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

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF SHANGHAI KELIANG INFORMATION TECHNOLOGY CO., LTD. AND SINOLINK SECURITIES (HONG KONG) COMPANY LIMITED.

Introduction

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

Directors' responsibility for the Historical Financial Information

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

Reporting accountants' responsibility

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

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

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

Opinion

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

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

Adjustments

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

Dividends

We refer to note 11 to the Historical Financial Information which states that no dividends have been paid by the Company in respect of the Relevant Periods.

Certified Public Accountants
Hong Kong
[Date]

I HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

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

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

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

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	Year ended 31 December 2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
REVENUE	5	424,508	494,923	599,552
Cost of sales		(244,869)	(290,135)	(317,225)
Gross profit		179,639	204,788	282,327
Other income and gains	5	2,720	4,712	10,118
Selling and marketing expenses		(39,672)	(46,069)	(50,386)
Administrative expenses		(45,351)	(44,475)	(54,587)
Research and development expenses		(61,548)	(77,740)	(90,793)
(Impairment losses)/reversal of impairment losses on financial and contract assets, net		(6,241)	(9,850)	2,782
Other expenses and losses		(478)	(1,915)	(2,188)
Finance costs	7	(1,537)	(2,860)	(2,760)
PROFIT BEFORE TAX	6	27,532	26,591	94,513
Income tax credit/(expense)	10	1,208	(457)	(1,482)
PROFIT FOR THE YEAR		28,740	26,134	93,031
Attributable to:				
Owners of the parent		28,740	26,134	93,031
OTHER COMPREHENSIVE INCOME				
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:				
Equity investments designated at fair value through other comprehensive income:				
Changes in fair value		6,617	470	9,593
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		6,617	470	9,593
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		35,357	26,604	102,624
Attributable to:				
Owners of the parent		35,357	26,604	102,624
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	12			
Basic and diluted *(RMB)*		0.95	0.81	2.89

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December		
	Notes	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS				
Property, plant and equipment	13	42,539	39,300	38,882
Right-of-use assets	14	57,752	58,689	54,236
Other intangible assets	15	2,689	2,519	1,714
Contract assets	20	9,592	10,282	7,308
Equity investments designated at fair value through other comprehensive income	17	56,280	56,907	69,697
Deferred tax assets	28	5,050	6,977	7,188
Time deposits	23	–	–	20,000
Total non-current assets		173,902	174,674	199,025
CURRENT ASSETS				
Inventories	18	77,027	98,010	137,190
Trade and bills receivables	19	161,147	200,386	255,499
Contract assets	20	11,264	18,251	22,496
Prepayments, other receivables and other assets	21	22,541	19,089	19,552
Financial assets at fair value through profit or loss	22	4,526	139,060	152,948
Restricted cash	23	1,316	5,976	7,843
Cash and cash equivalents	23	227,373	67,718	77,864
Total current assets		505,194	548,490	673,392
CURRENT LIABILITIES				
Trade payables	24	39,185	48,901	61,218
Other payables and accruals	25	46,136	41,941	65,387
Contract liabilities	26	55,993	57,840	64,189
Lease liabilities	14	4,435	7,642	8,638
Tax payable	10	1,051	3,404	1,148
Provision	27	3,802	4,480	5,762
Total current liabilities		150,602	164,208	206,342
NET CURRENT ASSETS		354,592	384,282	467,050
TOTAL ASSETS LESS CURRENT LIABILITIES		**528,494**	**558,956**	**666,075**

		As at 31 December		
	Notes	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
NON-CURRENT LIABILITIES				
Lease liabilities	14	54,321	54,681	49,743
Deferred tax liabilities	28	3,505	3,621	6,928
Provision	27	6,368	5,223	6,980
Total non-current liabilities		64,194	63,525	63,651
Net assets		**464,300**	**495,431**	**602,424**
EQUITY				
Equity attributable to owners of the parent				
Share capital	29	32,245	32,245	32,245
Reserves	31	432,055	463,186	570,179
Total equity		**464,300**	**495,431**	**602,424**

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2023

	Attributable to owners of the parent						
	Share capital	Share premium*	Share award reserve*	Statutory reserve*	Fair value reserve*	Retained profits*	Total equity
	RMB'000 *(note 29)*	*RMB'000* *(note 31)*	*RMB'000* *(note 31)*	*RMB'000* *(note 31)*	*RMB'000* *(note 31)*	*RMB'000*	*RMB'000*
At 1 January 2023	30,000	239,092	1,371	4,823	4,656	6,363	286,305
Profit for the year	–	–	–	–	–	28,740	28,740
Other comprehensive income for the year:							
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax	–	–	–	–	6,617	–	6,617
Total comprehensive income for the year	–	–	–	–	6,617	28,740	35,357
Equity-settled share-based payments	–	–	938	–	–	–	938
Appropriation of statutory reserve	–	–	–	5,064	–	(5,064)	–
Capital injection by shareholders	2,245	139,455	–	–	–	–	141,700
At 31 December 2023	32,245	378,547	2,309	9,887	11,273	30,039	464,300

Year ended 31 December 2024

	Attributable to owners of the parent						
	Share capital	Share premium*	Share award reserve*	Statutory reserve*	Fair value reserve*	Retained profits*	Total equity
	RMB'000 *(note 29)*	*RMB'000* *(note 31)*	*RMB'000* *(note 31)*	*RMB'000* *(note 31)*	*RMB'000* *(note 31)*	*RMB'000*	*RMB'000*
At 1 January 2024	32,245	378,547	2,309	9,887	11,273	30,039	464,300
Profit for the year	–	–	–	–	–	26,134	26,134
Other comprehensive income for the year:							
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax	–	–	–	–	470	–	470
Total comprehensive income for the year	–	–	–	–	470	26,134	26,604
Equity-settled share-based payments	–	–	4,527	–	–	–	4,527
Appropriation of statutory reserve	–	–	–	3,871	–	(3,871)	–
At 31 December 2024	32,245	378,547	6,836	13,758	11,743	52,302	495,431

Year ended 31 December 2025

	Attributable to owners of the parent						
	Share capital	Share premium*	Share award reserve*	Statutory reserve*	Fair value reserve*	Retained profits*	Total equity
	RMB'000 *(note 29)*	*RMB'000* *(note 31)*	*RMB'000* *(note 31)*	*RMB'000* *(note 31)*	*RMB'000* *(note 31)*	*RMB'000*	*RMB'000*
At 1 January 2025	32,245	378,547	6,836	13,758	11,743	52,302	495,431
Profit for the year	–	–	–	–	–	93,031	93,031
Other comprehensive income for the year:							
Changes in fair value of equity investments designated at fair value through other comprehensive income, net of tax	–	–	–	–	9,593	–	9,593
Total comprehensive income for the year	–	–	–	–	9,593	93,031	102,624
Equity-settled share-based payments	–	–	4,369	–	–	–	4,369
Appropriation of statutory reserve	–	–	–	2,364	–	(2,364)	–
At 31 December 2025	32,245	378,547	11,205	16,122	21,336	142,969	602,424

* These reserve accounts comprise the consolidated reserves of RMB432,055,000, RMB463,186,000 and RMB570,179,000 as at 31 December 2023, 2024 and 2025, respectively, in the consolidated statements of financial position.

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended 31 December		
	Notes	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		27,532	26,591	94,513
Adjustments for:				
Finance costs	7	1,537	2,860	2,760
Interest income	5	(174)	(453)	(102)
Investment income	5	(303)	(411)	(519)
Losses on disposal of items of property, plant and equipment and right-of-use assets and intangible assets		594	4	104
Fair value gains on financial assets at fair value through profit or loss	5	(141)	(1,161)	(1,527)
Depreciation of property, plant and equipment	13	3,903	5,679	6,080
Depreciation of right-of-use assets	14	7,973	8,433	8,911
Amortisation of intangible assets	15	667	886	879
Impairment/(reversal of impairment) of trade receivables, net	19	5,262	9,535	(2,804)
Impairment of contract assets, net	20	864	621	(360)
Impairment of other receivables, net	21	115	(306)	382
Write-down of inventories to net realisable value		2,106	968	201
Foreign exchange differences, net	6	353	1,887	1,542
Equity-settled share-based payment expenses	30	938	4,527	4,369
		51,226	59,660	114,429

	Notes	Year ended 31 December		
		2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Increase in inventories		(15,880)	(21,951)	(38,164)
Increase in trade and bills receivables		(42,173)	(48,843)	(52,358)
Increase in contract assets		(11,732)	(8,298)	(911)
(Increase)/decrease in prepayments, other receivables and other assets		(6,512)	1,051	(3,039)
Increase in restricted cash		(479)	(4,654)	(1,855)
Increase in trade payables		1,261	8,089	11,470
Increase in contract liabilities		28,767	1,847	6,349
Increase/(decrease) in other payables and accruals		18,905	(1,392)	25,652
Increase/(decrease) in provision		1,698	(467)	3,039
Cash flows generated from/(used in) operations		25,081	(14,958)	64,612
Interest received		172	447	90
Income tax refund/(paid), net		240	(70)	(3,845)
Net cash flows generated from/(used in) operating activities		25,493	(14,581)	60,857
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of items of property, plant and equipment		(21,675)	(2,527)	(6,985)
Additions to other intangible assets		(1,220)	(730)	(79)
Placement of non-pledged time deposits with original maturity of more than three months when acquired		–	–	(20,000)
Purchases of financial assets at fair value through profit or loss		(35,000)	(330,350)	(345,200)
Proceeds from disposal of financial assets at fair value through profit or loss		65,199	197,388	333,358
Net cash flows generated from/(used in) investing activities		7,304	(136,219)	(38,906)

