year	<u>(1,220)</u>	<u>5,549</u>	<u>45</u>	<u>(401)</u>	<u>(96)</u>	<u>3,877</u>
At 31 December 2024	<u>21,495</u>	<u>7,004</u>	<u>1,915</u>	<u>357</u>	<u>458</u>	<u>31,229</u>
At 1 January 2025	21,495	7,004	1,915	357	458	31,229
Deferred tax credited/(charged) to profit or loss during the year	<u>705</u>	<u>1,433</u>	<u>344</u>	<u>(142)</u>	<u>(90)</u>	<u>2,250</u>
At 31 December 2025	<u>22,200</u>	<u>8,437</u>	<u>2,259</u>	<u>215</u>	<u>368</u>	<u>33,479</u>

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Deferred tax liabilities

	<u>Right-of-use assets</u>	<u>Others</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2023.	–	362	362
Deferred tax charged/(credited) to profit or loss during the year	<u>751</u>	<u>(58)</u>	<u>693</u>
At 31 December 2023	<u>751</u>	<u>304</u>	<u>1,055</u>
At 1 January 2024.	751	304	1,055
Deferred tax (credited)/charged to profit or loss during the year	<u>(241)</u>	<u>241</u>	<u>–</u>
At 31 December 2024	<u>510</u>	<u>545</u>	<u>1,055</u>
At 1 January 2025.	510	545	1,055
Deferred tax credited to profit or loss during the year	<u>(281)</u>	<u>(72)</u>	<u>(353)</u>
At 31 December 2025	<u>229</u>	<u>473</u>	<u>702</u>

There were no income tax or withholding tax consequences attaching to the payments of dividends by the Company to its shareholders during each of the Relevant Periods.

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

The Group

	<u>As at 31 December</u>		
	<u>2023</u>	<u>2024</u>	<u>2025</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Net deferred tax assets recognised in the consolidated statement of financial position. . .	28,625	31,476	35,228
Net deferred tax liabilities recognised in the consolidated statement of financial position. . .	<u>–</u>	<u>–</u>	<u>–</u>

The Company

	<u>Year ended 31 December</u>		
	<u>2023</u>	<u>2024</u>	<u>2025</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Net deferred tax assets recognised in the statement of financial position	26,297	30,174	32,777
Net deferred tax liabilities recognised in the statement of financial position	<u>–</u>	<u>–</u>	<u>–</u>

The Group has tax losses arising in Hungary of nil, RMB1,550,000 and RMB1,729,000 during each of the Relevant Periods, tax losses in Singapore of nil, RMB2,000 and RMB2,831,000 and tax losses in Malaysia of nil, nil and RMB883,000 during each of the Relevant Periods that will expire in five years for offsetting against future taxable profits of the companies in which the losses arose.

The Group has tax losses arising in Chinese Mainland of RMB9,242,000, RMB8,377,000 and nil during each of the Relevant periods that will expire in one to five years for offsetting against future taxable profits.

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Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

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

	As at 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Tax losses	9,242	9,929	5,443

33. PAID-IN CAPITAL/SHARE CAPITAL

Paid-in capital

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

	Paid-in capital
	RMB'000
At 1 January 2023	74,000
At 31 December 2023 and 1 January 2024	74,000
Capital contribution from a shareholder (<i>note a</i>)	300
At 31 December 2024	74,300
Conversion into a joint stock company (<i>note b</i>)	(74,300)
At 31 December 2025	-

Share capital

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

	Number of shares in issue	Share capital
		RMB'000
At 1 January 2025	-	-
Issue of ordinary shares upon conversion into a joint stock company of RMB1 each (<i>note b</i>)	120,000,000	120,000
At 31 December 2025	120,000,000	120,000

Notes:

- (a) Pursuant to a share purchase agreement approved by the Company's controlling shareholder on 15 November 2024, Wuxi Dinghong Enterprise Management Partnership Enterprise (Limited Partnership) injected RMB1,914,000 into the Company, with RMB300,000, representing 300,000 ordinary shares of the Company, and RMB1,614,000 credited to the Company's capital reserve.

