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

[To insert the firm's letterhead]

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF ZHEJIANG KINGDOM NEW MATERIAL GROUP CO., LTD. AND CHINA INTERNATIONAL CAPITAL CORPORATION HONG KONG SECURITIES LIMITED

Introduction

We report on the historical financial information of Zhejiang Kingdom New Material Group Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") set out on pages I-[3] to I-86, 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-86 forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [Date] (the "Document") in connection with the initial [**REDACTED**] of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively, 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 presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively, 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 presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively.

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

Adjustments

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

Dividends

We refer to note 11 to the Historical Financial Information which contains information about the dividends 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 as issued by the Hong Kong Institute of Certified Public Accountants (the "Underlying Financial Statements").

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

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December		
	Notes	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
REVENUE	5	1,597,797	2,219,394	2,306,738
Cost of sales		(1,023,902)	(1,398,480)	(1,457,367)
Gross profit		573,895	820,914	849,371
Other income and gains	5	25,578	20,059	73,198
Selling and distribution expenses		(168,648)	(241,989)	(259,947)
Administrative expenses		(72,130)	(103,808)	(141,380)
Research and development expenses		(74,426)	(85,267)	(83,615)
Reversal of impairment losses/(impairment losses) on financial assets, net		1,901	3,197	(2,896)
Other expenses		(9,979)	(14,878)	(5,497)
Finance costs	7	(6,957)	(7,887)	(7,047)
Share of profits of an associate		1,261	2,050	5,735
PROFIT BEFORE TAX	6	270,495	392,391	427,922
Income tax expense	10	(40,666)	(55,734)	(67,394)
PROFIT FOR THE YEAR		229,829	336,657	360,528
OTHER COMPREHENSIVE INCOME				
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:				
Share of other comprehensive income/(loss) of an associate		582	(416)	(638)
Exchange differences on translation of foreign operations		968	3,141	8,726
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods		1,550	2,725	8,088
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX		1,550	2,725	8,088
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		231,379	339,382	368,616

	Note	Year ended 31 December		
		2023	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
Profit for the year attributable to:				
Owners of the parent		230,176	339,607	369,559
Non-controlling interests		(347)	(2,950)	(9,031)
		229,829	336,657	360,528
Total comprehensive income attributable to:				
Owners of the parent		231,495	340,690	374,887
Non-controlling interests		(116)	(1,308)	(6,271)
		231,379	339,382	368,616
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT				
Basic and diluted (RMB yuan)	*12*	5.83	7.72	4.09

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Notes	As at 31 December		
		2023	2024	2025
		RMB'000	RMB'000	RMB'000
NON-CURRENT ASSETS				
Property, plant and equipment	13	411,031	707,760	824,777
Right-of-use assets	14(a)	97,984	108,390	102,283
Intangible assets	15	2,634	2,681	4,645
Investment in an associate	16	61,497	63,130	68,227
Equity investments designated at fair value through other comprehensive income	17	200	200	–
Prepayments	20	17,611	16,910	4,975
Deferred tax assets	27	27,418	40,758	44,422
Total non-current assets		618,375	939,829	1,049,329
CURRENT ASSETS				
Inventories	18	238,060	351,702	452,094
Trade and notes receivables	19	280,437	405,207	415,819
Prepayments, other receivables and other assets	20	48,170	82,053	169,201
Time deposits	22	31,437	–	–
Cash and cash equivalents	22	272,533	280,384	345,287
Pledged short-term deposits	22	107,155	176,387	134,703
Due from related parties	34	1,592	–	–
Total current assets		979,384	1,295,733	1,517,104
CURRENT LIABILITIES				
Trade and notes payables	23	333,004	532,729	522,749
Other payables and accruals	24	162,555	265,695	257,206
Derivative financial instruments	25	–	11,050	–
Interest-bearing bank borrowings	26	130,181	137,027	213,973
Lease liabilities	14(b)	7,455	5,667	5,344
Due to related parties	34	9	–	–
Tax payable		38,865	32,415	29,972
Total current liabilities		672,069	984,583	1,029,244
NET CURRENT ASSETS		307,315	311,150	487,860
TOTAL ASSETS LESS CURRENT LIABILITIES		925,690	1,250,979	1,537,189
NON-CURRENT LIABILITIES				
Lease liabilities	14(b)	2,186	16,494	13,203
Interest-bearing bank and other borrowings	26	50,000	71,682	34,064
Deferred government grants	24	42,149	39,969	38,604
Total non-current liabilities		94,335	128,145	85,871
Net assets		831,355	1,122,834	1,451,318
EQUITY				
Equity attributable to owners of the parent				
Paid-in capital	28	80,000	–	–
Share capital	28	–	90,000	92,460
Reserves	30	740,910	999,862	1,331,291
		820,910	1,089,862	1,423,751
Non-controlling interests		10,445	32,972	27,567
Total equity		831,355	1,122,834	1,451,318

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2023

	Attributable to owners of the parent							
	Paid-in capital	Capital reserve*	Exchange fluctuation reserve*	Statutory surplus reserve*	Retained profits*	Total	Non-controlling interests	Total equity
	RMB'000 *(note 28)*	*RMB'000* *(note 30)*	*RMB'000*	*RMB'000* *(note 30)*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	80,000	137,985	235	41,412	429,783	689,415	39	689,454
Profit for the year	–	–	–	–	230,176	230,176	(347)	229,829
Other comprehensive income for the year:								
Share of other comprehensive income of an associate	–	–	582	–	–	582	–	582
Exchange differences on translation of foreign operations	–	–	737	–	–	737	231	968
Total comprehensive income for the year	–	–	1,319	–	230,176	231,495	(116)	231,379
Capital injection from non-controlling shareholders	–	–	–	–	–	–	10,559	10,559
Dividend paid to non-controlling shareholders	–	–	–	–	–	–	(37)	(37)
Transfer to statutory surplus reserve	–	–	–	7,430	(7,430)	–	–	–
Dividends declared and paid *(note 11)*	–	–	–	–	(100,000)	(100,000)	–	(100,000)
At 31 December 2023	80,000	137,985	1,554	48,842	552,529	820,910	10,445	831,355

Year ended 31 December 2024

	Attributable to owners of the parent									
	Paid-in capital	Share capital	Share premium*	Capital reserve*	Exchange fluctuation reserve*	Statutory surplus reserve*	Retained profits*	Total	Non-controlling interests	Total equity
	RMB'000 *(note 28)*	*RMB'000* *(note 28)*	*RMB'000* *(note 30)*	*RMB'000* *(note 30)*	*RMB'000*	*RMB'000* *(note 30)*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2024	80,000	–	–	137,985	1,554	48,842	552,529	820,910	10,445	831,355
Profit for the year	–	–	–	–	–	–	339,607	339,607	(2,950)	336,657
Other comprehensive income for the year:										
Share of other comprehensive loss of an associate	–	–	–	–	(416)	–	–	(416)	–	(416)
Exchange differences on translation of foreign operations	–	–	–	–	1,499	–	–	1,499	1,642	3,141
Total comprehensive income for the year	–	–	–	–	1,083	–	339,607	340,690	(1,308)	339,382
Increase in paid-in capital	1,001	–	–	(828)	–	–	–	173	–	173
Conversion into a joint stock company *(note 28(c))*	(81,001)	40,000	943,330	(133,855)	337	(40,501)	(728,310)	–	–	–
Issue of shares	–	50,000	–	–	–	–	–	50,000	–	50,000

	Attributable to owners of the parent									
	Paid-in capital	**Share capital**	**Share premium***	**Capital reserve***	**Exchange fluctuation reserve***	**Statutory surplus reserve***	**Retained profits***	**Total**	**Non-controlling interests**	**Total equity**
	RMB'000 (note 28)	*RMB'000 (note 28)*	*RMB'000 (note 30)*	*RMB'000 (note 30)*	*RMB'000*	*RMB'000 (note 30)*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Cash payment for acquisition of a subsidiary under common control	–	–	–	(21,911)	–	–	–	(21,911)	–	(21,911)
Capital injection from non-controlling shareholders	–	–	–	–	–	–	–	–	23,835	23,835
Transfer to statutory surplus reserve	–	–	–	–	–	36,036	(36,036)	–	–	–
Dividends declared and paid *(note 11)*	–	–	–	–	–	–	(100,000)	(100,000)	–	(100,000)
At 31 December 2024	–	90,000	943,330	(18,609)	2,974	44,377	27,790	1,089,862	32,972	1,122,834

Year ended 31 December 2025

	Attributable to owners of the parent									
	Share capital	**Share premium***	**Capital reserve***	**Share award reserve***	**Exchange fluctuation reserve***	**Statutory surplus reserve***	**Retained profits***	**Total**	**Non-controlling interests**	**Total equity**
	RMB'000 (note 28)	*RMB'000 (note 30)*	*RMB'000 (note 30)*	*RMB'000 (note 29)*	*RMB'000*	*RMB'000 (note 30)*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2025	90,000	943,330	(18,609)	–	2,974	44,377	27,790	1,089,862	32,972	1,122,834
Profit for the year	–	–	–	–	–	–	369,559	369,559	(9,031)	360,528
Other comprehensive income for the year:										
Share of other comprehensive loss of an associate	–	–	–	–	(638)	–	–	(638)	–	(638)
Exchange differences on translation of foreign operations	–	–	–	–	5,966	–	–	5,966	2,760	8,726
Total comprehensive income for the year	–	–	–	–	5,328	–	369,559	374,887	(6,271)	368,616
Issue of shares	2,460	4,920	–	–	–	–	–	7,380	–	7,380
Equity-settled share-based payments	–	–	–	1,622	–	–	–	1,622	–	1,622
Capital injection from non-controlling shareholders	–	–	–	–	–	–	–	–	866	866
Transfer to statutory surplus reserve	–	–	–	–	–	34,027	(34,027)	–	–	–
Dividends declared and paid *(note 11)*	–	–	–	–	–	–	(50,000)	(50,000)	–	(50,000)
At 31 December 2025	92,460	948,250	(18,609)	1,622	8,302	78,404	313,322	1,423,751	27,567	1,451,318

* These reserve accounts comprise the consolidated reserves of RMB740,910,000, RMB999,862,000 and RMB1,331,291,000 in the consolidated statements of financial position as at 31 December 2023, 2024 and 2025, respectively.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Notes	Year ended 31 December		
		2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		270,495	392,391	427,922
Adjustments for:				
Finance costs	*7*	6,957	7,887	7,047
Bank interest income		(3,611)	(8,871)	(7,529)
Interest income from loans to related parties		(92)	(22)	–
Loss/(gain) on fair value change of derivative financial instruments, net		–	11,050	(3,745)
Loss/(gain) on disposal of items of property, plant and equipment, net		2,723	1,498	(828)
Depreciation of property, plant and equipment	*13*	37,559	43,308	66,901
Depreciation of right-of-use assets		7,578	9,883	10,556
Amortisation of intangible assets	*15*	461	803	1,073
Reversal of impairment losses/(impairment losses) on financial assets, net		(1,901)	(3,197)	2,896
Gain on termination of leases, net		–	(133)	–
Equity-settled share-based payments		–	–	1,622
Write-down of inventories to net realisable values, net		10,755	2,016	269
Share of profits of an associate		(1,261)	(2,050)	(5,735)
Foreign exchange differences, net		(10,736)	440	(46,708)
		318,927	455,003	453,741
Decrease/(increase) in inventories		64,837	(115,658)	(100,661)
Decrease/(increase) in trade and notes receivables		288,643	(121,499)	21,877
Decrease/(increase) in prepayments, other receivables and other assets		27,811	(31,429)	(84,559)
Decrease/(increase) in pledged short-term deposits		(105,666)	(70,721)	41,684
Increase/(decrease) in trade and notes payables		(233,222)	202,054	(6,830)
Increase/(decrease) in deferred government grants		21,801	(1,453)	(1,365)
Increase/(decrease) in other payables and accruals		66,832	33,815	(10,136)
Increase/(decrease) in contract liabilities		3,561	(2,298)	1,234
Cash generated from operations		453,524	347,814	314,985
Bank interest received		3,611	7,936	7,529
Income tax paid		(67,922)	(75,905)	(72,657)
Net cash flows from operating activities		389,213	279,845	249,857