	Notes	Year ended 31 December		
		2023	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
CASH FLOWS FROM FINANCING ACTIVITIES				
Capital injection by shareholders		141,700	–	–
Principal portion of lease payments		(7,603)	(5,803)	(8,394)
Interest paid for lease payments		(1,537)	(2,860)	(2,760)
Net cash flows generated from/(used in) financing activities		132,560	(8,663)	(11,154)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		165,357	(159,463)	10,797
Cash and cash equivalents at beginning of year		62,197	227,373	67,718
Effect of foreign exchange rate changes, net		(181)	(192)	(651)
CASH AND CASH EQUIVALENTS AT END OF YEAR		227,373	67,718	77,864
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS				
Cash and cash equivalents	23	227,373	67,718	77,864
Time deposits with original maturity of more than three months when acquired	23	–	–	20,000
Cash and cash equivalents as stated in the consolidated statement of financial position		227,373	67,718	97,864
Time deposits with original maturity of more than three months when acquired		–	–	(20,000)
Cash and cash equivalents as stated in the consolidated statement of cash flows		227,373	67,718	77,864

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	Notes	As at 31 December 2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS				
Property, plant and equipment	13	21,865	20,533	21,069
Right-of-use assets	14	57,752	58,689	54,236
Other intangible assets	15	2,399	2,241	1,460
Contract assets	20	9,314	10,082	6,835
Investments in subsidiaries	16	97,111	98,501	99,829
Deferred tax assets	28	4,919	6,540	6,753
Time deposits	23	–	–	20,000
Total non-current assets		193,360	196,586	210,182
CURRENT ASSETS				
Inventories	18	73,586	97,133	127,904
Trade and bills receivables	19	145,521	167,300	237,782
Contract assets	20	10,393	17,964	21,919
Prepayments, other receivables and other assets	21	19,901	18,356	18,381
Due from subsidiaries		18,000	44,200	60,200
Financial assets at fair value through profit or loss	22	–	130,994	142,060
Restricted cash	23	1,316	5,976	7,843
Cash and cash equivalents	23	207,007	43,655	34,946
Total current assets		475,724	525,578	651,035
CURRENT LIABILITIES				
Trade payables	24	38,451	47,438	59,246
Other payables and accruals	25	40,176	34,339	57,034
Contract liabilities	26	52,963	56,554	56,067
Lease liabilities	14	4,435	7,642	8,638
Tax payable	10	–	–	1,145
Provision	27	3,802	4,480	5,762
Total current liabilities		139,827	150,453	187,892
NET CURRENT ASSETS		335,897	375,125	463,143
TOTAL ASSETS LESS CURRENT LIABILITIES		**529,257**	**571,711**	**673,325**

		As at 31 December		
	Notes	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
NON-CURRENT LIABILITIES				
Lease liabilities	14	54,321	54,681	49,743
Provision	27	6,368	5,223	6,980
Total non-current liabilities		60,689	59,904	56,723
Net assets		**468,568**	**511,807**	**616,602**
EQUITY				
Share capital		32,245	32,245	32,245
Reserves		436,323	479,562	584,357
Total equity		**468,568**	**511,807**	**616,602**

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

Shanghai KeLiang Information Technology Co., Ltd. (the "Company") is a company established under the laws of the People's Republic of China (the "PRC") with limited liability on 6 December 2007 and converted into a joint stock company with limited liability on 14 December 2015. The registered address of the Company is Building 4, No. 3533, Hechuan Road, Minhang District, Shanghai, PRC.

During the Relevant Periods, the Company and its subsidiaries (together as the "Group") were principally involved in the sales of tool products and customised solutions to customers.

As at the end of the Relevant Periods, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies. The particulars of major subsidiaries are set out below:

Name	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary/registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
			(%)	*(%)*	
Shanghai KeLiang Energy Technology Co.,Ltd.* ("上海科梁能源科技有限公司") ("KeLiang Energy") (a)	PRC/Chinese mainland 11 September 2018	RMB48,000,000	100	–	R&D, sales, consulting, and testing for electronics, new energy, and computer equipment
Changsha KeLiang Technology Co., Ltd.* ("長沙科梁科技有限公司") ("Changsha KeLiang") (a)	PRC/Chinese mainland 22 June 2021	RMB48,000,000	100	–	R&D, sales, consulting, and testing for electronics, new energy, and computer equipment
KeLiang (HK) Limited (b)	Hong Kong/ Hong Kong 24 December 2014	HKD1,000,000	100	–	Trading of electrical system real-time digital simulators

* The English names of these entities registered in the PRC represent the best efforts made by the directors of the Company to translate the Chinese names of these entities as they did not register any official English names.

(a) The statutory financial statements of the entities for the years ended 31 December 2023 and 2024 prepared in accordance with generally accepted accounting principles in the Chinese mainland were audited by Shanghai Xusheng Accounting Firm (上海旭升會計師事務所) and Shanghai Zhixing Accounting Firm (上海智星會計師事務所有限公司), respectively, certified public accountants registered in the PRC. No audited financial statements have been prepared for the entities for the year ended 31 December 2025.

(b) The statutory financial statements of the entity for the years ended 31 December 2023 and 2024 prepared under Small and Medium-sized Entity Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants were audited by CC Alliance CPA & CO. registered in Hong Kong. No audited financial statements have been prepared for the entity for the year ended 31 December 2025.

2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards, which comprise all standards and interpretations approved by the International Accounting Standards Board (the "IASB").

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

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

Basis of consolidation

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

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

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

(b) rights arising from other contractual arrangements; and

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

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

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

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

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

2.2 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

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

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

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

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

2.3 MATERIAL ACCOUNTING POLICIES

Fair value measurement

The Group measures its financial assets at fair value through profit or loss and equity investments designated at fair value through other comprehensive income 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 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, deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

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

An assessment is made at the end of each 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 statement of profit or loss in the period in which it arises.

Related parties

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

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

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

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

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group; *(If the Group is itself such a plan)* and the sponsoring employers of the post-employment benefit plan;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

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

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

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%
Motor vehicles	9.50%
Furniture and equipment	19.00%–31.67%
Leasehold improvements	10.26%–52.17%

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

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

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

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be 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 the end of each of the Relevant Periods.

Software

Software is stated at cost less any impairment losses and is amortised on the straight-line basis over their estimated useful lives of 5 years.

Research and development costs

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

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

Leases

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

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises 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:

Offices	2–10 years

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

(b) Lease liabilities

Lease liabilities are 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 IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

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

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

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

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

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

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

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

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

Financial assets at fair value through profit or loss

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

Derecognition of financial assets

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

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

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

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

Impairment of financial assets

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

General approach

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

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

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

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

Simplified approach

For trade receivables 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 each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as payables, as appropriate.

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

Subsequent measurement

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

Financial liabilities at amortised cost

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

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

Derecognition of financial liabilities

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

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

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 cost basis. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash 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 at banks.

Provisions

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

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

The Group provides for warranties in relation to the sale of certain tool products and solutions and technology services. 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 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 the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

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

- in respect of taxable temporary differences associated with investments in subsidiaries, 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

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

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

The Group's revenue can be divided into tool products and solutions and technology services. The obligation of these mainly include:

(a) Tool products and solutions

Revenue from tool products and solutions is recognised at the point in time when the tool products and solutions is delivered to the customer's designated place, inspected and accepted by the customer.

(b) Technology services

Revenue from technology services is recognised at the point in time when the Group transfers the control of the services, generally upon acceptance of the services.

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).

Contract costs

Other than the costs which are capitalised as inventories, property, plant and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

(a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify;

(b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and

(c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to the statement of profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Other contract costs are expensed as incurred.

Share-based payments

The Group operates restricted share schemes for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using the recent transaction price method, further details of which are given in note 30 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 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 statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

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

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

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

Other employee benefits

Pension scheme

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

Housing fund and other social insurances

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

Dividends

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

Foreign currencies

This 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 Relevant Periods. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

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

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

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

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

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.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end 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 and contract assets

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on ageing analysis of customers that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are 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 and contract assets are disclosed in notes 19 and 20 to the Historical Financial Information, respectively.

Leases — Estimating the incremental borrowing rate

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

Useful lives and residual values of items of property, plant and equipment

In determining the useful lives and residual values of items of property, plant and equipment, the Group has to consider various factors, such as technical or commercial obsolescence arising from changes or improvements in the production and the provision of services, or from a change in the market demand for the product or service output of the asset, expected usage of the asset, expected physical wear and tear, care and maintenance of the asset, and legal or similar limits on the use of the asset. The estimation of the useful life of the asset is based on the experience of the Group with similar assets that are used in a similar way. Additional depreciation is made if the estimated useful lives and/or residual values of items of property, plant and equipment are different from the previous estimation. Useful lives and residual values are reviewed at the end of each of Relevant Periods based on changes in circumstances. Further details of the property, plant and equipment are set out in note 13 to the Historical Financial Information.