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- (b) On 18 March 2025, the Company was converted into a joint stock company with limited liability under the Company Law of the PRC. The net assets of the Company as of the conversion date, including paid-in capital and reserves amounting to approximately RMB483,952,068, were converted into 120,000,000 ordinary shares at RMB1 each. The excess of the net assets converted over the nominal value of the ordinary shares was credited to the Company’s capital reserve.

34. RESERVES

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

(a) Capital reserve

The capital reserve mainly represents the difference between the value of paid-in capital and the consideration received.

(b) Statutory surplus reserve

In accordance with the Company Law of the PRC, the companies in the PRC are required to allocate 10% of the statutory after-tax profits to the statutory surplus reserve until the cumulative total of the reserve reaches 50% of the company registered capital. The statutory surplus reserve may be used to offset any accumulated losses or increase the registered capital of such companies subject to approval from the relevant PRC authorities. The statutory surplus reserve is not available for dividend distribution to shareholders of such companies.

(c) Exchange fluctuation reserve

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

(d) Special reserve

According to relevant PRC regulations, transfer of production and maintenance funds at fixed rates based on relevant bases to a specific reserve account is required. The amounts are generally expenses in nature and charged to profit or loss as incurred, and at the same time, the corresponding amounts of safety reserve fund were utilized and transferred back to retained profits until such special reserve was fully utilized.

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

	Capital Reserve	Share-based payment reserves	Special reserve	Statutory surplus reserve	Retained profits	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
		(note 35)				
As at 1 January 2023	17,266	–	–	37,980	238,554	293,800
Profit for the year	–	–	–	–	58,898	58,898
Total comprehensive income for the year	–	–	–	–	58,898	58,898
Retained profits of a subsidiary merged	–	–	–	–	2,151	2,151
Appropriation of safety fund	–	–	4,267	–	(4,267)	–
Utilisation of safety fund	–	–	(4,267)	–	4,267	–
As at 31 December 2023.	17,266	–	–	37,980	299,603	354,849
As at 1 January 2024	17,266	–	–	37,980	299,603	354,849
Profit for the year	–	–	–	–	75,376	75,376
Total comprehensive income for the year	–	–	–	–	75,376	75,376

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	Capital Reserve	Share-based payment reserves	Special reserve	Statutory surplus reserve	Retained profits	Total
	<i>RMB'000</i>	<i>RMB'000</i> <i>(note 35)</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Dividends paid to the shareholders	–	–	–	–	(23,500)	(23,500)
Capital contribution by a shareholder	1,614	–	–	–	–	1,614
Equity-settled share-based payments	–	62	–	–	–	62
Appropriation of safety fund	–	–	4,314	–	(4,314)	–
Utilisation of safety fund	–	–	(4,314)	–	4,314	–
As at 31 December 2024	<u>18,880</u>	<u>62</u>	<u>–</u>	<u>37,980</u>	<u>351,479</u>	<u>408,401</u>
As at 1 January 2025	18,880	62	–	37,980	351,479	408,401
Profit for the year	–	–	–	–	110,586	110,586
Total comprehensive income for the year	–	–	–	–	110,586	110,586
Retained profits of a subsidiary merged	–	–	–	–	5,260	5,260
Equity-settled share-based payments	–	10,765	–	–	–	10,765
Appropriation of safety fund	–	–	4,478	–	(4,478)	–
Utilisation of safety fund	–	–	(4,478)	–	4,478	–
Transferred from retained profits	–	–	–	11,059	(11,059)	–
Conversion into a joint stock company	345,072	–	–	(37,980)	(352,792)	(45,700)
As at 31 December 2025	<u>363,952</u>	<u>10,827</u>	<u>–</u>	<u>11,059</u>	<u>103,474</u>	<u>489,312</u>

35. SHARE-BASED PAYMENTS

Share-based payment expenses relating to employees recognised for the Relevant Periods are as follows:

	Year ended 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Cost of sales	–	–	1,213
Selling and distribution expenses	–	10	689
Administrative expenses	–	31	5,126
Research and development expenses	–	21	3,737
Total	–	<u>62</u>	<u>10,765</u>

2024 Employee Incentive Scheme

A share incentive (“Employee Incentive Scheme”) was approved by the controlling shareholder of the Company on 30 October 2024 and became effective on the same day. Restricted shares under the Employee Incentive Scheme were granted to the employees who promote the success of the Group’s operations. Wuxi Dinghong Enterprise Management Partnership Enterprise (Limited Partnership) (無錫鼎泓企業管理合夥企業(有限合夥)) (“Wuxi Dinghong”) was used as a restricted share platform to facilitate the administration of the Employee Incentive Scheme. 300,000 shares of the Company held by Wuxi Dinghong were authorised and approved under the Employee Incentive Scheme. Pursuant to the Employee Incentive Scheme, the subscription price was RMB6.38 per restricted share.