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment	(138,942)	(276,977)	(152,122)
Proceeds from disposal of items of property, plant and equipment	3,737	4,749	2,796
Purchases of intangible assets	(2,018)	(850)	(3,037)
Loans to related parties	–	(500)	–
Repayment of loans to related parties	4,054	2,000	–
Repayment of interest of loans to related parties	–	114	–
Additional investment in an associate	(36,626)	–	(18,374)
Purchase of equity investments designated at fair value through other comprehensive income	(200)	–	–
Disposal of equity investments designated at fair value through other comprehensive income	–	–	200
Withdrawal/(placement) of pledged short-term deposits	(1,489)	1,489	–
Cash payment for acquisition of a subsidiary under common control	–	(21,911)	–
Placement of time deposits with original maturity of more than three months	(31,437)	–	–
Withdrawal of time deposits with original maturity of more than three months	–	31,437	–
Interest received	–	935	–
Net cash flows used in investing activities	(202,921)	(259,514)	(170,537)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares	–	50,173	4,980
Loans from related parties	494	–	–
Repayment of loans from related parties	(799)	–	–
Repayment of interest of loans from related parties	–	(9)	–
Proceeds from interest-bearing bank and other borrowings	253,766	204,415	292,500
Repayment of interest-bearing bank and other borrowings	(292,893)	(176,335)	(252,500)
Principal portion of lease payments	(6,221)	(7,655)	(8,144)
Interest paid	(6,802)	(7,906)	(7,101)
Dividend paid	(100,037)	(100,000)	(50,000)
Capital injection from non-controlling shareholders	10,559	23,835	866
Payments of [**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]

	Note	Year ended 31 December 2023	2024	2025
		RMB'000	RMB'000	RMB'000
Net cash flows used in financing activities		(141,933)	(13,482)	(21,451)
NET INCREASE IN CASH AND CASH EQUIVALENTS		44,359	6,849	57,869
Cash and cash equivalents at beginning of year		237,554	272,533	280,384
Effect of foreign exchange rate changes, net		(9,380)	1,002	7,034
CASH AND CASH EQUIVALENTS AT END OF YEAR		272,533	280,384	345,287
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS				
Cash and bank balances	22	379,688	456,771	479,990
Pledged short-term deposits	22	(107,155)	(176,387)	(134,703)
Cash and cash equivalents as stated in the consolidated statements of cash flows		272,533	280,384	345,287

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	224,623	214,078	191,845
Right-of-use assets	14(a)	31,615	35,345	33,429
Intangible assets	15	2,629	2,524	2,263
Investments in subsidiaries	38	35,666	291,452	327,796
Investment in an associate	16	61,497	63,130	68,227
Equity investments designated at fair value through other comprehensive income	17	200	200	–
Prepayments	20	231	1,044	933
Deferred tax assets	27	8,126	9,241	6,729
Total non-current assets		364,587	617,014	631,222
CURRENT ASSETS				
Inventories	18	91,336	115,524	126,527
Trade and notes receivables	19	159,783	249,972	221,463
Prepayments, other receivables and other assets	20	26,161	33,151	42,667

		As at 31 December		
	Notes	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
Time deposits	*22*	31,437	–	–
Cash and cash equivalents	*22*	149,095	153,517	182,901
Pledged short-term deposits	*22*	73,734	110,089	84,215
Due from subsidiaries	*39*	226,349	369,396	510,061
Due from related parties	*34*	1,592	–	–
Total current assets		759,487	1,031,649	1,167,834
CURRENT LIABILITIES				
Trade and notes payable	*23*	223,462	328,274	302,514
Other payables and accruals	*24*	91,066	100,811	94,560
Derivative financial instruments	*25*	–	11,050	–
Interest-bearing bank borrowings	*26*	125,116	120,067	132,573
Due to a related party		2	–	–
Lease liabilities	*14(b)*	490	1,474	1,760
Due to subsidiaries	*39*	1,517	31,656	39,558
Tax payable		2,401	15,833	14,225
Total current liabilities		444,054	609,165	585,190
NET CURRENT ASSETS		315,433	422,484	582,644
TOTAL ASSETS LESS CURRENT LIABILITIES		680,020	1,039,498	1,213,866
NON-CURRENT LIABILITIES				
Lease liabilities	*14(b)*	–	3,672	2,387
Deferred government grants	*24*	–	–	816
Total non-current liabilities		–	3,672	3,203
Net assets		680,020	1,035,826	1,210,663
EQUITY				
Paid-in capital	*28*	80,000	–	–
Share capital	*28*	–	90,000	92,460
Reserves	*30*	600,020	945,826	1,118,203
Total equity		680,020	1,035,826	1,210,663

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. CORPORATE AND GROUP INFORMATION

Zhejiang Kingdom New Material Group Co., Ltd. (hereinafter "the Company") was registered in the People's Republic of China (the "PRC") as a limited company on 23 June 2010. The registered office of the Company is located at No. 38 Desheng Road, Heshan Town, Tongxiang City, Jiaxing City, Zhejiang Province, PRC. The Company was converted into a joint stock company with limited liability on 27 November 2024.

During the Relevant Periods, the Company and its subsidiaries (together, the "Group") were principally engaged in research and development, manufacture and sale of green and sustainable multi-use decoration panel products, which include new polymer stone plastic decoration composite flooring and wall panels.

As at the date of this report, the Company had direct or indirect interests in its subsidiaries, of which the Group's subsidiaries registered in the PRC are limited liability companies while others (incorporated in Germany, Thailand, Singapore and United States of America ("USA") are private limited liability companies, which are set out below:

Name	Place and date of incorporation/ registration and place of operations	Nominal value of registered/ordinary share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Zhejiang Kingsun Building Material Technology Co., Ltd.* ("Zhejiang Kingsun") (浙江晶順建材科技有限公司) *(note (a), (d))*	PRC/Chinese mainland 30 November 2016	RMB134,560,000	100%	–	Production and sale of flooring products and building materials
Decoflooring GMBH ("Decoflooring") *(notes (b), (d))*	Germany/ 22 August 2014	EUR250,000	–	100%	Import and sale of flooring assortments, interior construction products and decorative items
VYTEC Floor Co., Ltd. ("VYTEC Thailand") *(notes (c), (d))*	Thailand/ 12 June 2023	THB700,000,000	–	60%	Production and sale of flooring products and building materials
Zhejiang Jingfeng Renewable Resources Recycling Co., Ltd.* (浙江晶豐再生資源回收有限公司) ("Jingfeng Renewable Resources") *(note (e))*	PRC/Chinese mainland 7 December 2022	RMB10,000,000	100%	–	Collection, processing, and sales of recyclable materials
Kingdom (Hainan) New Material Co., Ltd.* (晶通(海南)新材料有限公司) ("Kingdom Hainan") *(note (e))*	PRC/Chinese mainland 10 October 2025	RMB110,000,000	100%	–	Dormant (Set up for research and development as well as promotion of new materials technology)
Zhejiang Kingdom Smart Home Co., Ltd.* (浙江晶通智能家居有限公司) ("Kingdom Smart Home") *(notes (a), (d))*	PRC/Chinese mainland 7 February 2021	RMB10,000,000	100%	–	Sales of flooring products and building materials
Shanghai Jingkeda New Material Development Co., Ltd.* (上海晶科達新材料開發有限公司) ("Shanghai Jingkeda") *(note (e))*	PRC/Chinese mainland 13 March 2025	RMB5,000,000	100%	–	Research and development as well as promotion of new materials technology

Name	Place and date of incorporation/ registration and place of operations	Nominal value of registered/ordinary share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Zhejiang Jingjiu New Material Technology Co., Ltd.* (浙江晶久新材料科技有限公司) ("Zhejiang Jingjiu") *(notes (a), (d))*	PRC/Chinese mainland 27 May 2022	RMB10,000,000	100%	–	Trading
Zhejiang Jingxin New Materials Co., Ltd.* (浙江晶鑫新材料有限公司) ("Zhejiang Jingxin") *(note (e))*	PRC/Chinese mainland 11 February 2026	RMB10,000,000	100%	–	Dormant (Set up for research and development as well as promotion of new materials technology)
Kingdom Innovation Pte. Ltd. ("Kingdom Singapore") *(note (e))*	Singapore/ 19 October 2022	USD 200,000	100%	–	Trading
Vortis Floors LLC (formerly known as Bella Covering LLC) ("Vortis USA") *(note (e))*. . . .	USA/ 12 June 2023	USD 100,000	–	60%	Import and sale of flooring assortments, interior construction products and decorative items

Notes:

(a) The statutory financial statements of these entities for the years ended 31 December 2023 and 2024 prepared under PRC Generally Accepted Accounting Principles ("PRC GAAP") were audited by Zhonghui Certified Public Accountants LLP (中匯會計師事務所(特殊普通合夥)), certified public accountants registered in the PRC.

(b) The statutory financial statements of this entity for the years ended 31 December 2023 and 2024 prepared under Handelsgesetzbuch ("HGB") were audited by DHPG Wirtschaftsprüfer Rechtsanwälte Steuerberater GmbH & Co. KG, certified public accountants registered in Germany.

(c) The statutory financial statements of this entity for the years ended 31 December 2023 and 2024 prepared under Thai Financial Reporting Standards for Non-Publicly Accountable Entities (TFRS for NPAEs) (Revised B.E. 2565) were audited by DIA Audit Co., Ltd. and 10X Accounting and Audit Co., Ltd., respectively, certified public accountants registered in Thailand.

(d) The statutory financial statements of these entities for the year ended 31 December 2025 have not been issued.

(e) No audited financial statements have been prepared for these entities since their dates of incorporation as these entities are not required by the local government to prepare statutory accounts.

* The English name of the subsidiaries registered in the PRC represent the best efforts made by the management of the Company to directly translate its Chinese name as it did not register any official English name.

2.1 BASIS OF PRESENTATION

On 26 March 2024, the Company passed a shareholder's resolution to increase its registered capital from RMB80,000,000 to RMB81,000,000. The said increase in registered capital was contributed by Hangzhou Kingdom Imp & Exp Trading Corp., Ltd ("Hangzhou Kingdom Imp & Exp"), a company collectively controlled and owned by Mr. Dai Huibin and Ms. Zhang Shuhong (directors of the Company), by way of transfer of its entire equity interest in Zhejiang Kingsun to the Company. On 8 April 2024, the Group acquired the entire equity interest in Decoflooring at a cash consideration of RMB21,911,000. The aforementioned two acquisitions are collectively referred to as "the Acquisitions".