Fair value of equity investments designated at fair value through other comprehensive income

The equity investments designated at fair value through other comprehensive income have been valued based on income approach technique as detailed in note 36 to the Historical Financial Information. The valuation requires the Group to makes estimates about the discount for illiquidity and the annual growth rate. The Group classifies the fair value of these investments as Level 3. Further details are included in note 36 to the Historical Financial Information.

Fair value of equity-settled share-based payments

The fair value of the restricted shares granted is determined by using the recent transaction price method at the grant dates. Valuation techniques are certified by an independent valuer before being implemented for valuation and are calibrated to ensure that outputs reflect market conditions. Some inputs, such as revenue growth rate and discount rate, require management estimates. Should any of the estimates and assumptions change, it may lead to a change in the fair value to be recognised in profit or loss. Further details are included in note 30 to the Historical Financial Information.

Impairment of non-financial assets (other than goodwill)

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

Provision for the warranty

The Group makes a provision for the warranty for tool products and solutions and technology services according to the best expected settlement under the sales agreement. The provision amount takes into account the Group's recent claims, past warranty data and the weight of all possible results and their related probabilities. The recent claims may not represent the claims it will face in the future for past sales. Any increase or decrease in the provision will affect the profit or loss in future years. Further details of the provision are set out in note 27 to the Historical Financial Information.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on its products and has one reportable operating segment. The information reported to the directors, who are the chief operating decision makers, for the purpose of resource allocation and assessment of performance does not contain discrete operating segment financial information and the directors reviewed the financial results of the Group as a whole. Therefore, no further information about the operating segment is presented.

Geographical information

(a) Revenue from external customers

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Chinese mainland	420,108	491,913	597,460
Others	4,400	3,010	2,092
Total	**424,508**	**494,923**	**599,552**

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

(b) Non-current assets

The geographical information of non-current assets of the Group are mainly located in Chinese mainland.

Information about major customers

Information about external customers from which the revenue amounted to over 10% of the total revenue of the Group during the Relevant Periods set out below:

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Customer A	*	*	106,324
Customer B	98,862	78,415	96,925
Customer C	*	*	71,055
Customer D	49,714	55,629	*
Total	**148,576**	**134,044**	**274,304**

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

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	424,508	494,923	599,552

Revenue from contracts with customers

(i) ***Disaggregated revenue information***

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Type of goods or services			
Tool products and solutions:	415,769	486,182	590,871
– New power systems	317,367	356,215	507,985
– Advanced equipment electrical systems	98,402	129,967	82,886
Technology services	8,739	8,741	8,681
Total	**424,508**	**494,923**	**599,552**
Timing of revenue recognition			
Revenue recognised at a point in time:			
Tool products and solutions:	415,769	486,182	590,871
– New power systems	317,367	356,215	507,985
– Advanced equipment electrical systems	98,402	129,967	82,886
Technology services	8,739	8,741	8,681
Total	**424,508**	**494,923**	**599,552**

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 the Relevant Periods:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of each of the Relevant Periods			
Tool products and solutions	27,226	55,993	57,840

(ii) Performance obligations

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

Tool products and solutions

The performance obligation for the sale of tool products and solutions with a single performance obligation is satisfied when the customers inspected and confirmed the acceptance and payment is mainly due within 30 to 180 days upon acceptance where payment in advance is required for some customers.

Technology services

The performance obligation of technology services is satisfied upon finalisation, delivery and acceptance of the services and payment is generally due within 30 to 180 days from the date of billing.

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

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Amounts expected to be recognised as revenue:			
Within one year	167,859	175,467	219,509
After one year	24,299	11,238	14,233
Total	**192,158**	**186,705**	**233,742**

The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognised as revenue after one year relate to sales of products, of which the performance obligations are to be satisfied within two years. All the other amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year.

Other income and gains

An analysis of other income and gains is as follows:

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Other income:			
Government grants related to income	1,992	2,091	7,619
Bank interest income	174	453	102
Investment income	303	411	519
Others	95	581	261
Total other income	2,564	3,536	8,501
Gains:			
Fair value gains, net:			
– Financial assets at fair value through profit or loss, net	141	1,161	1,527
Others	15	15	90
Total gains	156	1,176	1,617
Total other income and gains	**2,720**	**4,712**	**10,118**

Note: The government grants mainly represent subsidies received from the local governments to support the Group's research and development activities and operations or for the purpose of rewarding the Group's financial contribution. There were no unfulfilled conditions or contingencies relating to these government grants.

6. PROFIT BEFORE TAX

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

		Year ended 31 December		
	Notes	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
Cost of tool products and solutions		240,629	286,570	314,168
Cost of technology services		4,240	3,565	3,057
Depreciation of property, plant and equipment*	13	3,903	5,679	6,080
Depreciation of right-of-use assets*	14	7,973	8,433	8,911
Amortisation of intangible assets*	15	667	886	879
Research and development expenses		61,548	77,740	90,793
Lease payments not included in the measurement of lease liabilities*	14	634	670	949
Auditor's remuneration		410	433	496
Employee benefit expenses (excluding directors' and chief executive's remuneration *(note 8)*):				
– Wages and salaries*		97,297	111,318	123,587
– Pension scheme contributions and social welfare*		23,203	26,487	28,739
– Equity-settled share-based payment expenses*		938	4,517	4,215
Foreign exchange differences, net		353	1,887	1,542
Provision	27	6,368	7,424	8,993
Impairment/(reversal of impairment) of financial and contract assets, net:				
– Trade and bills receivables	19	5,262	9,535	(2,804)
– Contract assets	20	864	621	(360)
– Prepayments, other receivables and other assets	21	115	(306)	382
Changes in fair value of financial assets at fair value through profit or loss	5	(141)	(1,161)	(1,527)
Interest income	5	(174)	(453)	(102)

* These items are included in "Cost of sales", "Administrative expenses", "Selling and marketing expenses" or "Research and development expenses" in the consolidated statements of profit or loss.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Interest on lease liabilities *(note 14(b))*	1,537	2,860	2,760

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for 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:	–	7	140
Other emoluments:			
Salaries, bonuses, allowances and benefits in kind	2,228	2,353	3,329
Pension scheme contributions and social welfare	143	157	292
Equity-settled share-based payment expenses*	–	10	154
Subtotal	2,371	2,520	3,775
Total	**2,371**	**2,527**	**3,915**

* During the years ended 31 December 2023, 2024 and 2025, certain directors were granted awarded shares, in respect of their services to the Group, under the share option scheme of the Company, further details of which are set out in note 30 to the Historical Financial Information. The fair value of such awarded shares, 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 amounts included in the Historical Financial Information for the Relevant Periods are included in the above directors' and chief executive's remuneration disclosures.

(a) Independent non-executive directors

The fees paid to independent non-executive directors were as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Ms. Deng Ying (i)	N/A	7	80
Mr. Wang Baoqing (ii)	N/A	N/A	60
Mr. Kam Wai Man (iii)	N/A	N/A	N/A
Total	**–**	**7**	**140**

(i) Ms. Deng Ying has been appointed as an independent director with effect from 13 December 2024 and redesignated as an independent non-executive director on 18 May 2026.

(ii) Mr. Wang Baoqing has been appointed as independent director with effect from 31 March 2025 and redesignated as an independent non-executive director on 18 May 2026.

(iii) Mr. Kam Wai Man has been appointed as independent director with effect from 30 March 2026 and redesignated as an independent non-executive director on 18 May 2026.

(b) Executive directors, non-executive directors and the chief executive

Year ended 31 December 2023

	Salaries, bonuses, allowances and benefits in kind	Pension scheme contributions and social welfare	Equity-settled share-based payment expenses	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors:				
Mr. Sang Suming (i)	752	–	–	752
Mr. Zou Yijun (ii)	753	143	–	896
Ms. Liu Lixia (iii)	723	–	–	723
Non-executive directors:				
Mr. Jiang Yong (iv)	–	–	–	–
Mr. Jin Yehui (v)	–	–	–	–
Total	**2,228**	**143**	**–**	**2,371**

Year ended 31 December 2024

	Salaries, bonuses, allowances and benefits in kind	Pension scheme contributions and social welfare	Equity-settled share-based payment expenses	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors:				
Mr. Sang Suming (i)	769	–	–	769
Mr. Zou Yijun (ii)	753	145	–	898
Ms. Liu Lixia (iii)	777	–	–	777
Mr. Li Hongbiao (vi)	54	12	10	76
Non-executive directors:				
Mr. Jiang Yong (iv)	–	–	–	–
Mr. Jin Yehui (v)	–	–	–	–
Total	**2,353**	**157**	**10**	**2,520**

Year ended 31 December 2025

	Salaries, bonuses, allowances and benefits in kind	Pension scheme contributions and social welfare	Equity-settled share-based payment expenses	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Executive directors:				
Mr. Sang Suming (i)	805	–	–	805
Mr. Zou Yijun (ii)	753	146	–	899
Ms. Liu Lixia (iii)	776	–	–	776
Mr. Li Hongbiao (vi)	995	146	154	1,295
Non-executive directors:				
Mr. Jiang Yong (iv)	–	–	–	–
Mr. Jin Yehui (v)	–	–	–	–
Total	**3,329**	**292**	**154**	**3,775**

(i) Mr. Sang Suming has been appointed as a director and chairman in December 2015 and redesignated as an executive director on 18 May 2026.