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Subject to the terms and conditions as set out in the Employee Incentive Scheme, restricted shares are vested in the portions of 40%, 30% and 30% at the later of the date of initial [REDACTED] of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited or 16 November 2025, 2026 and 2027, respectively.

The following restricted shares were outstanding under the Employee Incentive Scheme during each of the Relevant Periods:

	<u>Number of restricted shares</u>
As at 1 January 2024	–
Granted during the year	<u>300,000</u>
As at 31 December 2024 and 31 December 2025	<u>300,000</u>

The grant date fair value of the shares of the Employee Incentive Scheme was RMB8.29 per share, which was determined by the management of the Group using the discounted cash flows method which takes into account the terms and conditions upon which the restricted shares were granted. The difference between the fair value of the shares granted and the subscription price was recorded in the share-based payment reserve within equity with the corresponding “share-based payment expenses” in profit or loss.

Fair value per share (RMB)	11.36
Fair value per restricted share unit (RMB)	8.29

2025 Share Option Scheme

To incentivise and reward eligible participants who contribute to the Group’s operations, the Company’s shareholders approved the 2025 Share Option scheme on 30 April 2025 which became effective on the same day. The maximum number of shares that may be issued under this option scheme shall be 18,000,000 ordinary shares.

The share option scheme shall vest in the portions of 40%, 20%, 20% and 20% at the seventh, nineteenth, thirty first and forty third month after the date of initial [REDACTED] of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited under the condition that certain eligible participants attained the performance targets.

The share options granted shall be exercisable when the following conditions are met: (i) after the successful [REDACTED] of the Company’s shares; and (ii) the expiration of the corresponding vesting period.

The following shares were outstanding under the share option scheme during the Relevant Periods.

	<u>Number of restricted shares</u>
As at 1 January 2025	–
Granted during the year	<u>18,000,000</u>
As at 31 December 2025	<u>18,000,000</u>

During the years ended 31 December 2025, the Group recognised share-based expenses of RMB10,765,000.

The exercise prices and exercise periods of the share options outstanding as at the end of each of the Relevant Periods are as follows:

	<u>As at 31 December</u>		
	<u>2023</u>	<u>2024</u>	<u>2025</u>
Number of options	–	–	<u>18,000,000</u>
Exercise price	–	–	<u>RMB5.83</u>

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The fair value of options granted during the year ended 31 December 2025 is estimated on the dates of grant using the binomial model with the following assumptions used:

	<u>As at 31 December 2025</u>
Expected volatility	40%
Risk-free interest rate	1.50%
Fair value per share (RMB)	5.84
Weighted average remaining contractual life	4.2
Expected life of options	1.3-4.8

36. DISPOSAL OF A SUBSIDIARY

In June 2025, the Group decided to dispose of the entire interest in Wuxi Senheda (“Disposal Subsidiary”) to third parties. The disposal of above was completed on 27 June 2025.

Details of the assets of the Disposal Subsidiary are listed as follows:

	<u>As at 27 June 2025</u>
	<i>RMB’000</i>
Net assets disposed of:	
Cash and cash equivalents	1,170
Right-of-use assets	28,574
Prepayments, other receivables and other assets	529
Subtotal	<u>30,273</u>
Loss on disposal of a subsidiary	<u>(2,073)</u>
Total consideration	<u>28,200</u>
Satisfied by:	
Cash	<u>28,200</u>

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

	<u>Year ended 31 December 2025</u>
	<i>RMB’000</i>
Cash consideration received	19,740
Cash and bank balances disposed of	<u>(1,170)</u>
Net inflow of cash and cash equivalents in respect of the disposal of a subsidiary	<u>18,570</u>

37. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the year ended 31 December 2023, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB6,007,000 and RMB6,007,000, respectively.