The Company and the two subsidiaries, Zhejiang Kingsun and Decoflooring, were under the common control of Mr. Dai Huibin and Ms. Zhang Shuhong (collectively referred to "Controlling Shareholders"), before and after the acquisitions and that control is not transitory. Accordingly, for the purpose of this report, the Historical Financial Information for the Relevant Periods has been prepared by applying the principles of merger accounting as if the Acquisitions had been completed at the beginning of the Relevant Periods.

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 the Relevant Periods include the results and cash flows of all companies now comprising the Group from the earliest date presented or since the date when the subsidiaries and/or businesses first came under the common control of the Controlling Shareholders, where this is a shorter period. The consolidated statements of financial position of the Group as at 31 December 2023, 2024 and 2025 have been prepared to present the assets and liabilities of the subsidiaries and/or businesses using the existing book values from the Controlling Shareholders' perspective. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the Acquisitions.

All intra-group transactions and balances have been eliminated on consolidation.

2.2 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (the "IASB"), which comprise all standards and interpretations approved by the IASB. All IFRS Accounting Standards effective for the accounting period commencing from 1 January 2025 together with the relevant transitional provisions, have been early adopted on a consistent basis 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 derivative financial instruments at fair value through profit or loss and equity investments 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 statements 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 reporting periods as the Company, using consistent accounting policies. Except for those subsidiaries acquired under common control as further detailed in note 2.1 "Basis of presentation" above, 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.

2.3 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. According to the preliminary assessment made by the directors, except for IFRS 18, no significant impact on the financial position or financial results of the Group is expected when these new and amended IFRS Accounting Standards become effective.

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

2.4 MATERIAL ACCOUNTING POLICIES

Investments in associates

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

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

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Fair value measurement

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

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

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

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

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

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

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

For assets and liabilities that are recognised in the Historical Financial Information on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each of the reporting 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 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 reporting period 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 amortisation/depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Related parties

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

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

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

(ii) has significant influence over the Group; or

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

or

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

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

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

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

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

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

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

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

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

Property, plant and equipment and depreciation

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

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

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:

Freehold land	Not depreciated
Buildings	10-20 years
Machinery and equipment	4-10 years
Motor vehicles	4 years
Office equipment and furniture	3-5 years
Leasehold improvements	Over the shorter of the lease terms and estimated useful lives of 1 to 5 years

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 reporting 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 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 reporting periods.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

Software

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

Research and development expenses

All research costs are charged to profit or loss when 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:

Leasehold land	50 years
Office premises and warehouses	1.5 to 6 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.

The Group's lease liabilities are presented separately in the consolidated statement of financial position.

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

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

Investments and other financial assets

Initial recognition and measurement

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

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 *Revenue from Contracts with Customers* in accordance with the policies set out for "Revenue recognition" below.

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

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

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

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

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

Financial assets 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 profit or loss. Dividends are recognised as other income in 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.

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 statements 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 the end of each of the reporting periods, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the end of each reporting period 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 90 days past due.

Also, 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 receivables which apply the simplified approach as detailed below.

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

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

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

Simplified approach

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

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss or financial liabilities at amortised cost, as appropriate.

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

The Group's financial liabilities include trade and notes payables, other payables and accruals, derivative financial instruments, amounts due to related parties and interest-bearing bank and other borrowings.

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

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

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

Financial liabilities at amortised cost

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

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

Derecognition of financial liabilities

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

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

Offsetting of financial instruments

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

Derivative financial instruments

Initial recognition and subsequent measurement

The Group uses derivative financial instruments, such as foreign currency options, to hedge its foreign currency risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in other comprehensive income and later reclassified to profit or loss when the hedged item affects profit or loss.

Inventories

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

Cash and cash equivalents

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

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

Provisions

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

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

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

Income tax

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

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

Deferred tax is provided, using the liability method, on all temporary differences at the end of each 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 and an associate, 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 carry-forward 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 carry-forward 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 and an associate, 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 each of the reporting periods.

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

Government grants

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

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

Revenue recognition

Revenue from contracts with customers

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

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods 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.

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

(a) Revenue from the sale of products

Revenue from the sale of products is recognised at the point in time when control of the products has been transferred to the customers, generally on delivery of the products.

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

Retrospective volume rebates may be provided to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the most likely amount method is used for contracts with a single-volume threshold and the expected value method for contracts with more than one volume threshold. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The requirements on constraining estimates of variable consideration are applied and a refund liability for the expected future rebates is recognised.

(b) Revenue from freight service

Revenue from the provision of freight service is recognised at the point in time upon delivering products to the designated destination as specified in the contract when the freight service has been completed.

Other income

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

Contract liabilities

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

Share-based payments

The Company operates a share incentive scheme. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments ("equity-settled transactions"). The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a discounted cash flow method model, further details of which are given in note 29 to the Historical Financial Information.

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

Employee benefits

Pension schemes

The employees of the Group's subsidiaries which operate in the Chinese mainland are required to participate in central pension schemes operated by the local municipal governments. The subsidiaries operating in the Chinese mainland are required to contribute a certain percentage of their payroll costs to the central pension schemes. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension schemes.

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 liabilities in respect of these funds are limited to the contributions payable in each reporting period.

Borrowing costs

Except for those eligible to be capitalised, all borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Events after the Relevant Periods

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

Dividends

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

Foreign currencies

The Historical Financial Information is presented in RMB, as the major procurement, production and assets of the Group are derived from operations in the Chinese mainland. The Company's functional currency is RMB. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of each of the reporting periods. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

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

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

The functional currencies of certain subsidiaries operating outside the Chinese mainland are currencies other than the 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, except to the extent that the differences are attributable to non-controlling interests. On disposal of a foreign operation, the cumulative amount in the reserve relating to that particular foreign operation is recognised in profit or loss.

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

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

Gross versus net revenue recognition

The determination of whether revenue should be reported on a gross or net basis is based on an assessment of whether the Group is acting as a principal or an agent in the transaction. If the Group is acting as a principal in a transaction, the Group reports revenue on a gross basis. If the Group is acting as an agent in a transaction, the Group reports revenue on a net basis. The determination of whether the Group is acting as a principal or an agent in a transaction involves judgement and is based on an evaluation of the terms of the arrangement. The Group is considered a principal if it controls a promised good or service before transferring that good or service to the customer. The Group considers several factors to determine if it controls the good or service and therefore is the principal. These factors include: (a) if the Group is primarily responsible for fulfilling the promise to provide the specified good or service; (b) if the Group has inventory risk before the specified good or service has been transferred to a customer or after the transfer of control to the customer; and (c) if the Group has discretion in establishing price for the specified good or service.

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 level of future taxable profits, together with future tax planning strategies.

As 31 December 2023, 2024 and 2025, the Group had tax losses of RMB39,280,000, RMB51,568,000 and RMB72,815,000 carried forward, respectively. These losses related to subsidiaries that have a history of losses, have not expired, and may not be used to offset taxable income elsewhere in the Group. The subsidiaries have neither any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Group has determined that it cannot recognise deferred tax assets on the tax losses carried forward.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period, 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.

Variable consideration for volume rebates

The Group estimates variable consideration to be included in the transaction price for the sale of industrial products with volume rebates.

The Group's expected volume rebates are analysed on a per customer basis for contracts that are subject to a single volume threshold. Determining whether a customer is likely to be entitled to a rebate depends on the customer's historical rebate entitlement and accumulated purchases to date.

The Group has applied a statistical model for estimating expected volume rebates for contracts with more than one volume threshold. The model uses the historical purchasing patterns and rebate entitlement of customers to determine the expected rebate percentages and the expected value of the variable consideration. Any significant changes in experience as compared to historical purchasing patterns and rebate entitlements of customers will impact the expected rebate percentages estimated by the Group.

The Group updates its assessment of expected volume rebates quarterly. Estimates of expected volume rebates are sensitive to changes in circumstances and the Group's past experience regarding rebate entitlements may not be representative of customers' actual rebate entitlements in the future.

Provision for expected credit losses on trade receivables

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

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 the end of each reporting period, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in note 19 to the Historical Financial Information.

Leases — Estimating the incremental borrowing rate

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

Provision of inventories

The Group's inventories are stated at the lower of cost and net realisable value. The Group's provision for its inventories based on estimates of the net realisable value with reference to the ageing and conditions of the inventories, together with the economic circumstances on the marketability of such inventories. Inventories are reviewed for any provision at each reporting date or when considered appropriate. Further details of the inventories are set out in note 18 to the Historical Financial Information.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is not organised into business units based on their service and products and only has one reportable operating segment. Management monitors the operating results of the Group's operating segment as a whole for the purpose of making decisions about resource allocation and performance assessment.

Geographical information

(a) Revenue from external customers

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Overseas	1,575,552	2,196,036	2,287,083
Chinese mainland	22,245	23,358	19,655
Total revenue	1,597,797	2,219,394	2,306,738

The revenue information above is based on the delivery destinations.

(b) Non-current assets

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Chinese mainland	512,656	641,968	665,542
Thailand	11,578	176,324	255,666
Other regions	66,523	80,579	83,699
Total non-current assets	590,757	898,871	1,004,907

The non-current asset information above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

Information about major customers

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

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Customer A*	321,766	420,685	343,945
Customer B*	174,761	232,714	293,533

* Including sales to a group of entities which are known to be under common control with the same entity.

5. REVENUE, OTHER INCOME AND GAINS

An analysis of the Group's revenue is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Revenue from contracts with customers	1,597,797	2,219,394	2,306,738

Revenue from contracts with customers

(a) Disaggregated revenue information

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Types of goods or services			
Sale of products	1,597,239	2,217,554	2,305,205
Freight service	558	1,840	1,533
Total	1,597,797	2,219,394	2,306,738

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Geographical markets			
Overseas	1,575,552	2,196,036	2,287,083
Chinese mainland	22,245	23,358	19,655
Total revenue	1,597,797	2,219,394	2,306,738
Timing of revenue recognition			
Goods transferred or services provided at a point in time	1,597,797	2,219,394	2,306,738

The following table shows the amounts of revenue recognised during 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*
Sale of products	7,070	10,631	8,333

(b) Performance obligations

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

Revenue from sale of products

The performance obligation is satisfied upon delivery to the agreed-upon locations in accordance with the contracts, and when the customers confirmed the acceptance of the products. Payment is normally due within three months from the date of bill of lading, delivery or shipment.

Revenue from freight service

The performance obligation is satisfied upon delivering products to the designated destination as specified in the contract when the freight service has been completed. Payment is generally due within three months from the date of bill of lading, delivery or shipment.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at the end of each of the Relevant Periods 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	325,565	301,176	296,956
After one year	866	2,317	–

The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognised as revenue related to sales of products. The amounts disclosed above do not include variable consideration which is constrained.