(ii) Mr. Zou Yijun has been appointed as a director in December 2015 and redesignated as an executive director on 18 May 2026.

(iii) Ms. Liu Lixia has been appointed as a director in December 2015 and redesignated as an executive director on 18 May 2026.

(iv) Mr. Jiang Yong has been appointed as a director in May 2021 and redesignated as a non-executive director on 18 May 2026.

(v) Mr. Jin Yehui has been appointed as a director in May 2021 and redesignated as a non-executive director on 18 May 2026.

(vi) Mr. Li Hongbiao has been appointed as a director in December 2024 and redesignated as an executive director on 18 May 2026.

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

9. FIVE HIGHEST PAID EMPLOYEES

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

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Salaries, allowances and benefits in kind	3,504	3,630	2,701
Pension scheme contributions and social welfare	573	580	438
Equity-settled share-based payment expenses	79	178	253
Total	**4,156**	**4,388**	**3,392**

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

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

During the Relevant Periods, awarded shares were granted to some 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 30 to the Historical Financial Information. The fair value of such awarded shares, 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 Relevant Periods are 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 profit arising in or derived from the countries or jurisdictions in which members of the Group are domiciled and operate.

Chinese mainland

The provision for corporate income tax ("CIT") in Chinese mainland is based on the statutory rate of 25% of the assessable profits as determined in accordance with the PRC Corporate Income Tax Law which was approved and became effective on 1 January 2008.

The Company was qualified as a High and New Technology Enterprise in 2022 and is entitled to a preferential CIT rate of 15% from 2023 to 2025. This qualification is subject to review by the relevant tax authority in the PRC every three years.

Changsha KeLiang was qualified as a High and New Technology Enterprise in 2025 and is entitled to a preferential CIT rate of 15% from 2025 to 2027. This qualification is subject to review by the relevant tax authority in the PRC every three years.

Hong Kong

KeLiang (HK) Limited is a qualifying entity under the two-tiered profits tax regime in Hong Kong during the Relevant Periods. The first HKD2,000,000 of assessable profits of this subsidiary are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

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

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Current income tax:			
– Chinese mainland	447	75	1,142
– Hong Kong	–	2,350	442
Deferred tax *(note 28)*	(1,655)	(1,968)	(102)
Total tax (credit)/charge for the year	**(1,208)**	**457**	**1,482**

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

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Profit before tax	27,532	26,591	94,513
Tax at the statutory tax rate	6,883	6,648	23,628
Effect of preferential tax rates	(2,749)	(2,945)	(9,188)
Expenses not deductible for tax	1,133	1,255	942
Additional deductible allowance for qualified research and development expenses	(9,416)	(11,492)	(10,054)
Deductible tax losses not recognised	8,121	7,731	4,891
Utilisation of tax losses not recognised in previous years	(5,180)	(740)	(8,737)
Tax (credit)/charge at the Group's effective rate	**(1,208)**	**457**	**1,482**

11. DIVIDENDS

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

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

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

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

The calculations of basic and diluted earnings per share are based on:

	Year ended 31 December		
	2023	**2024**	**2025**
Earnings			
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation: *(RMB'000)*	28,740	26,134	93,031
Shares			
Weighted average number of ordinary shares in issue during the year	30,190,671	32,244,999	32,244,999
Earnings per share			
Basic and diluted (expressed in RMB per share)	0.95	0.81	2.89

13. PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings	Motor vehicles	Furniture and equipment	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2023					
At 1 January 2023					
Cost	21,681	1,235	9,952	–	32,868
Accumulated depreciation	(1,531)	(944)	(5,502)	–	(7,977)
Net carrying amount	20,150	291	4,450	–	24,891
At 1 January 2023, net of accumulated depreciation	20,150	291	4,450	–	24,891
Additions	–	–	5,036	16,639	21,675
Disposals	–	–	(124)	–	(124)
Depreciation provided during the year	(1,413)	(70)	(1,745)	(675)	(3,903)
At 31 December 2023, net of accumulated depreciation	18,737	221	7,617	15,964	42,539
At 31 December 2023:					
Cost	21,681	1,235	12,684	16,639	52,239
Accumulated depreciation	(2,944)	(1,014)	(5,067)	(675)	(9,700)
Net carrying amount	18,737	221	7,617	15,964	42,539

	Buildings	Motor vehicles	Furniture and equipment	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2024					
At 1 January 2024					
Cost	21,681	1,235	12,684	16,639	52,239
Accumulated depreciation	(2,944)	(1,014)	(5,067)	(675)	(9,700)
Net carrying amount	18,737	221	7,617	15,964	42,539
At 1 January 2024, net of accumulated depreciation	18,737	221	7,617	15,964	42,539
Additions	–	506	1,522	499	2,527
Disposals	–	–	(4)	(83)	(87)
Depreciation provided during the year	(1,413)	(46)	(2,439)	(1,781)	(5,679)
At 31 December 2024, net of accumulated depreciation	17,324	681	6,696	14,599	39,300
At 31 December 2024:					
Cost	21,681	1,741	14,058	17,055	54,535
Accumulated depreciation	(4,357)	(1,060)	(7,362)	(2,456)	(15,235)
Net carrying amount	17,324	681	6,696	14,599	39,300

	Buildings	Motor vehicles	Furniture and equipment	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2025					
At 1 January 2025					
Cost	21,681	1,741	14,058	17,055	54,535
Accumulated depreciation	(4,357)	(1,060)	(7,362)	(2,456)	(15,235)
Net carrying amount	17,324	681	6,696	14,599	39,300
At 1 January 2025, net of accumulated depreciation	17,324	681	6,696	14,599	39,300
Additions	–	–	2,836	4,149	6,985
Disposals	–	–	(1,323)	–	(1,323)
Depreciation provided during the year	(1,413)	(70)	(2,392)	(2,205)	(6,080)
At 31 December 2025, net of accumulated depreciation	15,911	611	5,817	16,543	38,882
At 31 December 2025:					
Cost	21,681	1,741	13,847	21,204	58,473
Accumulated depreciation	(5,770)	(1,130)	(8,030)	(4,661)	(19,591)
Net carrying amount	15,911	611	5,817	16,543	38,882

The Company

	Motor vehicles	Furniture and equipment	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2023				
At 1 January 2023				
Cost	1,235	7,254	–	8,489
Accumulated depreciation	(944)	(4,970)	–	(5,914)
Net carrying amount	291	2,284	–	2,575
At 1 January 2023, net of accumulated depreciation	291	2,284	–	2,575
Additions	–	4,432	16,639	21,071
Disposals	–	(124)	–	(124)
Depreciation provided during the year	(70)	(912)	(675)	(1,657)
At 31 December 2023, net of accumulated depreciation	221	5,680	15,964	21,865
At 31 December 2023:				
Cost	1,235	9,382	16,639	27,256
Accumulated depreciation	(1,014)	(3,702)	(675)	(5,391)
Net carrying amount	221	5,680	15,964	21,865

	Motor vehicles	Furniture and equipment	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2024				
At 1 January 2024				
Cost	1,235	9,382	16,639	27,256
Accumulated depreciation	(1,014)	(3,702)	(675)	(5,391)
Net carrying amount	221	5,680	15,964	21,865
At 1 January 2024, net of accumulated depreciation	221	5,680	15,964	21,865
Additions	506	1,026	499	2,031
Disposals	–	(4)	(83)	(87)
Depreciation provided during the year	(46)	(1,449)	(1,781)	(3,276)
At 31 December 2024, net of accumulated depreciation	681	5,253	14,599	20,533
At 31 December 2024:				
Cost	1,741	10,548	17,055	29,344
Accumulated depreciation	(1,060)	(5,295)	(2,456)	(8,811)
Net carrying amount	681	5,253	14,599	20,533

	Motor vehicles	Furniture and equipment	Leasehold improvements	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2025				
At 1 January 2025				
Cost	1,741	10,548	17,055	29,344
Accumulated depreciation	(1,060)	(5,295)	(2,456)	(8,811)
Net carrying amount	681	5,253	14,599	20,533
At 1 January 2025, net of accumulated depreciation	681	5,253	14,599	20,533
Additions	–	1,375	4,149	5,524
Disposals	–	(1,270)	–	(1,270)
Depreciation provided during the year	(70)	(1,443)	(2,205)	(3,718)
At 31 December 2025, net of accumulated depreciation	611	3,915	16,543	21,069
At 31 December 2025:				
Cost	1,741	9,033	21,204	31,978
Accumulated depreciation	(1,130)	(5,118)	(4,661)	(10,909)
Net carrying amount	611	3,915	16,543	21,069