During the year ended 31 December 2024, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB484,000 and RMB437,000, respectively.

During the year ended 31 December 2025, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB2,378,000 and RMB2,122,000, respectively.

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There were no other non-cash transactions except those mentioned above during the Relevant Periods.

(b) Changes in liabilities arising from financing activities

	Lease liabilities	Interest-bearing bank borrowings	Due to related parties	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2023	6,288	63,876	2,485	72,649
Additions	6,007	–	–	6,007
Changes from financing cash flows	(7,335)	17,534	(1,438)	8,761
Interest expense	91	4,284	–	4,375
At 31 December 2023	<u>5,051</u>	<u>85,694</u>	<u>1,047</u>	<u>91,792</u>

	Lease liabilities	Interest-bearing bank borrowings	Due to related parties	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2024	5,051	85,694	1,047	91,792
Additions	437	–	–	437
Changes from financing cash flows	(3,238)	(42,301)	(1,047)	(46,586)
Interest expense	131	2,533	–	2,664
At 31 December 2024	<u>2,381</u>	<u>45,926</u>	<u>–</u>	<u>48,307</u>

	Lease liabilities	Interest-bearing bank borrowings	Total
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
At 1 January 2025	2,381	45,926	48,307
Additions	2,122	–	2,122
Changes from financing cash flows	(1,396)	(36,327)	(37,723)
Disposal	(303)	–	(303)
Exchange difference	31	–	31
Interest expense	114	1,945	2,059
At 31 December 2025	<u>2,949</u>	<u>11,544</u>	<u>14,493</u>

(c) Total cash outflow for leases

	Year ended 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Within operating activities	5,017	5,238	3,441
Within financing activities	7,335	3,238	1,396
Total	<u>12,352</u>	<u>8,476</u>	<u>4,837</u>

38. PLEDGE OF ASSETS

Details of the Group’s assets pledged are included in notes 25 and 26 to the Historical Financial Information.

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39. RELATED PARTY TRANSACTIONS

(a) Name and relationships of the related parties:

Name	Relationship
Noblelift Intelligent Equipment Co., Ltd. (“Noblelift Intelligent Equipment”)	The controlling shareholder
Shengmo Intelligent Systems (Shanghai) Co., Ltd. (“Shanghai Shengmo”)	Associate
Suzhou Shunych System Technology Co., Ltd. (“Suzhou Shunych”)*	Company controlled by the controlling shareholder
Noblelift Sales Co., Ltd. (“Noblelift Sales”)	Company controlled by the controlling shareholder
Zhejiang Noblelift Logistics Technology Co., Ltd. (“Zhejiang Noblelift Logistics”)	Company controlled by the controlling shareholder
Zhejiang Noblelift Garage Equipment Manufacturing Co., Ltd. (“Zhejiang Noblelift Garage”)	Company controlled by the controlling shareholder
Hangzhou Noblelift Intelligent Machinery Co., Ltd. (“Hangzhou Noblelift Intelligent Machinery”)	Company controlled by the controlling shareholder
Noblelift Leasing Service Co., Ltd. (“Noblelift Leasing Service”)	Company controlled by the controlling shareholder
Shanghai Noblelift Intelligent Technology Co., Ltd. (“Shanghai Noblelift Intelligent Technology”)	Company controlled by the controlling shareholder
SAVOYE Asset Management	Company controlled by the controlling shareholder
SAVOYE Intelligent Logistics Technology	Company controlled by the controlling shareholder
Changxing Noblelift POWER Co., Ltd. (“Changxing Noblelift POWER”)	Company controlled by the ultimate controlling shareholders

* Suzhou Shunych was a subsidiary of the controlling shareholder of the Company before 28 December 2023. Suzhou Shunych was no longer the Group’s related party during the year ended 31 December 2024 and 2025.