An analysis of the Group's other income and gains is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Other income			
Government grants *(note (a))*	9,214	10,741	13,121
Bank interest income	3,611	8,871	7,529
Interest income from loans to related parties	92	22	–
Others	1,925	292	1,267
Total other income	14,842	19,926	21,917
Gains			
Gain on disposal of items of property, plant and equipment, net	–	–	828
Gain on termination of leases, net	–	133	–
Foreign exchange gains, net	10,736	–	46,708
Gains on fair value change of derivative financial instruments, net	–	–	3,745
Total gains	10,736	133	51,281
Total other income and gains	25,578	20,059	73,198

Note:

(a) The government grants mainly represent incentives awarded by the local governments to support the Group's operation. Government grants are released to profit or loss either over the periods that the expenses for which they are intended to compensate are expensed, or over the expected useful life of the relevant assets, when all attaching conditions and requirements are complied with. There are no unfulfilled conditions or contingencies relating to these grants.

6. PROFIT BEFORE TAX

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

	Notes	Year ended 31 December		
		2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Cost of inventories sold[1]		1,023,344	1,396,640	1,455,834
Cost of services provided[1]		558	1,840	1,533
Depreciation of property, plant and equipment[2]	*13*	37,559	43,308	66,901
Depreciation of right-of-use assets	*14(a)*	8,593	10,137	10,556
Less: amount capitalised		(1,015)	(254)	–
		7,578	9,883	10,556
Amortisation of intangible assets[2]	*15*	461	803	1,073
Research and development expenses		74,426	85,267	83,615
Lease payments not included in the measurement of lease liabilities	*14(c)*	2,345	2,258	4,171
Auditor's remuneration		164	1,915	1,075
Foreign exchange differences, net[3]		(10,736)	440	(46,708)
Loss/(gain) on fair value change of derivative financial instrument, net[3]		–	11,050	(3,745)

	Notes	Year ended 31 December 2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
[REDACTED]		**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Employee benefit expense (excluding directors' and chief executive's remuneration *(note 8)*):				
Salaries, bonuses and allowances		49,315	65,415	78,226
Share-based payments expenses		–	–	1,465
Pension scheme contributions (defined contribution scheme)[4]		4,280	6,750	9,047
Staff welfare expenses		8,921	13,739	17,230
Total		62,516	85,904	105,968
Impairment losses/(reversal of impairment losses)	*19*	(3,019)	(3,271)	2,825
Impairment losses of other receivables	*20*	1,118	74	71
Write-down of inventories to net realisable values, net[5]		10,755	2,016	269
Share of profits of an associate		(1,261)	(2,050)	(5,735)
Loss/(gain) on disposal of items of property, plant and equipment, net		2,723	1,498	(828)

1 The cost of inventories sold and cost of services provided for the Relevant Periods included staff costs, depreciation of property, plant and equipment and amortisation of intangible assets, which were also included in the respective total amounts disclosed above for each type of expense.

2 The depreciation of property, plant and equipment and the amortisation of intangible assets for the Relevant Periods were included in "Cost of sales", "Administrative expenses", "Research and development expenses", and "Selling and distribution expenses" in consolidated profit or loss.

3 The foreign exchange differences, net and loss/(gain) on fair value change of derivative financial instrument, net is included in "Other expenses" or "Other income and gains" in consolidated profit or loss.

4 There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

5 Write-down of inventories to net realisable value for the Relevant Periods is included in "Cost of sales" in consolidated profit or loss.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	Note	Year ended 31 December 2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Interest on bank and other borrowings		6,372	6,928	5,898
Interest expense on loans from related parties		9	–	–
Interest on lease liabilities	*14(b)*	576	959	1,149
Total		6,957	7,887	7,047

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

The remuneration of the Company's directors and chief executive is set out below:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Fees	–	–	–
Other emoluments:			
Salaries, allowances and benefits in kind	720	819	1,963
Discretionary bonuses*	–	1,331	1,972
Share-based payment expenses	–	–	157
Pension scheme contributions	–	21	55
Subtotal	720	2,171	4,147
Total	720	2,171	4,147

* During the year ended 31 December 2025, two directors were granted share awards of the Company, in respect of their services to the Group, under the share incentive scheme of the Company, further details of which are set out in note 29 to the Historical Financial Information. The fair value of such share awards, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant and the amount included in the Historical Financial Information for the year ended 31 December 2025 is included in the above directors' and chief executive's remuneration disclosures.

(a) Independent non-executive directors

There were no fees and other emoluments payable to the independent non-executive directors during the Relevant Periods. On 6 January 2026, Dr. Hung Ting On John, Dr. Liu Chunyan, Dr. Miao Duoqian, and Dr. Yang Jintao were appointed as independent non-executive directors of the Company.

(b) The executive directors and the chief executive

	Salaries, allowances and benefits in kind	Bonuses	Pension scheme contributions	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2023				
Executive directors:				
Mr. Dai Huibin*	360	–	–	360
Ms. Zhang Shuhong	360	–	–	360
Total	720	–	–	720
Year ended 31 December 2024				
Executive directors:				
Mr. Dai Huibin*	398	301	20	719
Ms. Zhang Shuhong	390	500	–	890
Mr. Tang Nianfeng**	31	530	41	562
Total	819	1,331	21	2,171

	Salaries, allowances and benefits in kind	Bonuses	Pension scheme contributions	Share-based payment expenses	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2025					
Executive directors:					
Mr. Dai Huibin*	803	806	46	9	1,664
Ms. Zhang Shuhong	720	600	–	–	1,320
Mr. Tang Nianfeng**	440	566	9	148	1,163
Total	1,963	1,972	55	157	4,147

* Mr. Dai Huibin was the chief executive of the Company during the Relevant Periods.

** Mr. Tang Nianfeng was appointed as an executive director on 25 November 2024.

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 each of the Relevant Periods included nil, one and three directors, respectively, details of whose remuneration are set out in note 8 above. Details of the remuneration for the remaining five, four and two highest paid employees who are neither a director nor chief executive of the Company during each of 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	3,429	2,862	1,872
Bonuses	3,329	3,745	3,995
Pension scheme contributions	21	9	9
Share-based payment expenses	–	–	450
Total	6,779	6,616	6,326

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

	Number of employees		
	Year ended 31 December		
	2023	2024	2025
HK$500,001 to HK$1,000,000	3	1	–
HKD$1,000,001 to HKD$1,500,000	1	2	1
HKD$3,500,001 to HKD$4,000,000	1	–	–
HKD$4,000,001 to HKD$4,500,000	–	1	–
HKD$5,500,001 to HKD$6,000,000	–	–	1
Total	5	4	2

During the year ended 31 December 2025, share awards of the Group were granted to one non-director and non-chief executive highest paid employee in respect of his services to the Group, further details of which are included in note 29 to the Historical Financial Information. The fair value of such awards, which has been recognised in profit or loss over the vesting period, was determined as at the date of grant. The cumulative expense recognised in the Historical Financial Information in relation to these awards is included within the aggregate remuneration disclosed above.

10. INCOME TAX

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

Chinese mainland

The provision for PRC corporate income tax ("CIT") is based on the statutory rate of 25% on the assessable profits of certain PRC subsidiaries of the Group as determined in accordance with the PRC Corporate Income Tax Law.

The Company and Zhejiang Kingsun are qualified as High and New Technology Enterprises and were entitled to a preferential income tax rate of 15% during the Relevant Periods, which will expire on 8 December 2026 and 24 December 2028, respectively.

Zhejiang Jingfeng Renewable Resources Recycling Co., Ltd. was qualified as a small and micro enterprise and was entitled to a preferential income tax rate of 20%, with the first RMB3,000,000 of annual taxable income eligible for a 75% tax reduction.

Singapore

Pursuant to the rules and regulations of Singapore, the subsidiary in Singapore was subject to 17% of its taxable income during the Relevant Periods.

Thailand

The subsidiary incorporated in Thailand was subject to corporate income tax at a rate of 20% on the taxable income during the Relevant Periods.

Germany

The subsidiary incorporated in Germany was subject to corporate income tax and trade tax at a rate of 15.83% and 18.03%, respectively, on the taxable income during the Relevant Periods.

United States of America

The subsidiary incorporated in USA was subject to corporate income tax at a rate of 26.19% on the taxable income during the Relevant Periods.

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

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Current			
Charge for the year	52,877	69,455	70,007
Deferred *(note 27)*	(12,211)	(13,721)	(2,613)
Total tax charge for the year	40,666	55,734	67,394

A reconciliation of income tax expense applicable to profit before tax at the statutory rate for the jurisdictions in which the Company and Zhejiang Kingsun are domiciled to the income tax expense at the effective income tax rate for each of the Relevant Periods is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Profit before tax	270,495	392,391	427,922
Tax at the applicable tax rate of 15%	40,574	58,859	64,188
Effect of different tax rates for subsidiaries	2,595	2,375	6,162
Expenses not deductible for tax	1,380	406	1,035
Additional deductible allowance for qualified research and development expenses	(5,817)	(8,279)	(7,897)
Temporary differences not recognised	658	530	633
Tax losses not recognised	2,783	1,843	3,316
Tax losses utilised from previous years	(1,507)	–	(43)
Tax charge at the Group's effective tax rate	40,666	55,734	67,394

11. DIVIDENDS

During the years ended 31 December 2023, 2024 and 2025, the Company declared dividends of RMB100,000,000, RMB100,000,000 and RMB50,000,000 to its shareholders, respectively, which were fully paid as of the end of each of these years.

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 the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares outstanding during each of the Relevant Periods. The weighted average number of ordinary shares outstanding before the conversion into a joint stock company was determined by assuming that the paid-in capital had been fully converted into share capital at the same conversion ratio of 1:0.4938 as upon transformation into a joint stock company on 27 November 2024 (note 28).