14. LEASES

The Group and the Company as a lessee

The Group has lease contracts mainly for various items of offices used in its operations. Leases of offices generally have lease terms between 2 and 10 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

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

	Offices
	RMB'000
As at 1 January 2023	7,291
Additions	60,738
Depreciation charge	(7,973)
Lease termination	(2,304)
As at 31 December 2023	57,752
As at 1 January 2024	57,752
Additions	9,370
Depreciation charge	(8,433)
As at 31 December 2024	58,689
As at 1 January 2025	58,689
Additions	4,650
Depreciation charge	(8,911)
Lease termination	(192)
As at 31 December 2025	54,236

(b) Lease liabilities

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

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount at the beginning of the year	7,455	58,756	62,323
New leases	60,738	9,370	4,650
Accretion of interest recognised during the year	1,537	2,860	2,760
Payments	(9,140)	(8,663)	(11,154)
Lease termination	(1,834)	–	(198)
Carrying amount at the end of the year	58,756	62,323	58,381
Analysed into:			
Current portion	4,435	7,642	8,638
Non-current portion	54,321	54,681	49,743

The maturity analysis of lease liabilities is disclosed as follow:

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Within one year	4,435	7,642	8,638
Within the second year	6,020	7,209	9,085
Within the third to tenth years, inclusive	48,301	47,472	40,658
Total	**58,756**	**62,323**	**58,381**

(c) 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	1,537	2,860	2,760
Depreciation charge of right-of-use assets	7,973	8,433	8,911
Expense relating to short-term leases	634	670	949
Loss/(gain) on lease termination	470	–	(6)
Total amount recognised in profit or loss	**10,614**	**11,963**	**12,614**

(d) The total cash outflow for leases is disclosed in note 32 to the Historical Financial Information.

15. OTHER INTANGIBLE ASSETS

The Group

	Software
	RMB'000
31 December 2023	
At 1 January 2023:	
Cost	10,501
Accumulated amortisation	(8,365)
Net carrying amount	2,136
Cost at 1 January 2023, net of accumulated amortisation	2,136
Additions	1,220
Amortisation provided during the year	(667)
At 31 December 2023	2,689
At 31 December 2023:	
Cost	11,721
Accumulated amortisation	(9,032)
Net carrying amount	2,689

	Software
	RMB'000
31 December 2024	
Cost at 1 January 2024, net of accumulated amortisation	2,689
Additions	730
Disposals	(14)
Amortisation provided during the year	(886)
At 31 December 2024	2,519
At 31 December 2024:	
Cost	12,393
Accumulated amortisation	(9,874)
Net carrying amount	2,519

	Software
	RMB'000
31 December 2025	
Cost at 1 January 2025, net of accumulated amortisation	2,519
Additions	79
Disposals	(5)
Amortisation provided during the year	(879)
At 31 December 2025	1,714
At 31 December 2025:	
Cost	12,403
Accumulated amortisation	(10,689)
Net carrying amount	1,714

The Company

	Software
	RMB'000
31 December 2023	
At 1 January 2023:	
Cost	10,501
Accumulated amortisation	(8,365)
Net carrying amount	2,136
Cost at 1 January 2023, net of accumulated amortisation	2,136
Additions	914
Amortisation provided during the year	(651)
At 31 December 2023	2,399
At 31 December 2023:	
Cost	11,415
Accumulated amortisation	(9,016)
Net carrying amount	2,399

	Software
	RMB'000
31 December 2024	
Cost at 1 January 2024, net of accumulated amortisation	2,399
Additions	674
Disposals	(14)
Amortisation provided during the year	(818)
At 31 December 2024	2,241
At 31 December 2024:	
Cost	12,031
Accumulated amortisation	(9,790)
Net carrying amount	2,241

	Software
	RMB'000
31 December 2025	
Cost at 1 January 2025, net of accumulated amortisation	2,241
Additions	29
Disposals	(5)
Amortisation provided during the year	(805)
At 31 December 2025	1,460
At 31 December 2025:	
Cost	11,991
Accumulated amortisation	(10,531)
Net carrying amount	1,460

16. INVESTMENTS IN SUBSIDIARIES

The Company

At the end of the Relevant Periods, the Company's investments in subsidiaries were as follows:

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
KeLiang Energy	48,113	48,212	48,312
Changsha KeLiang	48,109	49,400	50,628
KeLiang (HK) Limited	889	889	889
Total	**97,111**	**98,501**	**99,829**

The directors assessed and concluded that no impairment was provided for the investments in subsidiaries during the Relevant Periods.

Details of the subsidiaries of the Company are disclosed in note 1.

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

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Unlisted equity investments, at fair value	56,280	56,907	69,697

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

18. INVENTORIES

The Group

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	38,540	48,102	68,422
Costs to fulfil contracts	38,487	49,908	68,768
Total	**77,027**	**98,010**	**137,190**

The Company

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	37,513	47,952	67,177
Costs to fulfil contracts	36,073	49,181	60,727
	73,586	**97,133**	**127,904**

19. TRADE AND BILLS RECEIVABLES

The Group

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	176,143	208,763	260,633
Bills receivables	2,956	19,110	19,549
	179,099	227,873	280,182
Impairment	(17,952)	(27,487)	(24,683)
Net carrying amount	161,147	200,386	255,499

The Group's trading terms with its customers are mainly on credit. The credit terms are generally from 30 to 180 days. The Group seeks to maintain strict control over its outstanding receivables and has a credit control process to minimise credit risk. Overdue balances are reviewed regularly by senior management. Trade and bills receivables are non-interest-bearing.

The Group's bills receivables were all aged within six months and were neither past due nor impaired.

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

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Within 6 months	129,718	140,804	202,380
6 months to 1 year	2,323	12,039	19,069
1 to 2 years	19,258	21,038	7,937
2 to 3 years	5,887	4,549	4,570
3 to 4 years	1,005	2,846	1,994
Over 4 years	–	–	–
Total	**158,191**	**181,276**	**235,950**

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

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At beginning of year	12,690	17,952	27,487
Accrual/(reversal) of impairment losses, net	5,262	9,535	(2,804)
At end of year	17,952	27,487	24,683

An impairment analysis is performed 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 for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the 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 trade receivables using a provision matrix:

As at 31 December 2023

	Within 6 months	6 to 12 months	1 to 2 years	2 to 3 years	3 to 4 years	Over 4 years	Total
Expected credit loss rate	3.99%	10.34%	16.41%	38.08%	58.30%	100.00%	10.19%
Gross carrying amount *(RMB'000)*	135,103	2,591	23,040	9,508	2,410	3,491	176,143
Expected credit losses *(RMB'000)*	5,385	268	3,782	3,621	1,405	3,491	17,952

As at 31 December 2024

	Within 6 months	6 to 12 months	1 to 2 years	2 to 3 years	3 to 4 years	Over 4 years	Total
Expected credit loss rate	4.95%	12.41%	18.88%	51.67%	64.73%	100.00%	13.17%
Gross carrying amount *(RMB'000)*	148,134	13,745	25,934	9,413	8,069	3,468	208,763
Expected credit losses *(RMB'000)*	7,330	1,706	4,896	4,864	5,223	3,468	27,487

As at 31 December 2025

	Within 6 months	6 to 12 months	1 to 2 years	2 to 3 years	3 to 4 years	Over 4 years	Total
Expected credit loss rate	3.64%	10.98%	20.65%	42.36%	69.50%	100.00%	9.47%
Gross carrying amount *(RMB'000)*	210,016	21,422	10,003	7,929	6,537	4,726	260,633
Expected credit losses *(RMB'000)*	7,636	2,353	2,066	3,359	4,543	4,726	24,683

The Company

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	159,014	173,225	240,430
Bills receivables	2,956	18,451	19,549
	161,970	191,676	259,979
Impairment	(16,449)	(24,376)	(22,197)
Net carrying amount	145,521	167,300	237,782

The Company's trading terms with its customers are mainly on credit. The credit terms are generally from 30 to 180 days. The Company seeks to maintain strict control over its outstanding receivables and has a credit control process to minimise credit risk. Overdue balances are reviewed regularly by senior management. Trade and bills receivables are non-interest-bearing.

The Company's bills receivables were all aged within six months and were neither past due nor impaired.