(b) Transactions with related parties:

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

	Year ended 31 December		
	2023	2024	2025
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
The controlling shareholder			
Purchase of goods from			
Noblelift Intelligent Equipment	6	7	18
Sales of goods to			
Noblelift Intelligent Equipment	452	–	–
Provision of after-sales services to			
Noblelift Intelligent Equipment	483	327	131
Sales of property, plant and equipment to			
Noblelift Intelligent Equipment	–	–	426
Repayment loans from			
Noblelift Intelligent Equipment	1,438	1,047	–

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	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Companies controlled by the controlling shareholder			
Purchase of goods from			
Suzhou Shunych	31,259	–	–
Noblelift Sales	8,874	991	8,300
Hangzhou Noblelift Intelligent Machinery	419	13	–
Shanghai Noblelift Intelligent Technology	2,400	1,239	1,071
Noblelift Leasing Service	47	43	104
Total	<u>42,999</u>	<u>2,286</u>	<u>9,475</u>
Purchase of labour dispatch services from			
Zhejiang Noblelift Logistics	382	–	–
Purchase of license from			
SAVOYE Asset Management	–	6,595	–

	Year ended 31 December		
	2023	2024	2025
	RMB'000	RMB'000	RMB'000
Companies controlled by the controlling shareholder			
Sales of goods to			
SAVOYE Intelligent Logistics Technology	–	–	4,634
Shanghai Noblelift Intelligent Technology	–	–	1,195
Total	<u>–</u>	<u>–</u>	<u>5,829</u>
Company controlled by the ultimate controlling shareholder			
Loans to			
Changxing Noblelift POWER (Note 1)	–	6,000	–
Receipt of loans to			
Changxing Noblelift POWER (Note 1)	–	6,000	–
Interest income from			
Changxing Noblelift POWER	–	57	–
Associate			
Purchase of equity interest in an associate			
Shanghai Shengmo	–	–	15,000

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(c) **Outstanding balances with related parties**

The Group

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade related			
Companies controlled by the controlling shareholder			
Trade receivables			
Shanghai Noblelift Intelligent Technology	363	150	405
SAVOYE Intelligent Logistics Technology	—	—	1,119
Total	<u>363</u>	<u>150</u>	<u>1,524</u>
Contract assets			
Shanghai Noblelift Intelligent Technology	—	—	135
Prepayments, other receivables and other assets			
Shanghai Noblelift Intelligent Technology	—	259	855
Total	<u>—</u>	<u>259</u>	<u>855</u>

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade related			
Companies controlled by the controlling shareholder			
Trade and bills payables			
Hangzhou Noblelift Intelligent Machinery	97	—	—
Noblelift Sales	—	77	—
Shanghai Noblelift Intelligent Technology	935	—	—
Zhejiang Noblelift Logistics	124	106	106
Noblelift Leasing Service	22	9	2
Total	<u>1,178</u>	<u>192</u>	<u>108</u>
Contract liabilities			
Shanghai Noblelift Intelligent Technology	1,010	2,343	968
The controlling shareholder			
Prepayments, other receivables and other assets			
Noblelift Intelligent Equipment	11,321	—	—
Trade and bills payables			
Noblelift Intelligent Equipment	549	310	330
Contract liabilities			
Noblelift Intelligent Equipment	186	—	4,846
Non-trade related			
The controlling shareholder			
Other payables and accruals			
Noblelift Intelligent Equipment	1,047	—	—

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The Company

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade related			
The controlling shareholder			
Prepayments, other receivables and other assets			
Noblelift Intelligent Equipment	11,321	–	–
Trade and bills payables			
Noblelift Intelligent Equipment	549	310	330
Contract liabilities			
Noblelift Intelligent Equipment	186	–	4,846

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade related			
Companies controlled by the controlling shareholder			
Trade receivables			
Shanghai Noblelift Intelligent Technology	363	150	405
SAVOYE Intelligent Logistics Technology	–	–	1,119
Total	363	150	1,524
Contract assets			
Shanghai Noblelift Intelligent Technology	–	–	135
Prepayments, other receivables and other assets			
Shanghai Noblelift Intelligent Technology	–	259	855
Trade and bills payables			
Hangzhou Noblelift Intelligent Machinery	97	–	–
Noblelift Sales	–	77	–
Shanghai Noblelift Intelligent Technology	935	–	–
Zhejiang Noblelift Logistics	124	106	106
Noblelift Leasing Service	22	9	2
Total	1,178	192	108
Contract liabilities			
Shanghai Noblelift Intelligent Technology	1,010	2,343	968