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
	RMB'000	*RMB'000*	*RMB'000*
Earnings			
Profit attributable to ordinary equity holders of the parent, used in the basic and diluted earnings per share calculation	230,176	339,607	369,559

	Number of shares		
	2023	2024	2025
Shares			
Weighted average number of ordinary shares outstanding during the year used in the basic and diluted earnings per share calculation ('000)	39,506	43,984	90,310

13. PROPERTY, PLANT AND EQUIPMENT

The Group

	Buildings	Machinery and equipment	Motor vehicles	Office equipment and furniture	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2023							
At 1 January 2023:							
Cost	147,566	259,153	11,247	17,896	1,381	18,535	455,778
Accumulated depreciation and impairment	(27,221)	(83,171)	(5,026)	(10,362)	(858)	–	(126,638)
Net carrying amount	120,345	175,982	6,221	7,534	523	18,535	329,140
At 1 January 2023, net of accumulated depreciation and impairment	120,345	175,982	6,221	7,534	523	18,535	329,140
Additions	767	1,790	1,084	1,866	3,343	117,162	126,012
Transfers	1,951	8,749	203	–	457	(11,360)	–
Disposals	(762)	(4,882)	(43)	(331)	(442)	–	(6,460)
Depreciation provided during the year *(note 6)*	(6,604)	(24,984)	(1,952)	(3,494)	(525)	–	(37,559)
Exchange realignment	–	–	–	(102)	–	–	(102)
At 31 December 2023, net of accumulated depreciation and impairment	115,697	156,655	5,513	5,473	3,356	124,337	411,031
At 31 December 2023:							
Cost	149,522	263,412	11,669	16,974	4,849	124,337	570,763
Accumulated depreciation and impairment	(33,825)	(106,757)	(6,156)	(11,501)	(1,493)	–	(159,732)
Net carrying amount	115,697	156,655	5,513	5,473	3,356	124,337	411,031

	Freehold land	Buildings	Machinery and equipment	Motor vehicles	Office equipment and furniture	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2024								
At 1 January 2024:								
Cost	–	149,522	263,412	11,699	16,974	4,849	124,337	570,763
Accumulated depreciation and impairment	–	(33,825)	(106,757)	(6,156)	(11,501)	(1,493)	–	(159,732)
Net carrying amount	–	115,697	156,655	5,513	5,473	3,356	124,337	411,031
At 1 January 2024, net of accumulated depreciation and impairment	–	115,697	156,655	5,513	5,473	3,356	124,337	411,031
Additions	18,597	–	589	2,280	913	2,661	321,260	346,300
Transfers	–	150,702	106,442	3,196	879	341	(261,560)	–
Disposals	–	–	(2,184)	(36)	–	(516)	(3,511)	(6,247)

	Freehold land	Buildings	Machinery and equipment	Motor vehicles	Office equipment and furniture	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Depreciation provided during the year *(note 6)*	–	(11,514)	(25,406)	(2,266)	(2,246)	(1,876)	–	(43,308)
Exchange realignment	–	–	–	(4)	(16)	–	4	(16)
At 31 December 2024, net of accumulated depreciation and impairment	18,597	254,885	236,096	8,683	5,003	3,966	180,530	707,760
At 31 December 2024:								
Cost	18,597	300,224	362,742	16,646	18,631	7,163	180,530	904,533
Accumulated depreciation and impairment	–	(45,339)	(126,646)	(7,963)	(13,628)	(3,197)	–	(196,773)
Net carrying amount	18,597	254,885	236,096	8,683	5,003	3,966	180,530	707,760

	Freehold land	Buildings	Machinery and equipment	Motor vehicles	Office equipment and furniture	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2025								
At 1 January 2025:								
Cost	18,597	300,224	362,742	16,646	18,631	7,163	180,530	904,533
Accumulated depreciation and impairment	–	(45,339)	(126,646)	(7,963)	(13,628)	(3,197)	–	(196,773)
Net carrying amount	18,597	254,885	236,096	8,683	5,003	3,966	180,530	707,760
At 1 January 2025, net of accumulated depreciation and impairment	18,597	254,885	236,096	8,683	5,003	3,966	180,530	707,760
Additions	18,210	–	–	–	1,042	719	157,884	177,855
Transfers	–	93,680	137,649	2,738	5,309	868	(240,244)	–
Disposals	–	(305)	(1,124)	(367)	(132)	(40)	–	(1,968)
Depreciation provided during the year *(note 6)*	–	(18,308)	(39,914)	(2,915)	(3,073)	(2,691)	–	(66,901)
Exchange realignment	864	–	–	111	68	–	6,988	8,031
At 31 December 2025, net of accumulated depreciation and impairment	37,671	329,952	332,707	8,250	8,217	2,822	105,158	824,777

	Freehold land	Buildings	Machinery and equipment	Motor vehicles	Office equipment and furniture	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2025:								
Cost	37,671	393,588	481,555	17,671	24,809	8,071	105,158	1,068,523
Accumulated depreciation and impairment	–	(63,636)	(148,848)	(9,421)	(16,592)	(5,249)	–	(243,746)
Net carrying amount	37,671	329,952	332,707	8,250	8,217	2,822	105,158	824,777

Certain of the Group's property, plant and equipment with net carrying amounts of approximately RMB212,131,000, RMB240,438,000 and RMB226,644,000 as at 31 December 2023, 2024 and 2025, respectively, were pledged to secure interest-bearing bank borrowings (note 26).

The Company

	Buildings	Machinery and equipment	Motor vehicles	Office equipment and furniture	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2023							
At 1 January 2023:							
Cost	117,774	200,515	9,796	10,669	700	9,234	348,688
Accumulated depreciation and impairment	(20,728)	(73,404)	(4,311)	(5,667)	(419)	–	(104,529)
Net carrying amount	97,046	127,111	5,485	5,002	281	9,234	244,159
At 1 January 2023, net of accumulated depreciation and impairment	97,046	127,111	5,485	5,002	281	9,234	244,159
Additions	767	1,532	915	409	3,012	6,284	12,919
Transfers	–	4,927	117	–	456	(5,500)	–
Disposals	–	(3,499)	(43)	(278)	–	–	(3,820)
Depreciation provided during the year	(5,595)	(18,315)	(1,697)	(2,515)	(513)	–	(28,635)
At 31 December 2023, net of accumulated depreciation and impairment	92,218	111,756	4,777	2,618	3,236	10,018	224,623
At 31 December 2023:							
Cost	118,541	202,933	9,968	10,243	4,168	10,018	355,871
Accumulated depreciation and impairment	(26,323)	(91,177)	(5,191)	(7,625)	(932)	–	(131,248)
Net carrying amount	92,218	111,756	4,777	2,618	3,236	10,018	224,623

	Buildings	Machinery and equipment	Motor vehicles	Office equipment and furniture	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2024							
At 1 January 2024:							
Cost	118,541	202,933	9,968	10,243	4,168	10,018	355,871
Accumulated depreciation and impairment	(26,323)	(91,177)	(5,191)	(7,625)	(932)	–	(131,248)
Net carrying amount	92,218	111,756	4,777	2,618	3,236	10,018	224,623

	Buildings	Machinery and equipment	Motor vehicles	Office equipment and furniture	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2024, net of accumulated depreciation and impairment	92,218	111,756	4,777	2,618	3,236	10,018	224,623
Additions	–	583	410	56	1,432	19,902	22,383
Transfers	–	7,413	1,342	345	341	(9,441)	–
Disposals	–	(2,184)	(24)	–	–	(3,511)	(5,719)
Depreciation provided during the year	(5,631)	(17,014)	(1,837)	(1,189)	(1,538)	–	(27,209)
At 31 December 2024, net of accumulated depreciation and impairment	86,587	100,554	4,668	1,830	3,471	16,968	214,078
At 31 December 2024:							
Cost	118,540	203,230	11,247	10,634	5,941	16,968	366,560
Accumulated depreciation and impairment	(31,953)	(102,676)	(6,579)	(8,804)	(2,470)	–	(152,482)
Net carrying amount	86,587	100,554	4,668	1,830	3,471	16,968	214,078

	Buildings	Machinery and equipment	Motor vehicles	Office equipment and furniture	Leasehold improvements	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2025							
At 1 January 2025:							
Cost	118,540	203,230	11,247	10,634	5,941	16,968	366,560
Accumulated depreciation and impairment	(31,953)	(102,676)	(6,579)	(8,804)	(2,470)	–	(152,482)
Net carrying amount	86,587	100,554	4,668	1,830	3,471	16,968	214,078
At 1 January 2025, net of accumulated depreciation and impairment	86,587	100,554	4,668	1,830	3,471	16,968	214,078
Additions	–	–	–	20	–	14,514	14,534
Transfers	140	12,807	1,888	1,492	–	(16,327)	–
Disposals	–	(10,446)	(297)	(6)	(37)	–	(10,786)
Depreciation provided during the year	(5,634)	(15,695)	(1,906)	(984)	(1,762)	–	(25,981)
At 31 December 2025, net of accumulated depreciation and impairment	81,093	87,220	4,353	2,352	1,672	15,155	191,845
At 31 December 2025:							
Cost	118,680	181,193	11,529	12,042	5,904	15,155	344,503
Accumulated depreciation and impairment	(37,587)	(93,973)	(7,176)	(9,690)	(4,232)	–	(152,658)
Net carrying amount	81,093	87,220	4,353	2,352	1,672	15,155	191,845

Certain of the Company's property, plant and equipment with net carrying amounts of approximately RMB79,703,000, RMB74,778,000 and RMB69,443,000 as at 31 December 2023, 2024 and 2025, respectively, were pledged to secure interest-bearing bank borrowings.

14. LEASES

The Group as a lessee

The Group has lease contracts for items of office premises, warehouses and leasehold land used in its operations. Leases of office premises and warehouses generally have lease terms between 1.5 and 6 years. Leases of leasehold land generally have lease term of 50 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:

	Office premises and warehouses	Leasehold land	Total
	RMB'000	*RMB'000*	*RMB'000*
As at 1 January 2023	13,966	89,833	103,799
Additions	2,449	–	2,449
Depreciation provided during the year *(note 6)*	(6,679)	(1,914)	(8,593)
Exchange realignment	329	–	329
As at 31 December 2023 and 1 January 2024	10,065	87,919	97,984
Additions	23,389	–	23,389
Termination	(1,219)	–	(1,219)
Depreciation provided during the year *(note 6)*	(8,223)	(1,914)	(10,137)
Exchange realignment	(1,627)	–	(1,627)
As at 31 December 2024 and 1 January 2025	22,385	86,005	108,390
Additions	2,984	–	2,984
Depreciation provided during the year *(note 6)*	(8,642)	(1,914)	(10,556)
Exchange realignment	1,465	–	1,465
As at 31 December 2025	18,192	84,091	102,283

The Group's leasehold land with net carrying amounts of approximately RMB87,919,000, RMB86,005,000 and RMB84,091,000 as at 31 December 2023, 2024 and 2025, respectively, were pledged to secure interest-bearing bank borrowings (note 26).

(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 beginning of year	13,399	9,641	22,161
New leases	2,117	23,389	2,984
Termination	–	(1,352)	–
Accretion of interest recognised during the year *(note 7)*	576	959	1,149
Payments	(6,797)	(8,614)	(9,293)
Exchange realignment	346	(1,862)	1,546
Carrying amount at end of year	9,641	22,161	18,547

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Analysed into:			
Current portion	7,455	5,667	5,344
Non-current portion	2,186	16,494	13,203

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Analysed into:			
Lease liabilities repayable:			
Within 1 year	7,455	5,667	5,344
1 to 2 years	2,186	5,149	4,732
2 to 5 years	–	11,345	8,471
Total	9,641	22,161	18,547

The maturity analysis of lease liabilities is disclosed in note 37 to the Historical Financial Information.

(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	576	959	1,149
Gain on termination of leases, net	–	(133)	–
Depreciation charge of right-of-use assets	7,578	9,883	10,556
Expenses relating to short-term leases and low-value leases (included in administrative expenses) *(note 6)*	2,345	2,258	4,171
Total amount recognised in profit or loss	10,499	12,967	15,876

(d) The total cash outflow for leases is disclosed in note 31(c) to the Historical Financial Information.

The Company as a lessee

(a) Right-of-use assets

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

	Office premises	Leasehold land	Total
	RMB'000	*RMB'000*	*RMB'000*
As at 1 January 2023	1,315	31,497	32,812
Depreciation provided during the year	(478)	(719)	(1,197)
As at 31 December 2023 and 1 January 2024	837	30,778	31,615
Additions	5,941	–	5,941
Depreciation provided during the year	(1,492)	(719)	(2,211)
As at 31 December 2024 and 1 January 2025	5,286	30,059	35,345
Additions	718	–	718
Depreciation provided during the year	(1,915)	(719)	(2,634)
As at 31 December 2025	4,089	29,340	33,429

The Company's leasehold land with net carrying amounts of approximately RMB30,778,000, RMB30,059,000 and RMB29,340,000 as at 31 December 2023, 2024 and 2025, respectively, were pledged to secure interest-bearing bank borrowings.