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

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 6 months	118,807	113,982	190,808
6 months to 1 year	1,606	9,658	14,713
1 to 2 years	15,276	18,525	7,117
2 to 3 years	5,872	3,927	4,025
3 to 4 years	1,004	2,757	1,570
Over 4 years	–	–	–
Total	**142,565**	**148,849**	**218,233**

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

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At beginning of year	11,390	16,449	24,376
Accrual/(reversal) of impairment losses, net	5,059	7,927	(2,179)
At end of year	16,449	24,376	22,197

An impairment analysis is performed 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 for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the 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 Company's trade receivables using a provision matrix:

As at 31 December 2023

	Within 6 months	6 to 12 months	1 to 2 years	2 to 3 years	3 to 4 years	Over 4 years	Total
Expected credit loss rate	3.99%	10.38%	16.57%	38.09%	58.31%	100.00%	10.34%
Gross carrying amount *(RMB'000)*	123,739	1,792	18,310	9,485	2,408	3,280	159,014
Expected credit losses *(RMB'000)*	4,932	186	3,034	3,613	1,404	3,280	16,449

As at 31 December 2024

	Within 6 months	6 to 12 months	1 to 2 years	2 to 3 years	3 to 4 years	Over 4 years	Total
Expected credit loss rate	4.95%	12.41%	18.87%	52.16%	64.79%	100.00%	14.07%
Gross carrying amount *(RMB'000)*	119,915	11,027	22,835	8,208	7,831	3,409	173,225
Expected credit losses *(RMB'000)*	5,933	1,369	4,310	4,281	5,074	3,409	24,376

As at 31 December 2025

	Within 6 months	6 to 12 months	1 to 2 years	2 to 3 years	3 to 4 years	Over 4 years	Total
Expected credit loss rate	3.64%	10.98%	19.93%	42.46%	70.62%	100.00%	9.23%
Gross carrying amount *(RMB'000)*	198,007	16,528	8,888	6,995	5,343	4,669	240,430
Expected credit losses *(RMB'000)*	7,199	1,815	1,771	2,970	3,773	4,669	22,197

20. CONTRACT ASSETS

The Group

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Contract assets	21,720	30,018	30,929
Impairment	(864)	(1,485)	(1,125)
Net carrying amount	20,856	28,533	29,804

Contract assets represent retention receivables in relation to tool products and solutions and technology services. Upon expiry of the warranty, the amounts recognised as contract assets are reclassified to trade receivables.

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	11,264	18,251	22,496
After one year	9,592	10,282	7,308
Total contract assets	**20,856**	**28,533**	**29,804**

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

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At beginning of year	–	864	1,485
Accrual/(reversal) of impairment losses, net	864	621	(360)
At end of year	864	1,485	1,125

An impairment analysis is performed 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 provision rates of contract assets are based on ageing of trade receivables for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the end of each reporting period 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:

	As at 31 December		
	2023	2024	2025
Expected credit loss rate	3.98%	4.95%	3.64%
Gross carrying amount *(RMB'000)*	21,720	30,018	30,929
Expected credit losses *(RMB'000)*	864	1,485	1,125

The Company

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Contract assets	20,525	29,506	29,839
Impairment	(818)	(1,460)	(1,085)
Net carrying amount	19,707	28,046	28,754

Contract assets represent retention receivables in relation to tool products and solutions. Upon expiry of the warranty, the amounts recognised as contract assets are reclassified to trade receivables.

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	10,393	17,964	21,919
After one year	9,314	10,082	6,835
Total contract assets	**19,707**	**28,046**	**28,754**

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

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
At beginning of year	–	818	1,460
Accrual/(reversal) of impairment losses, net	818	642	(375)
At end of year	818	1,460	1,085

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

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

	As at 31 December		
	2023	**2024**	**2025**
Expected credit loss rate	3.99%	4.95%	3.64%
Gross carrying amount *(RMB'000)*	20,525	29,506	29,839
Expected credit losses *(RMB'000)*	818	1,460	1,085

21. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Deposits and other receivables	15,967	14,900	12,141
Prepayments	7,251	6,360	9,928
Value-added-tax recoverable	1,800	–	36
	25,018	21,260	22,105
Impairment	(2,477)	(2,171)	(2,553)
Total	**22,541**	**19,089**	**19,552**

An impairment analysis was performed at the end of each of the Relevant Periods. The Group has applied the general approach to provide for expected credit losses for prepayments, other receivables and other assets under IFRS 9. The Group considered the historical loss rate and adjusted it for forward-looking macroeconomic data in calculating the expected credit loss rate.

Reconciliation of the impairment for prepayments, other receivables and other assets as follows:

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
At beginning of year	2,362	2,477	2,171
Accrual/(reversal) of impairment, net	115	(306)	382
At end of year	2,477	2,171	2,553

The Company

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Deposits and other receivables	15,055	14,315	11,334
Prepayments	7,164	5,976	9,220
	22,219	20,291	20,554
Impairment	(2,318)	(1,935)	(2,173)
Total	**19,901**	**18,356**	**18,381**

An impairment analysis was performed at the end of each of the Relevant Periods. The Company has applied the general approach to provide for expected credit losses for prepayments, other receivables and other assets under IFRS 9. The Company considered the historical loss rate and adjusted it for forward-looking macroeconomic data in calculating the expected credit loss rate.

Reconciliation of the impairment for prepayments, other receivables and other assets is as follows:

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
At beginning of year	2,106	2,318	1,935
Accrual/(reversal) of impairment, net	212	(383)	238
At end of year	2,318	1,935	2,173

22. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Unlisted investments, at fair value *(i)*	4,526	139,060	152,948

The Company

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Unlisted investments, at fair value *(i)*	–	130,994	142,060

(i) The unlisted investments above were wealth management products issued by banks in Chinese mainland. They are mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

23. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH AND TIME DEPOSITS

The Group

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Cash and cash equivalents	227,373	67,718	77,864
Time deposits	–	–	20,000
Restricted cash	1,316	5,976	7,843
Subtotal	228,689	73,694	105,707
Less:			
Restricted cash pledged for issuance of a letter of guarantee *(i)*	1,316	5,976	7,843
Non-pledged time deposits with original maturity of more than three months when acquired	–	–	20,000
Cash and cash equivalents	227,373	67,718	77,864
Denominated in:			
RMB	219,927	54,618	52,835
USD	7,242	12,566	23,266
EUR	182	163	1,452
HKD	22	371	311
Total	**227,373**	**67,718**	**77,864**

The Company

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Cash and cash equivalents	207,007	43,655	34,946
Time deposits	–	–	20,000
Restricted cash	1,316	5,976	7,843
Subtotal	208,323	49,631	62,789
Less:			
Restricted cash pledged for issuance of a letter of guarantee *(i)*	1,316	5,976	7,843
Non-pledged time deposits with original maturity of more than three months when acquired	–	–	20,000
Cash and cash equivalents	207,007	43,655	34,946
Denominated in:			
RMB	207,007	43,655	34,946
Total	**207,007**	**43,655**	**34,946**

(i) As at 31 December 2023, 2024 and 2025, the restricted bank deposits of RMB1,316,000, RMB5,976,000 and RMB7,843,000 were pledged for the issuance of a letter of guarantee by banks to provide guarantees in respect of sales contracts signed with customers.

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

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

24. TRADE PAYABLES

The Group

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	39,185	48,901	61,218

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

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	35,897	43,692	56,357
1 to 2 years	2,135	3,745	3,708
2 to 3 years	385	746	417
Over 3 years	768	718	736
Total	**39,185**	**48,901**	**61,218**

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	38,451	47,438	59,246

An ageing analysis of the trade payables, based on the invoice date, is as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	35,163	42,229	54,385
1 to 2 years	2,135	3,745	3,708
2 to 3 years	385	746	417
Over 3 years	768	718	736
Total	**38,451**	**47,438**	**59,246**

The trade payables are non-interest-bearing and are normally settled on terms of 10 to 60 days.

25. OTHER PAYABLES AND ACCRUALS

The Group

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Payroll payable	26,222	28,389	34,222
Other taxes payable	18,202	11,569	27,479
Other payables	1,712	1,983	3,686
Total	**46,136**	**41,941**	**65,387**

The Company

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Payroll payable	21,053	22,539	28,079
Other taxes payable	17,857	10,519	25,931
Other payables	1,266	1,281	3,024
Total	**40,176**	**34,339**	**57,034**

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

26. CONTRACT LIABILITIES

Details of contract liabilities are as follows:

The Group

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Short-term advances received from customers	55,993	57,840	64,189

The Company

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Short-term advances received from customers	52,963	56,554	56,067

27. PROVISION

The Group

	RMB'000
At 1 January 2023	8,472
Additions	6,368
Amounts utilised during the year	(4,670)
At 31 December 2023	10,170
Portion classified as current liabilities	3,802
Non-current portion	6,368
At 1 January 2024	10,170
Additions	7,424
Amounts utilised during the year	(7,891)
At 31 December 2024	9,703
Portion classified as current liabilities	4,480
Non-current portion	5,223
At 1 January 2025	9,703
Additions	8,993
Amounts utilised during the year	(5,954)
At 31 December 2025	12,742
Portion classified as current liabilities	5,762
Non-current portion	6,980

The Company

	RMB'000
At 1 January 2023	8,472
Additions	6,368
Amounts utilised during the year	(4,670)
At 31 December 2023	10,170
Portion classified as current liabilities	3,802
Non-current portion	6,368
At 1 January 2024	10,170
Additions	7,424
Amounts utilised during the year	(7,891)
At 31 December 2024	9,703
Portion classified as current liabilities	4,480
Non-current portion	5,223
At 1 January 2025	9,703
Additions	8,993
Amounts utilised during the year	(5,954)
At 31 December 2025	12,742
Portion classified as current liabilities	5,762
Non-current portion	6,980

The Group generally provides a warranty period from 12 to 24 months to its customers on certain of its sales for general repairs of defects. The amount of the provision for the warranties is estimated based on sales volumes and past experience of the level of repairs. The estimation basis is reviewed on an ongoing basis and revised where appropriate.