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	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Trade related			
Subsidiaries			
Trade receivables			
Zhongding Singapore	–	–	26,909
Wuxi Liding	2,147	5,306	–
Wuxi Zhongnuo	1	1	–
Total	<u>2,148</u>	<u>5,307</u>	<u>26,909</u>
Prepayments, other receivables and other assets			
Wuxi Zhongnuo	1,619	–	–
Wuxi Liding	–	4,075	–
Total	<u>1,619</u>	<u>4,075</u>	<u>–</u>
Trade and bills payables			
Wuxi Liding	4,801	8	–
Wuxi Zhongnuo	–	9,995	–
Total	<u>4,801</u>	<u>10,003</u>	<u>–</u>
Non-trade related			
Subsidiary			
Prepayments, other receivables and other assets			
Wuxi Senheda	–	21,800	–
Other payables and accruals			
Zhongding Singapore	–	–	120
The controlling shareholder			
Other payables and accruals			
Noblelift Intelligent Equipment	1,047	–	–

Note:

(I) During the year ended 31 December 2024, the Group provided loans to Changxing Noblelift POWER Co., Ltd., which were unsecured and interest-bearing at a rate of 3.50% with a repayment term of 6 months. The loans were repaid in the same year.

Except for the balances mentioned above, other balances are unsecured, interest-free and have no fixed terms of repayment.

(d) Compensation of key management personnel of the Group

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Salaries and bonuses	5,083	6,295	7,592
Social welfare and other benefits	168	244	334
Share-based payment expenses	–	62	4,967
Total	<u>5,251</u>	<u>6,601</u>	<u>12,893</u>

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

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40. COMMITMENTS

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

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Property, plant and equipment	4,519	391	1,150

41. 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:

Financial assets

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Financial assets at fair value through profit or loss:			
Wealth management products	50,001	237,688	421,870
Equity investment at fair value through profit or loss	2,000	2,000	2,000
Total	<u>52,001</u>	<u>239,688</u>	<u>423,870</u>
Financial assets at fair value through other comprehensive income:			
Bills receivables	169,204	26,044	105,342
Financial assets at amortised cost:			
Cash and cash equivalents	218,126	149,795	104,188
Pledged deposits	70,460	39,061	125,250
Restricted cash	–	35,807	37,044
Trade receivables	335,903	342,163	495,703
Financial assets included in prepayments, other receivables and other assets	12,704	11,096	19,034
Total	<u>637,193</u>	<u>577,922</u>	<u>781,219</u>

Financial liabilities

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Financial liabilities at amortised cost:			
Trade and bills payables	1,234,703	825,456	993,420
Financial liabilities included in other payables and accruals	8,515	15,339	12,340
Interest-bearing bank borrowings	85,694	45,926	11,544
Total	<u>1,328,912</u>	<u>886,721</u>	<u>1,017,304</u>

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The Group endorsed certain bills receivables accepted by banks in Chinese Mainland (the “Derecognised Bills”) to certain of its suppliers in order to settle the trade payables due to such suppliers with carrying amounts in aggregate of RMB90,245,000, RMB141,598,000 and RMB228,119,000 at the end of each of the Relevant Periods. The Group also discounted certain bills receivables accepted by banks in Chinese Mainland (the “Derecognised Bills”) to creditworthy banks to manage the Group’s liquidity with carrying amounts in aggregate of RMB65,405,000, RMB121,503,000 and RMB239,541,000 as at the end of each of the Relevant Periods. The Derecognised Bills had a maturity of one to six months at the end of each of the Relevant Periods. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills have a right of recourse against the Group if the PRC banks default (the “Continuing Involvement”). In the opinion of the directors, 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.

42. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

The finance manager of the Group is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The Group’s finance manager reports directly to the chief financial officer. The Derecognised Bills had a maturity of one to six months at the end of each of the Relevant Periods. At the end of each of the Relevant Periods, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

The 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 bills receivables classified as financial assets at fair value through other comprehensive income have been calculated by discounting the expected future cash flows. In addition, the bills receivables will mature within one year, and thus their fair values approximate to their carrying values.