(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 beginning of year	964	490	5,146
New leases	–	5,941	718
Accretion of interest recognised during the year	29	130	158
Payments	(503)	(1,415)	(1,875)
Carrying amount at end of year	490	5,146	4,147
Analysed into:			
Current portion	490	1,474	1,760
Non-current portion	–	3,672	2,387
Analysed into:			
Lease liabilities repayable:			
Within 1 year	490	1,474	1,760
1 to 2 years	–	1,527	908
2 to 5 years	–	2,145	1,479
Total	490	5,146	4,147

The maturity analysis of lease liabilities is disclosed in note 37 to the Historical Financial Information.

15. INTANGIBLE ASSETS

The Group

	Software
	RMB'000
31 December 2023	
At 1 January 2023:	
Cost	2,746
Accumulated amortisation	(1,669)
Net carrying amount	1,077
Cost at 1 January 2023, net of accumulated amortisation	1,077
Additions	2,018
Amortisation provided during the year *(note 6)*	(461)
At 31 December 2023	2,634
At 31 December 2023:	
Cost	3,661
Accumulated amortisation	(1,027)
Net carrying amount	2,634

	Software
	RMB'000
31 December 2024	
At 1 January 2024:	
Cost	3,661
Accumulated amortisation	(1,027)
Net carrying amount	2,634
Cost at 1 January 2024, net of accumulated amortisation	2,634
Additions	850
Amortisation provided during the year *(note 6)*	(803)
At 31 December 2024	2,681
At 31 December 2024:	
Cost	4,511
Accumulated amortisation	(1,830)
Net carrying amount	2,681
31 December 2025	
At 1 January 2025:	
Cost	4,511
Accumulated amortisation	(1,830)
Net carrying amount	2,681
Cost at 1 January 2025, net of accumulated amortisation	2,681
Additions	3,037
Amortisation provided during the year *(note 6)*	(1,073)
At 31 December 2025	4,645
At 31 December 2025:	
Cost	7,548
Accumulated amortisation	(2,903)
Net carrying amount	4,645

The Company

	Software
	RMB'000
31 December 2023	
At 1 January 2023:	
Cost	2,746
Accumulated amortisation	(1,669)
Net carrying amount	1,077
Cost at 1 January 2023, net of accumulated amortisation	1,077
Additions	2,013
Amortisation provided during the year	(461)
At 31 December 2023	2,629
At 31 December 2023:	
Cost	3,656
Accumulated amortisation	(1,027)
Net carrying amount	2,629

	Software
	RMB'000
31 December 2024	
At 1 January 2024:	
Cost	3,656
Accumulated amortisation	(1,027)
Net carrying amount	2,629
Cost at 1 January 2024, net of accumulated amortisation	2,629
Additions	665
Amortisation provided during the year	(770)
At 31 December 2024	2,524
At 31 December 2024:	
Cost	4,321
Accumulated amortisation	(1,797)
Net carrying amount	2,524
31 December 2025	
At 1 January 2025:	
Cost	4,321
Accumulated amortisation	(1,797)
Net carrying amount	2,524
Cost at 1 January 2025, net of accumulated amortisation	2,524
Additions	536
Amortisation provided during the year	(797)
At 31 December 2025	2,263
At 31 December 2025:	
Cost	4,857
Accumulated amortisation	(2,594)
Net carrying amount	2,263

16. INVESTMENT IN AN ASSOCIATE

The Group and the Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Share of net assets	58,262	59,895	64,992
Goodwill on acquisition	3,235	3,235	3,235
Total	61,497	63,130	68,227

The Group's trade receivable and payable balances with the associate (which is not considered individually material by the Company's directors) are disclosed in note 34(c) to the Historical Financial Information, respectively.

The amount of share of the associate's total comprehensive income for the year is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Share of the associate's total comprehensive income for the year	1,843	1,633	5,097

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

The Group and the Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Unlisted equity investments, at fair value	200	200	–

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

In the year ended 31 December 2025, the Group sold the equity investments as the investments no longer coincided with the Group's investment strategy.

18. INVENTORIES

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	30,627	55,850	84,963
Work in progress	28,755	42,301	43,046
Finished goods	178,678	253,551	324,085
Total	238,060	351,702	452,094

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	27,869	35,461	39,662
Work in progress	19,602	22,182	25,875
Finished goods	43,865	57,881	60,990
Total	91,336	115,524	126,527

19. TRADE AND NOTES RECEIVABLES

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	285,888	399,901	420,824
Notes receivables	–	7,486	–
	285,888	407,387	420,824
Impairment	(5,451)	(2,180)	(5,005)
Net carrying amount	280,437	405,207	415,819

The Group's trading terms with its customers are mainly on credit. The credit period is generally within three months. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management.

As at 31 December 2023, 2024 and 2025, the Group was exposed to certain credit risk concentration, as 55.25%, 51.26% and 46.10% of trade receivables were due from top five customers, respectively. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

Included in the Group's trade receivables were trade receivables of RMB8,369,000, RMB15,961,000 and RMB9,244,000 as at 31 December 2023, 2024 and 2025, respectively, due from a related party, which were repayable on credit terms similar to those offered to the major customers of the Group.

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

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within 3 months	260,510	390,085	394,356
3 to 6 months	13,034	5,361	12,338
6 to 12 months	6,757	2,151	8,589
Over 12 months	136	124	536
Total	280,437	397,721	415,819

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

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At beginning of year	8,470	5,451	2,180
(Reversal of impairment losses)/impairment losses, net *(note 6)*	(3,019)	(3,271)	2,825
At end of year	5,451	2,180	5,005

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 (i.e., by ageing). 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

	Gross carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000		*RMB'000*
Defaulted receivables	4,435	100.00%	4,435
Remaining trade receivables aged:			
Within 1 year	281,124	0.29%	823
Over 1 year	329	58.66%	193
Total	285,888	1.91%	5,451

As at 31 December 2024

	Gross carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000		*RMB'000*
Defaulted receivables	1,715	100.00%	1,715
Remaining trade receivables aged:			
Within 1 year	397,898	0.08%	301
Over 1 year	288	56.94%	164
Total	399,901	0.55%	2,180

As at 31 December 2025

	Gross carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000		*RMB'000*
Defaulted receivables	3,588	100.00%	3,588
Remaining trade receivables aged:			
Within 1 year	416,133	0.20%	850
Over 1 year	1,103	51.41%	567
Total	420,824	1.19%	5,005

The Group's notes receivables were all aged within one year and were neither past due nor impaired.

At the end of each of the Relevant Periods, the Group endorsed certain notes receivables accepted by certain banks in the PRC (the "Endorsed Notes") to certain of its suppliers in order to settle the trade payables due to such suppliers with carrying amounts in aggregate of nil, RMB8,858,000 and RMB 200,000 as at 31 December 2023, 2024 and 2025, respectively (the "Endorsement"). The Endorsed Notes had a maturity within six months as at 31 December 2023, 2024 and 2025. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Endorsed Notes may exercise the right of recourse against any, several or all of the persons liable for the Endorsed Notes, including the Group, in disregard of the order of precedence (the "Continuing Involvement").

The Group has transferred substantially all risks and rewards relating to certain Endorsed Notes accepted by large and reputable banks with amounts of nil, RMB1,872,000 and RMB200,000 as at 31 December 2023,2024 and 2025, respectively (the "Derecognised Notes"). The risk of the Group being claimed by the holders of the Derecognised Notes is remote in the absence of a default of the accepted banks. Accordingly, it has derecognised the full carrying amounts of the Derecognised Notes and the associated trade payables settled by the Endorsed Notes. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Notes and the undiscounted cash flows to repurchase these Derecognised Notes is equal to their carrying amounts. The fair values of the Group's Continuing Involvement in the Derecognised Notes are not significant. No gains or losses were recognised from the Continuing Involvement. The Endorsement have been made evenly throughout the year.

The Group continued to recognise the remaining Endorsed Notes with amounts of RMB6,986,000 as at 31 December 2024, because the Group has retained the substantial risks and rewards, which include default risks relating to such remaining Endorsed Notes. Subsequent to the Endorsement, the Group did not retain any rights on the use of such Endorsed Notes, including the sale, transfer or pledge of such Endorsed Notes to any other third parties.

The Company

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	160,672	243,504	221,989
Notes receivables	–	6,637	–
	160,672	250,141	221,989
Impairment	(889)	(169)	(526)
Net carrying amount	159,783	249,972	221,463

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

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Within 3 months	154,323	238,344	210,945
3 to 6 months	5,460	4,989	9,390
6 to 12 months	–	–	1,104
Over 12 months	–	2	24
Total	159,783	243,335	221,463

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

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
At beginning of year	3,528	889	169
(Reversal of impairment losses)/impairment losses, net	(2,639)	(720)	357
At end of year	889	169	526

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

	Gross carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000		*RMB'000*
Trade receivables aged:			
Within 1 year	160,499	0.45%	716
Over 1 year	173	100.00%	173
Total	160,672	0.55%	889

As at 31 December 2024

	Gross carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000		*RMB'000*
Trade receivables aged:			
Within 1 year	243,491	0.06%	158
Over 1 year	13	84.62%	11
Total	243,504	0.07%	169

As at 31 December 2025

	Gross carrying amount	Expected credit loss rate	Expected credit losses
	RMB'000		*RMB'000*
Trade receivables aged:			
Within 1 year	221,934	0.22%	495
Over 1 year	55	56.36%	31
Total	221,989	0.24%	526

20. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Advance payments to suppliers	29,085	26,205	41,229
Prepayment for property, plant and equipment and intangible assets	17,611	16,910	4,975
Deposits and other receivables	7,601	19,609	62,693
Export tax refund	10,895	14,064	28,167
Tax recoverable	–	–	207
Deductible input value-added tax	1,707	23,367	33,693
Deferred [**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
	66,899	100,155	175,439
Impairment allowance *(note (a))*	(1,118)	(1,192)	(1,263)
Total	65,781	98,963	174,176

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Analysed into:			
Current portion	48,170	82,053	169,201
Non-current portion	17,611	16,910	4,975

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Advance payments to suppliers	16,687	12,523	14,867
Prepayment for property, plant and equipment	231	1,044	933
Deposits and other receivables	2,793	7,758	8,005
Export tax refund	7,799	14,062	16,583
Deferred [**REDACTED**]	[**REDACTED**]	[**REDACTED**]	[**REDACTED**]
	27,510	35,387	44,863
Impairment allowance *(note (a))*	(1,118)	(1,192)	(1,263)
Total	26,392	34,195	43,600
Analysed into:			
Current portion	26,161	33,151	42,667
Non-current portion	231	1,044	933

Note (a): 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 other receivables 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.