28. DEFERRED TAX

The Group

(a) Deferred tax assets

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

	Impairment of assets	Lease liabilities	Provision	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2023	2,352	1,118	1,271	4,741
Deferred tax credited to profit or loss *(note 10)*	1,273	7,696	255	9,224
As at 31 December 2023 and 1 January 2024	3,625	8,814	1,526	13,965
Deferred tax credited/(charged) to profit or loss *(note 10)*	1,645	534	(71)	2,108
As at 31 December 2024 and 1 January 2025	5,270	9,348	1,455	16,073
Deferred tax (charged)/credited to profit or loss *(note 10)*	(431)	(591)	456	(566)
As at 31 December 2025	4,839	8,757	1,911	15,507

(b) Deferred tax liabilities

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

	Right-of-use assets	**Changes in fair value from equity investments**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
As at 1 January 2023	1,094	1,551	2,645
Deferred tax charged to other comprehensive income	–	2,206	2,206
Deferred tax charged to profit or loss *(note 10)*	7,569	–	7,569
As at 31 December 2023 and 1 January 2024	8,663	3,757	12,420
Deferred tax charged to other comprehensive income	–	157	157
Deferred tax charged to profit or loss *(note 10)*	140	–	140
As at 31 December 2024 and 1 January 2025	8,803	3,914	12,717
Deferred tax charged to other comprehensive income	–	3,198	3,198
Deferred tax credited to profit or loss *(note 10)*	(668)	–	(668)
As at 31 December 2025	8,135	7,112	15,247

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

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Net deferred tax assets recognised in the consolidated statements of financial position	5,050	6,977	7,188
Net deferred tax liabilities recognised in the consolidated statements of financial position	3,505	3,621	6,928

The Group has tax losses arising in the Chinese mainland of RMB142,180,000, RMB194,301,000 and RMB170,379,000 as at 31 December 2023, 2024 and 2025 that will expire in five to ten years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses 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.

The Company

(a) Deferred tax assets

The movements in deferred tax assets of the Company during each of the Relevant Periods are as follow:

	Impairment of assets	Lease liabilities	Provision	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2023	2,036	1,118	1,271	4,425
Deferred tax credited to profit or loss	1,206	7,696	255	9,157
As at 31 December 2023 and 1 January 2024	3,242	8,814	1,526	13,582
Deferred tax credited/(charged) to profit or loss	1,298	534	(71)	1,761
As at 31 December 2024 and 1 January 2025	4,540	9,348	1,455	15,343
Deferred tax (charged)/credited to profit or loss	(320)	(591)	456	(455)
As at 31 December 2025	4,220	8,757	1,911	14,888

(b) Deferred tax liabilities

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

	Right-of-use assets
	RMB'000
As at 1 January 2023	1,094
Deferred tax charged to profit or loss	7,569
As at 31 December 2023 and 1 January 2024	8,663
Deferred tax charged to profit or loss	140
As at 31 December 2024 and 1 January 2025	8,803
Deferred tax credited to profit or loss	(668)
As at 31 December 2025	8,135

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

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Net deferred tax assets recognised in the statements of financial position	4,919	6,540	6,753

29. SHARE CAPITAL

The Group and the Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Issued and fully paid:			
Ordinary shares with par value of RMB1.00 each	32,245	32,245	32,245

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

	Number of shares in issue	Share capital
		RMB'000
At 1 January 2023	30,000,000	30,000
Issuance of ordinary shares *	2,244,999	2,245
At 31 December 2023 and 1 January 2024, 31 December 2024, 1 January 2025 and 31 December 2025	32,244,999	32,245

* In November 2023, the Company entered into capital injection agreements amounting to RMB141,700,000 with certain shareholders, of which RMB2,245,000 and RMB139,455,000 were credited to the Company's share capital and share premium, respectively.

30. SHARE-BASED PAYMENTS

The Company has adopted multiple restricted share schemes for the purpose of attracting and retaining the best available personnel for positions of substantial responsibility and providing additional incentives to eligible participants who contribute to the success of the Group. Eligible participants of multiple restricted share schemes may include directors, senior management and employees of the Group.

These restricted shares of the Company will vest at the end of the 1-year or 3-year period from the date of **[REDACTED]**.

The fair value of restricted shares granted to employees was estimated at the date of grant using the recent transaction price, taking into account the terms and conditions upon which the shares were granted.

The following restricted shares were outstanding under the restricted share schemes during the Relevant Periods:

	Year ended 31 December 2023		Year ended 31 December 2024		Year ended 31 December 2025	
	Grant price per share	Number of restricted shares	Grant price per share	Number of restricted shares	Grant price per share	Number of restricted shares
	RMB	*'000*	*RMB*	*'000*	*RMB*	*'000*
At beginning of year	12.75–37.73	348	12.75–37.73	913	12.75–37.73	910
Granted during the year	18.72	565	–	–	–	–
Forfeited during the year	–	–	18.72	(3)	–	–
At end of year	12.75–37.73	913	12.75–37.73	910	12.75–37.73	910

During the years ended 31 December 2023, 2024 and 2025, share-based payment expenses under the restricted share schemes of RMB938,000, RMB4,527,000 and RMB4,369,000, respectively, were charged to profit or loss.

31. RESERVES

The Group

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

(a) Share premium

The share premium mainly represents the share premium contributed by the shareholders of the Company. Details of the movement in share premium are set out in the consolidated statements of changes in equity of the Historical Financial Information.

(b) Share award reserve

The share award reserve represents the expenses recognised under restricted share schemes.

(c) Statutory reserve

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

(d) Fair value reserve

The fair value reserve comprises the cumulative gains of equity investments designated at fair value through other comprehensive income.

The Company

A summary of the Company's reserves is as follows:

	Share premium	Share award reserve	Statutory reserve	(Accumulated losses)/retained profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	239,092	1,371	4,823	(5,252)	240,034
Profit for the year	–	–	–	55,896	55,896
Equity-settled share-based payments	–	938	–	–	938
Appropriation of statutory reserve	–	–	5,064	(5,064)	–
Capital injection by shareholders	139,455	–	–	–	139,455
At 31 December 2023 and 1 January 2024	378,547	2,309	9,887	45,580	436,323
Profit for the year	–	–	–	38,712	38,712
Equity-settled share-based payments	–	4,527	–	–	4,527
Appropriation of statutory reserve	–	–	3,871	(3,871)	–
At 31 December 2024 and 1 January 2025	378,547	6,836	13,758	80,421	479,562
Profit for the year	–	–	–	100,426	100,426
Equity-settled share-based payments	–	4,369	–	–	4,369
Appropriation of statutory reserve	–	–	2,364	(2,364)	–
At 31 December 2025	378,547	11,205	16,122	178,483	584,357

32. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the years ended 31 December 2023, 2024 and 2025, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB60,738,000, RMB9,370,000 and RMB4,650,000 respectively, in respect of lease arrangements for offices.

(b) Changes in liabilities arising from financing activities

Year ended 31 December 2023

	Lease liabilities
	RMB'000
At 1 January 2023	7,455
Changes from financing cash flows	(9,140)
New leases	60,738
Interest expense *(note 7)*	1,537
Lease termination	(1,834)
At 31 December 2023	58,756

Year ended 31 December 2024

	Lease liabilities
	RMB'000
At 1 January 2024	58,756
Changes from financing cash flows	(8,663)
New leases	9,370
Interest expense *(note 7)*	2,860
At 31 December 2024	62,323

Year ended 31 December 2025

	Lease liabilities
	RMB'000
At 1 January 2025	62,323
Changes from financing cash flows	(11,154)
New leases	4,650
Interest expense *(note 7)*	2,760
Lease termination	(198)
At 31 December 2025	58,381

(c) Total cash outflow for leases

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

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Within operating activities	634	670	949
Within financing activities	9,140	8,663	11,154
Total	**9,774**	**9,333**	**12,103**

33. COMMITMENTS

The Group did not have any significant capital commitments at the end of each of the Relevant Periods.

34. RELATED PARTY TRANSACTIONS

(a) Other transactions with related parties

The Group did not have any material transactions with related parties during the Relevant Periods.

(b) Outstanding balances with related parties

The Group had no balances with related parties as at the end of each of the Relevant Periods.

(c) Compensation of key management personnel of the Group

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Salaries, bonuses, allowances and benefits in kind	3,281	3,466	3,681
Pension scheme contributions and social welfare	567	580	585
Equity-settled share-based payment expenses	96	313	342
Total	**3,944**	**4,359**	**4,608**

The remuneration of key management personnel is determined with reference to the performance of individuals and market trends.