The Group invests in unlisted investments, which represent wealth management products issued by banks in Chinese Mainland. The Group has estimated the fair value of wealth management products based on the valuation report released by the wealth management product manager where available and consider liquidity discount where applicable.

For the fair value of the unlisted equity investments at fair value through profit or loss, management has estimated the potential effect of using reasonably possible alternatives as inputs to the valuation model. The carrying amounts of unlisted equity investments are the same as their fair values.

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at the end of each of the Relevant Periods. The Derecognised Bills had a maturity of one to six months at the end of each of the Relevant Periods.

	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Value</u>	<u>Sensitivity of fair value to the input</u>
Equity investments at fair value through profit or loss	Valuation multiples	Average P/B multiple of peers	1.3	5% increase/decrease in multiple would result in increase/decrease in fair value by RMB130,000

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Valuation technique	Significant unobservable input	Value	Sensitivity of fair value to the input
	Discount for lack of marketability	25.6%- 27.0%	5% increase/decrease in discount would result in increase/decrease in fair value by RMB25,600 to RMB27,000

Fair value hierarchy

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

Assets measured at fair value:

As at 31 December 2023

	Fair value measurement using			Total
	Quoted prices in active markets	Significant observable inputs	Significant unobservable	
	Level 1	Level 2	Level 3	
	RMB’000	RMB’000	RMB’000	RMB’000
Equity investments at fair value through profit or loss	–	–	2,000	2,000
Financial assets at fair value through other comprehensive income	–	169,204	–	169,204
Financial assets at fair value through profit or loss.	–	50,001	–	50,001
Total	–	219,205	2,000	221,205

As at 31 December 2024

	Fair value measurement using			Total
	Quoted prices in active markets	Significant observable inputs	Significant unobservable	
	Level 1	Level 2	Level 3	
	RMB’000	RMB’000	RMB’000	RMB’000
Equity investments at fair value through profit or loss	–	–	2,000	2,000
Financial assets at fair value through other comprehensive income	–	26,044	–	26,044
Financial assets at fair value through profit or loss.	–	237,688	–	237,688
Total	–	263,732	2,000	265,732

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As at 31 December 2025

	Fair value measurement using			Total
	Quoted prices in active markets	Significant observable inputs	Significant unobservable	
	Level 1	Level 2	Level 3	
	RMB'000	RMB'000	RMB'000	RMB'000
Equity investments at fair value through profit or loss	–	–	2,000	2,000
Financial assets at fair value through other comprehensive income	–	105,342	–	105,342
Financial assets at fair value through profit or loss.	–	<u>421,870</u>	<u>–</u>	<u>421,870</u>
Total	–	<u>527,212</u>	<u>2,000</u>	<u>529,212</u>

The Group did not have any financial liabilities measured at fair value as at the end of each of the Relevant Periods.

During the Relevant Periods, there were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group’s principal financial instruments comprise interest-bearing bank borrowings, cash and cash equivalents and wealth management products. 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 and bills payables, which arise directly from its operations.

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

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group’s policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group’s exposure to bad debts is not significant.

Maximum exposure and year-end staging

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

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The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			Total
	Stage 1	Stage 2	Stage 3	Simplified approach	
	RMB'000	RMB'000	RMB'000	RMB'000	
Trade receivables*	-	-	-	464,687	464,687
Contract assets*	-	-	-	289,467	289,467
Financial assets at fair value through other comprehensive income	-	-	-	169,204	169,204
Financial assets included in prepayments, other receivables and other assets					
- Normal**	8,007	-	-	-	8,007
- Doubtful**	-	9,868	703	-	10,571
Pledged deposits					
- Not yet past due	70,460	-	-	-	70,460
Cash and cash equivalents					
- Not yet past due	218,126	-	-	-	218,126
Total	<u>296,593</u>	<u>9,868</u>	<u>703</u>	<u>923,358</u>	<u>1,230,522</u>