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

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At beginning of year	13,000	1,118	1,192
Impairment losses, net *(note 6)*	1,118	74	71
Amount written off as uncollectible	(13,000)	–	–
At end of year	1,118	1,192	1,263

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
At beginning of year	–	1,118	1,139
Impairment losses, net	1,118	74	71
At end of year	1,118	1,192	1,263

21. LOANS TO DIRECTORS

Loans to directors (included in "Due from related parties" in the statements of financial position), disclosed pursuant to section 383(1)(d) of the Hong Kong Companies Ordinance and Part 3 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, are as follows:

Name	At 1 January 2023	Maximum amount outstanding during the year	At 31 December 2023 and 1 January 2024	Maximum amount outstanding during the year	At 31 December 2024	Security held
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	
Mr. Dai Huibin	2,915	2,915	1,584	1,584	–	None
Ms. Zhang Shuhong	439	439	2	2	–	None
Total	3,354	3,354	1,586	1,586	–	

Loans were provided to Mr. Dai Huibin and Ms. Zhang Shuhong before the Relevant Periods for RMB2,915,000 and RMB439,000, respectively. The loans bore interest at 3.65% per annum and were partly repaid in February 2023 and the remaining balances were settled in May 2024.

22. CASH AND CASH EQUIVALENTS, TIME DEPOSITS AND PLEDGED SHORT-TERM DEPOSITS

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Time deposits with original maturity of more than three months	31,437	–	–
Cash and other bank balances	272,533	280,384	345,287
Pledged short-term deposits	107,155	176,387	134,703
Total	411,125	456,771	479,990

The cash and bank balances (including pledged and time deposits) are denominated in the following currencies:

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Denominated in:			
RMB	212,860	227,900	180,263
United States dollar ("US$")	73,418	108,784	153,986
European dollar ('EUR")	109,440	108,052	144,674
Great Britain Pound ("GBP")	–	–	39
Thai Baht ("THB")	15,407	12,035	1,028
Total	411,125	456,771	479,990

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 are deposited with creditworthy banks with no recent history of default.

As at 31 December 2023, 2024 and 2025, short-term deposits of RMB105,653,000, RMB176,374,000 and RMB132,356,000, respectively, had been pledged for notes payables (note 23).

As at 31 December 2023, short-term deposits of RMB1,489,000 were pledged for construction of the Group's property, plant and equipment.

As at 31 December 2025, pledged short-term deposits of RMB2,335,000 were pledged for letter of credits.

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Time deposits with original maturity of more than three months	31,437	–	–
Cash and other bank balances	149,095	153,517	182,901
Pledged short-term deposits	73,734	110,089	84,215
Total	254,266	263,606	267,116

The cash and bank balances (including pledged and time deposits) are denominated in the following currencies:

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Denominated in:			
RMB	155,288	144,790	106,114
US$	47,746	63,953	104,993
EUR	51,232	54,863	55,970
GBP	–	–	39
Total	254,266	263,606	267,116

23. TRADE AND NOTES PAYABLES

The Group

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	138,535	188,670	258,037
Notes payables	194,469	344,059	264,712
Total	333,004	532,729	522,749

An ageing analysis of the trade and notes 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 3 months	215,017	361,691	373,695
3 to 6 months	110,583	169,159	139,862
6 to 12 months	6,629	1,338	8,240
Over 12 months	775	541	952
Total	333,004	532,729	522,749

Included in the trade and notes payables were trade payables of RMB17,967,000, RMB20,186,000 and RMB25,786,000 due to related parties which are repayable within 90 days, which represented credit terms similar to those offered by related parties to its major customers.

As at the end of each of the Relevant Periods, the notes payables were secured by the pledged short-term deposits of RMB105,653,000, RMB176,374,000 and RMB132,356,000, respectively, which are included in note 22 to the Historical Financial Information.

The trade payables are non-interest-bearing and are normally settled on 90-day terms.

The Company

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Trade payables	82,260	112,623	134,108
Notes payables	141,202	215,651	168,406
Total	223,462	328,274	302,514

An ageing analysis of the trade and notes 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 3 months	139,351	206,296	216,681
3 to 6 months	77,194	120,298	84,433
6 to 12 months	6,285	1,252	714
Over 12 months	632	428	686
Total	223,462	328,274	302,514

24. OTHER PAYABLES AND ACCRUALS

The Group

	Notes	As at 31 December		
		2023	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
Contract liabilities	*(a)*	10,631	8,333	9,567
Payroll payable		26,234	29,982	32,911
Other payables and accruals	*(b)*	58,411	130,575	138,267
Provision	*(c)*	8,799	15,205	21,174
Investment payable to an associate		22,658	22,996	4,491
Taxes payable other than corporate income tax		8,851	19,508	9,247
Deferred government grants		43,602	42,149	40,784
Refund liabilities		25,518	36,916	39,369
Total		204,704	305,664	295,810
Analysed into:				
Current portion		162,555	265,695	257,206
Non-current portion		42,149	39,969	38,604

The Company

	Notes	As at 31 December		
		2023	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
Contract liabilities	*(a)*	5,853	5,009	4,571
Payroll payable		17,573	19,810	21,762
Other payables and accruals	*(b)*	33,748	36,059	38,720
Provision	*(c)*	5,650	7,272	10,204
Investment payable to an associate		22,658	22,996	4,491
Refund liabilities		3,508	2,589	6,956
Taxes payable other than corporate income tax		2,076	7,076	7,856
Deferred government grants		–	–	816
Total		91,066	100,811	95,376
Analysed into:				
Current portion		91,066	100,811	94,560
Non-current portion		–	–	816

Notes:

(a) Details of contract liabilities are as follows:

The Group

	As at 1 January	As at 31 December		
	2023	**2023**	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Short-term advances received from customers				
Sales of products	7,070	10,631	8,333	9,567

The contract liabilities represent short-term advances received to deliver products. The increase/decrease in contract liabilities during the Relevant Periods was mainly due to the increase/decrease in short-term advances received from customers in relation to the sales of products.

The Company

	As at 1 January	As at 31 December		
	2023	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Short-term advances received from customers				
Sales of products	2,962	5,853	5,009	4,571

(b) Other payables are unsecured and non-interest-bearing.

(c) Provision

The Group

	Warranties
	RMB'000
At 1 January 2023	3,617
Additional provision	9,665
Amounts utilised during the year	(4,483)
At 31 December 2023 and 1 January 2024	8,799
Additional provision	14,213
Amounts utilised during the year	(7,807)
At 31 December 2024 and 1 January 2025	15,205
Additional provision	16,019
Amounts utilised during the year	(10,050)
At 31 December 2025	21,174

The Company

	Warranties
	RMB'000
At 1 January 2023	3,617
Additional provision	6,253
Amounts utilised during the year	(4,220)
At 31 December 2023 and 1 January 2024	5,650
Additional provision	8,384
Amounts utilised during the year	(6,762)
At 31 December 2024 and 1 January 2025	7,272
Additional provision	7,462
Amounts utilised during the year	(4,530)
At 31 December 2025	10,204

The Group provides warranties to its customers on certain of its products for replacement of defects occurring during the warranty period. The amount of the provision for the warranties is estimated based on sales volumes and past experience of the level of replacement. The estimation basis is reviewed on an ongoing basis and revised where appropriate.

25. DERIVATIVE FINANCIAL INSTRUMENTS

The Group and the Company

	As at 31 December		
	2023	2024	2025
	Liabilities	Liabilities	Liabilities
	RMB'000	*RMB'000*	*RMB'000*
Options for foreign currency	–	11,050	–

The options for foreign currency are not designated for hedge purposes and are measured at fair value through profit or loss. Changes in the fair value of non-hedging options for foreign currency amounting to RMB11,050,000 and RMB3,745,000 were charged to profit or loss during the years ended 31 December 2024 and 2025, respectively.

26. INTEREST-BEARING BANK AND OTHER BORROWINGS

The Group

	Effective interest rate	Maturity	31 December 2023
	(%)		*RMB'000*
Current			
Bank loans – secured	3.20%-4.10%	2024	86,181
Bank loans – unsecured	2.70%-4.50%	2024	39,000
Current portion of long-term bank loans-secured	3.20%	2024	5,000
Subtotal – current			130,181
Non-current			
Bank loans – secured	3.20%-4.65%	2029	50,000
Total			180,181

	Effective interest rate	Maturity	31 December 2024
	(%)		*RMB'000*
Current			
Bank loans – secured	3.20%-4.65%	2025	70,027
Bank loans – unsecured	1.35%-2.65%	2025	55,000
Current portion of long-term bank loans-secured	3.20%-4.65%	2025	12,000
Subtotal – current			137,027
Non-current			
Bank loans – secured	4.55%-4.65%	2029	37,000
Other borrowings – unsecured	1.00%	2028	34,682
Subtotal – current			71,682
Total			208,709

	Effective interest rate	Maturity	31 December 2025
	(%)		*RMB'000*
Current			
Bank loans – secured	1.50%-4.00%	2026	126,941
Bank loans – unsecured	1.05%-3.00%	2026	87,032
Subtotal – current			213,973
Non-current			
Other borrowings – unsecured	1.00%	2028	34,064
Total			248,037

The carrying amounts of borrowings are denominated in the following currencies:

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
RMB	155,746	174,027	213,973
US$	24,435	34,682	34,064
Total	180,181	208,709	248,037

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Analysed into:			
Bank loans repayable:			
Within one year	130,181	137,027	213,973
In the second year	15,600	5,000	–
In the third to fifth years, inclusive	25,800	32,000	–
Beyond five years	8,600	–	–
Subtotal	180,181	174,027	213,973
Other borrowings repayable to non-controlling shareholders of a subsidiary:			
In the third to fifth years, inclusive	–	34,682	34,064
Subtotal	–	34,682	34,064
Total	180,181	208,709	248,037

The Company

	Effective interest rate	Maturity	31 December 2023
	(%)		*RMB'000*
Current			
Bank loans – secured	3.20%-4.10%	2024	86,116
Bank loans – unsecured	2.70%-4.50%	2024	39,000
Total			125,116

	Effective interest rate	Maturity	31 December 2024
	(%)		*RMB'000*
Current			
Bank loans – secured	4.55%-4.65%	2025	65,067
Bank loans – unsecured	1.35%-2.65%	2025	55,000
Total			120,067

	Effective interest rate	Maturity	31 December 2025
	(%)		*RMB'000*
Current			
Bank loans – secured	1.50%-4.00%	2026	45,541
Bank loans – unsecured	1.05%-3.00%	2026	87,032
Total			132,573

All interest-bearing bank borrowings of the Company are denominated in RMB.

Notes:

(i) As at 31 December 2023, the Group's bank borrowings of RMB141,181,000 were secured by the property, plant and equipment of RMB212,131,000 and right-of-use assets of RMB87,919,000, respectively, details of which are set out in notes 13 and 14 to the Historical Financial Information. Among these secured borrowings, the Group's bank borrowings of RMB30,025,000 was guaranteed by the directors, Mr. Dai Huibin and Ms. Zhang Shuhong, up to RMB390,000,000, and RMB20,008,000 were guaranteed by Mr. Dai Huibin and Hangzhou Kingdom Imp & Exp, up to RMB35,000,000.

(ii) As at 31 December 2024, the Group's bank borrowings of RMB119,027,000 were secured by the property, plant and equipment of RMB240,438,000 and right-of-use assets of RMB86,005,000, respectively, details of which are set out in notes 13 and 14 to the Historical Financial Information. Among these secured borrowings, the Group's bank borrowings of RMB30,035,000 was guaranteed by the directors, Mr. Dai Huibin and Ms. Zhang Shuhong, up to RMB390,000,000, and RMB20,019,000 were guaranteed by Mr. Dai Huibin and Hangzhou Kingdom Imp & Exp, up to RMB35,000,000.