35. FINANCIAL INSTRUMENTS BY CATEGORY

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

Financial assets

31 December 2023

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills receivables	–	–	161,147	161,147
Financial assets included in prepayments, other receivables and other assets	–	–	13,490	13,490
Financial assets at fair value through profit or loss	4,526	–	–	4,526
Equity investments designated at fair value through other comprehensive income	–	56,280	–	56,280
Restricted cash	–	–	1,316	1,316
Cash and cash equivalents	–	–	227,373	227,373
Total	**4,526**	**56,280**	**403,326**	**464,132**

31 December 2024

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills receivables	–	–	200,386	200,386
Financial assets included in prepayments, other receivables and other assets	–	–	12,729	12,729
Financial assets at fair value through profit or loss	139,060	–	–	139,060
Equity investments designated at fair value through other comprehensive income	–	56,907	–	56,907
Restricted cash	–	–	5,976	5,976
Cash and cash equivalents	–	–	67,718	67,718
Total	**139,060**	**56,907**	**286,809**	**482,776**

31 December 2025

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills receivables	–	–	255,499	255,499
Financial assets included in prepayments, other receivables and other assets	–	–	9,588	9,588
Financial assets at fair value through profit or loss	152,948	–	–	152,948
Equity investments designated at fair value through other comprehensive income	–	69,697	–	69,697
Restricted cash	–	–	7,843	7,843
Time deposits	–	–	20,000	20,000
Cash and cash equivalents	–	–	77,864	77,864
Total	**152,948**	**69,697**	**370,794**	**593,439**

Financial liabilities

31 December 2023

	Financial liabilities at amortised cost
	RMB'000
Trade payables	39,185
Financial liabilities included in other payables and accruals	1,712
Total	**40,897**

31 December 2024

	Financial liabilities at amortised cost
	RMB'000
Trade payables	48,901
Financial liabilities included in other payables and accruals	1,983
Total	**50,884**

31 December 2025

	Financial liabilities at amortised cost
	RMB'000
Trade payables	61,218
Financial liabilities included in other payables and accruals	3,686
Total	**64,904**

36. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Financial assets:			
Equity investments designated at fair value through other comprehensive income			
Carrying amount	56,280	56,907	69,697
Fair value	56,280	56,907	69,697
Financial assets at fair value through profit or loss			
Carrying amount	4,526	139,060	152,948
Fair value	4,526	139,060	152,948

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

The Group's finance department is responsible for determining the policies and procedures for the fair value measurement of financial instruments. At the end of each of the Relevant Periods, the finance department analysed the movements in the values of financial instruments and determined the major inputs applied in the valuation. The valuation process and results are discussed with the directors of the Company periodically for financial reporting.

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

The fair values of the non-current time deposits have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The fair values have been assessed to be approximate to their carrying amounts.

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 these unlisted investments by using a discounted cash flow valuation model based on the market interest rates of instruments with similar terms and risks. The fair values have been assessed to be approximate to their carrying amounts.

For the fair value of the equity investments designated at fair value through other comprehensive income, management has estimated the potential effect of using reasonably possible alternatives as inputs to the valuation model.

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at end of each of the Relevant Periods:

31 December 2023	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Equity investments designated at fair value through other comprehensive income	Income approach	Compound annual growth rate	4.0%	10% increase/decrease in multiple would result in increase/decrease in fair value by RMB844,000
		Discount for lack of marketability	16.0%	10% increase/decrease in multiple would result in decrease/increase in fair value by RMB1,072,000

31 December 2024	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Equity investments designated at fair value through other comprehensive income	Income approach	Compound annual growth rate	4.0%	10% increase/decrease in multiple would result in increase/decrease in fair value by RMB793,000
		Discount for lack of marketability	16.0%	10% increase/decrease in multiple would result in decrease/increase in fair value by RMB1,088,000

31 December 2025	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Equity investments designated at fair value through other comprehensive income	Income approach	Compound annual growth rate	4.0%	10% increase/decrease in multiple would result in increase/decrease in fair value by RMB761,000
		Discount for lack of marketability	13.5%	10% increase/decrease in multiple would result in decrease/increase in fair value by RMB1,085,000

Fair value hierarchy

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

Financial assets measured at fair value:

31 December 2023

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through profit or loss	–	4,526	–	4,526
Equity investments designated at fair value through other comprehensive income	–	–	56,280	56,280
Total	**–**	**4,526**	**56,280**	**60,806**

31 December 2024

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through profit or loss	–	139,060	–	139,060
Equity investments designated at fair value through other comprehensive income	–	–	56,907	56,907
Total	**–**	**139,060**	**56,907**	**195,967**

31 December 2025

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Financial assets at fair value through profit or loss	–	152,948	–	152,948
Equity investments designated at fair value through other comprehensive income	–	–	69,697	69,697
Total	**–**	**152,948**	**69,697**	**222,645**

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

During the Relevant Periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and cash equivalents, time deposits and restricted cash. The main purpose of these financial instruments is to support the Group's operations. The Group has various other financial assets and liabilities such as trade and bills receivables and trade payables, which arise directly from its operations.

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

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales or purchases by operating units in currencies other than the units' functional currencies. In addition, the Group has currency exposures from its cash and cash equivalents. The management of the Company considers the Group's exposure to foreign currency risk not significant.

The following table demonstrates the sensitivity at the end of the Relevant Periods to a reasonably possible change in foreign currency exchange rates, with all other variables held constant, of the Group's profit after tax (arising from USD denominated financial instruments) and the Group's equity.

31 December 2023

	Increase/ (decrease) in exchange rate in basis points	Increase/ (decrease) in profit after tax	Increase/ (decrease) in equity
		RMB'000	*RMB'000*
If the RMB weakens against the USD . . .	500	122	122
If the RMB strengthens against the USD . .	(500)	(122)	(122)

31 December 2024

	Increase/ (decrease) in exchange rate in basis points	Increase/ (decrease) in profit after tax	Increase/ (decrease) in equity
		RMB'000	*RMB'000*
If the RMB weakens against the USD . . .	500	1,065	1,065
If the RMB strengthens against the USD . .	(500)	(1,065)	(1,065)

31 December 2025

	Increase/ (decrease) in exchange rate in basis points	Increase/ (decrease) in profit after tax	Increase/ (decrease) in equity
		RMB'000	*RMB'000*
If the RMB weakens against the USD . . .	500	387	387
If the RMB strengthens against the USD . .	(500)	(387)	(387)

Credit risk

The Group trades mainly 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. The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, time deposits and financial assets included in prepayments, other receivables and other assets, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Maximum exposure and year-end staging

The table below shows the credit quality based on the Group's credit policy and the maximum exposure to credit risk presented at gross carrying amounts, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at the end of each of the Relevant Periods. The amounts presented are gross carrying amounts for financial assets.

31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1	**Stage 2**	**Stage 3**	**Simplified approach**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills receivables*	–	–	–	179,099	179,099
Contract assets*	–	–	–	21,720	21,720
Financial assets included in prepayments, deposits, and other receivables – Normal**	15,967	–	–	–	15,967
Restricted cash	1,316	–	–	–	1,316
Cash and cash equivalents	227,373	–	–	–	227,373
Total	**244,656**	**–**	**–**	**200,819**	**445,475**

31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1	**Stage 2**	**Stage 3**	**Simplified approach**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills receivables*	–	–	–	227,873	227,873
Contract assets*	–	–	–	30,018	30,018
Financial assets included in prepayments, other receivables and other assets – Normal**	14,900	–	–	–	14,900
Restricted cash	5,976	–	–	–	5,976
Cash and cash equivalents	67,718	–	–	–	67,718
Total	**88,594**	**–**	**–**	**257,891**	**346,485**

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	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills receivables*	–	–	–	280,182	280,182
Contract assets*	–	–	–	30,929	30,929
Financial assets included in prepayments, other receivables and other assets – Normal**	12,141	–	–	–	12,141
Restricted cash	7,843	–	–	–	7,843
Time deposits	20,000	–	–	–	20,000
Cash and cash equivalents	77,864	–	–	–	77,864
Total	**117,848**	**–**	**–**	**311,111**	**428,959**

* For trade and bills receivables and contract assets to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 19 and note 20 to the Historical Financial Information, respectively.

** 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 and bills receivables are disclosed in note 19 to the Historical Financial Information, 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 liquidity of the Group is primarily dependent on its ability to maintain adequate cash inflows from operations to meet its debt obligations as they fall due, and its ability to obtain external financing to meet its committed future capital expenditure.

Saved as disclosed in note 14 for the maturity analysis of lease liabilities, the maturity profile of the Group's other financial liabilities as at the end of each of the Relevant Periods based on the contractual undiscounted payments, is as follows:

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	Less than 1 year or on demand	1 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	39,185	–	–	39,185
Financial liabilities included in other payables and accruals	1,712	–	–	1,712
Total	**40,897**	**–**	**–**	**40,897**

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	Less than 1 year or on demand	1 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	48,901	–	–	48,901
Financial liabilities included in other payables and accruals	1,983	–	–	1,983
Total	**50,884**	**–**	**–**	**50,884**

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	Less than 1 year or on demand	1 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	61,218	–	–	61,218
Financial liabilities included in other payables and accruals	3,686	–	–	3,686
Total	**64,904**	**–**	**–**	**64,904**

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 equity holders' value.

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

The Group monitors capital on the basis of the asset-liability ratio. This ratio is calculated as total liabilities divided by total assets.

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

	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Total assets	679,096	723,164	872,417
Total liabilities	214,796	227,733	269,993
Debt-to-asset ratio	32%	31%	31%

38. EVENTS AFTER THE RELEVANT PERIODS

As at the date of this report, there is no significant event that occurred subsequent to 2025.

39. 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.