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			Total
	Stage 1	Stage 2	Stage 3	Simplified approach	
	RMB'000	RMB'000	RMB'000	RMB'000	
Trade receivables*	-	-	-	467,389	467,389
Contract assets*	-	-	-	238,082	238,082
Financial assets at fair value through other comprehensive income	-	-	-	26,044	26,044
Financial assets included in prepayments, other receivables and other assets					
- Normal**	5,772	-	-	-	5,772
- Doubtful**	-	6,761	2,991	-	9,752
Pledged deposits					
- Not yet past due	39,061	-	-	-	39,061
Restricted cash					
- Not yet past due	35,807	-	-	-	35,807
Cash and cash equivalents					
- Not yet past due	149,795	-	-	-	149,795
Total	<u>230,435</u>	<u>6,761</u>	<u>2,991</u>	<u>731,515</u>	<u>971,702</u>

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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*	–	–	–	626,029	626,029
Contract assets*	–	–	–	224,353	224,353
Financial assets at fair value through other comprehensive income.	–	–	–	105,342	105,342
Financial assets included in prepayments, other receivables and other assets					
– Normal**	15,476	–	–	–	15,476
– Doubtful**	–	6,061	2,691	–	8,752
Pledged deposits					
– Not yet past due	125,250	–	–	–	125,250
Restricted cash					
– Not yet past due	37,044	–	–	–	37,044
Cash and cash equivalents					
– Not yet past due	104,188	–	–	–	104,188
Total	281,958	6,061	2,691	955,724	1,246,434

* For trade receivables and contract assets to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in notes 20 and 21 to the Historical Financial Information.

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

Further quantitative data in respect of the Group’s exposure to credit risk arising from trade receivables and contract assets are disclosed in notes 20 and 21 to the Historical Financial Information.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. Concentrations of credit risk are managed by customer/counterparty and by industry sector.

At the end of each of the Relevant Periods, the Group had certain concentrations of credit as 21.32%, 18.27% and 14.62% of the Group’s trade receivables were due from the Group’s largest customer in each year during the Relevant Periods, respectively, and 50.30%, 52.25% and 63.32% of the Group’s trade receivables were due from the Group’s five largest customers in each year during the Relevant Periods, respectively.

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 bank borrowings. The Group’s policy is that all the borrowings should be approved by the chief financial officer.

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

31 December 2023

	Within 1 year or on demand	1 to 5 years	Over 5 years	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Interests-bearing bank borrowings . .	88,602	–	–	88,602
Trade and bills payables	1,234,703	–	–	1,234,703
Lease liabilities	2,095	2,095	1,048	5,238
Financial liabilities included in other payables and accruals	8,515	–	–	8,515
Total	<u>1,333,915</u>	<u>2,095</u>	<u>1,048</u>	<u>1,337,058</u>

31 December 2024

	Within 1 year or on demand	1 to 5 years	Over 5 years	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Interests-bearing bank borrowings . .	46,027	–	–	46,027
Trade and bills payables	825,456	–	–	825,456
Lease liabilities	1,239	1,211	–	2,450
Financial liabilities included in other payables and accruals	15,339	–	–	15,339
Total	<u>888,061</u>	<u>1,211</u>	<u>–</u>	<u>889,272</u>

31 December 2025

	Within 1 year or on demand	1 to 5 years	Over 5 years	Total
	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>	<i>RMB’000</i>
Interests-bearing bank borrowings . .	11,747	–	–	11,747
Trade and bills payables	993,420	–	–	993,420
Lease liabilities	1,912	1,168	–	3,080
Financial liabilities included in other payables and accruals	12,340	–	–	12,340
Total	<u>1,019,419</u>	<u>1,168</u>	<u>–</u>	<u>1,020,587</u>

Capital management

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

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

APPENDIX I

ACCOUNTANTS' REPORT

The Group monitors capital using a gearing ratio, which is total debt, mainly interest-bearing bank borrowings divided by the total equity. The gearing ratios as at the end of each of the Relevant Periods were as follows:

	As at 31 December		
	2023	2024	2025
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Total debt	85,694	45,926	11,544
Total equity	420,028	487,040	595,259
Gearing ratio	<u>20.4%</u>	<u>9.4%</u>	<u>1.9%</u>

44. EVENT AFTER THE RELEVANT PERIODS

The Company and the Group had no significant subsequent events after 31 December 2025 and up to the date of this report.

45. SUBSEQUENT FINANCIAL STATEMENTS

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