(iii) As at 31 December 2025, the Group's bank borrowings of RMB126,941,000 were secured by the property, plant and equipment of RMB226,644,000 and right-of-use assets of RMB84,091,000, respectively, details of which are set out in notes 13 and 14 to the Historical Financial Information.

27. DEFERRED TAX

The Group

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

Deferred tax assets

	Impairment of trade and other receivables	Provision for inventories	Impairment of property, plant and equipment	Decelerated depreciation for tax purpose	Lease liabilities	Accrued liabilities in other payables and accruals	Changes in fair value of financial liabilities at fair value through profit or loss for tax purposes	Deferred government income	Unrealised profits from inter-company transactions	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	1,277	3,368	1,309	–	2,145	1,495	–	3,270	4,287	17,151
Deferred tax (charged)/credited to profit or loss during the year *(note 10)*	(279)	581	–	164	(607)	1,340	–	3,270	7,223	11,692
Exchange realignment	1	23	–	–	96	4	–	–	256	380
At 31 December 2023 and 1 January 2024	999	3,972	1,309	164	1,634	2,839	–	6,540	11,766	29,223
Deferred tax (charged)/credited to profit or loss during the year *(note 10)*	(468)	647	(33)	96	4,547	2,641	1,657	(218)	9,460	18,329
Exchange realignment	(2)	(43)	–	–	(164)	(8)	–	–	(319)	(536)
At 31 December 2024 and 1 January 2025	529	4,576	1,276	260	6,017	5,472	1,657	6,322	20,907	47,016
Deferred tax credited/(charged) to profit or loss during the year *(note 10)*	98	(193)	(1,125)	(260)	(1,324)	3,622	(1,657)	(327)	3,303	2,137
Exchange realignment	4	154	–	–	474	21	–	–	845	1,498
At 31 December 2025	631	4,537	151	–	5,167	9,115	–	5,995	25,055	50,651

Deferred tax liabilities

	Right-of-use assets	Share of profits of an associate	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2023	2,233	–	2,233
Deferred tax (credited)/charged to profit or loss during the year *(note 10)*	(708)	189	(519)
Exchange realignment	91	–	91
At 31 December 2023 and 1 January 2024	1,616	189	1,805
Deferred tax charged to profit or loss during the year *(note 10)*	4,301	307	4,608
Exchange realignment	(155)	–	(155)
At 31 December 2024 and 1 January 2025	5,762	496	6,258
Deferred tax (credited)/charged to profit or loss during the year *(note 10)*	(1,337)	861	(476)
Exchange realignment	447	–	447
At 31 December 2025	4,872	1,357	6,229

For presentation purposes, the 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	27,418	40,758	44,422

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

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Deductible temporary differences	4,385	7,920	12,143
Tax losses	39,280	51,568	72,815
Total	43,665	59,488	84,958

The Group had tax losses arising in the Chinese mainland of RMB38,416,000, RMB49,204,000 and RMB51,747,000 as at 31 December 2023, 2024 and 2025, respectively, that would expire in one to five years for offsetting against future taxable profits.

The Group had tax losses arising in Thailand of RMB864,000, RMB2,364,000 and RMB16,701,000 as at 31 December 2023, 2024 and 2025, respectively, that would expire in one to five years for offsetting against future taxable profits.

The Group had tax losses arising in United States of America of nil, nil and RMB4,367,000 as at 31 December 2023, 2024 and 2025, respectively, that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose.

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

The Company

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

Deferred tax assets

	Impairment of trade and other receivables	Provision for inventories	Impairment of property, plant and equipment	Impairment of investments in subsidiaries	Lease liabilities	Accrued liabilities in other payables and accruals	Changes in fair value of financial liabilities at fair value through profit or loss for tax purposes	Decelerated depreciation for tax purpose	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	529	2,368	1,309	810	145	1,402	–	–	6,563
Deferred tax (charged)/credited to profit or loss during the year	(228)	748	–	450	(71)	822	–	157	1,878
At 31 December 2023 and 1 January 2024	301	3,116	1,309	1,260	74	2,224	–	157	8,441
Deferred tax (charged)/credited to profit or loss during the year	(97)	(595)	(33)	240	698	125	1,657	93	2,088
At 31 December 2024 and 1 January 2025	204	2,521	1,276	1,500	772	2,349	1,657	250	10,529
Deferred tax credited/(charged) to profit or loss during the year	64	(328)	(1,125)	–	(150)	1,616	(1,657)	(250)	(1,830)
At 31 December 2025	268	2,193	151	1,500	622	3,965	–	–	8,699

Deferred tax liabilities

	Right-of-use assets	Share of profits of an associate	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2023	197	–	197
Deferred tax (credited)/charged to profit or loss during the year	(71)	189	118
At 31 December 2023 and 1 January 2024	126	189	315
Deferred tax charged to profit or loss during the year	666	307	973
At 31 December 2024 and 1 January 2025	792	496	1,288
Deferred tax (credited)/charged to profit or loss during the year	(179)	861	682
At 31 December 2025	613	1,357	1,970

For presentation purposes, the 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 Company's statements of financial position	8,126	9,241	6,729

28. PAID-IN CAPITAL/SHARE CAPITAL

The Group and the Company

Paid-in capital

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

	Paid-in capital
	RMB'000
At 1 January 2023, 31 December 2023 and 1 January 2024	80,000
Paid-in capital contributed on 26 March 2024 *(note a)*	1,000
Paid-in capital contributed on 25 April 2024 *(note b)*	1
Conversion into a joint stock company *(note c)*	(81,001)
At 31 December 2024	–

Share capital

	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	NA	90,000	92,460

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

	Number of ordinary shares in issue	Share capital
		RMB'000
At 1 January 2023, 31 December 2023 and 1 January 2024	–	–
Issue of ordinary shares upon conversion into a joint stock company *(note c)*	40,000,000	40,000
New shares issued on 2 December 2024 *(note d)*	50,000,000	50,000
At 31 December 2024 and 1 January 2025	90,000,000	90,000
New shares issued on 16 November 2025 *(note e)*	2,460,000	2,460
At 31 December 2025	92,460,000	92,460

Notes:

(a) On 26 March 2024, the Company passed a shareholder's resolution to increase its registered capital from RMB80,000,000 to RMB81,000,000. The said increase in registered capital was contributed by Hangzhou Kingdom Imp & Exp by way of transfer of its entire equity interest in Zhejiang Kingsun to the Company.

(b) On 25 April 2024, the Company passed a shareholder's resolution to increase its registered capital from RMB81,000,000 to RMB81,001,000. The increase in registered capital was contributed by Zhejiang Jinghongda Technology Co., Ltd. (浙江晶弘達科技有限公司, "Zhejiang Jinghongda"), a wholly-owned subsidiary of Hangzhou Kingdom Imp & Exp, in cash of RMB173,000.

(c) On 27 November 2024, the Company was converted into a joint stock company with limited liability under the Company Law of the PRC. The net assets of the Company as of the conversion base date, including paid-in capital, capital reserves, exchange fluctuation reserve, statutory surplus reserve and retained profits, amounting to RMB983,330,000 were converted into 40,000,000 ordinary shares of RMB1.00 each. The excess, amounting to RMB943,330,000, of the net assets converted over the nominal value of the ordinary shares was credited to the Company's share premium.

(d) On 2 December 2024, the Company issued 50,000,000 ordinary shares at par to Mr. Dai Huibin and Ms. Zhang Shuhong for a cash consideration of RMB50,000,000.

(e) On 16 November 2025, the Company issued 2,460,000 ordinary shares at par to establish the pool of shares for the Incentive Plan for a cash consideration of RMB7,380,000, with RMB4,980,000 received in the year ended 31 December 2025. Details of the Company's Incentive Plan are included in note 29 to the Historical Financial Information.

29. SHARE-BASED PAYMENTS

The Company operates an equity incentive arrangement (the "Incentive Plan") for the purpose of recognition of the contributions of, the employees of the Group, and incentivising them to further promote the Group's development. The Incentive Plan became effective on 16 November 2025 and unless otherwise cancelled or amended, will remain in force for 10 years from that date. The shares underlying the Incentive Plan were held by two direct shareholding platforms Hangzhou Jinghe Enterprise Management Partnership (Limited Partnership) (杭州晶合企業管理合夥企業(有限合夥), "Hangzhou Jinghe") and Hangzhou Jingju Enterprise Management Partnership (Limited Partnership) (杭州晶聚企業管理合夥企業(有限合夥), "Hangzhou Jingju"), holding 1,520,000 ordinary shares and 940,000 ordinary shares of the Company, respectively. Eligible participants of the Incentive Plan include directors, senior management and other employees of the Group. During the year ended 31 December 2025, total of 2,460,000 ordinary shares of the Company were granted to certain eligible participants, which include two directors, senior management and other employees of the Group, at total consideration of RMB7,380,000.

All of the shares granted shall be subject to both a [**REDACTED**]-based condition (the "[**REDACTED**] Condition") as well as service and performance conditions. The [**REDACTED**] Condition would be satisfied when the ordinary shares of the Company are successfully listed on a recognised stock exchange.

Pursuant to the terms of the shareholding agreements, the shares will vest over the next five years in equal annual instalments of 20% each. Grantees must remain employed with the company throughout the vesting period.

The following shares granted and outstanding under the Incentive Plan during the Relevant Periods:

	Weighted average subscription price	Number of shares
	RMB	
As at 1 January 2023, 31 December 2023, 31 December 2024 and 1 January 2025	–	–
Granted during the year	3.00	2,460,000
At 31 December 2025	3.00	2,460,000

The weighted average subscription price for share awards during the Relevant Periods was RMB3.00 per share. No share awards were vested during the Relevant Periods.

The fair value of services received in return for shares granted was measured by reference to the fair value of shares granted and the subscription price paid by employees. The fair values of the shares granted, were estimated as at the grant date by using discount cash flow method, taking into account the terms and conditions upon which the Company's ordinary shares were granted. The key assumptions used in the valuation are as follows:

	2025
The discount rate	14.00%
Terminal growth rate	2.00%
Discount for lack of marketability	12.50%

The aforesaid transactions have been accounted for as equity-settled share-based payment transactions. During the year ended 31 December 2025, the Group recognised equity-settled share-based payment expenses of RMB1,622,000.

30. RESERVES

The Group

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

Capital reserve

Capital reserve of the Group mainly represents the capital contributions made by the Controlling Shareholders to Zhejiang Kingsun and Decoflooring prior to the Acquisitions.

On 26 March 2024, the Company passed a shareholder's resolution to increase its registered capital from RMB80,000,000 to RMB81,000,000. The said increase in registered capital was contributed by Hangzhou Kingdom Imp & Exp by way of transfer of its entire equity interest in Zhejiang Kingsun to the Company. Accordingly, the Group transferred RMB1,000,000 from capital reserve to paid-in capital.

On 8 April 2024, the Group acquired the entire equity interest in Decoflooring for a cash consideration of RMB21,911,000.

On 27 November 2024, the Company was converted into a joint stock company with limited liability under the Company Law of the PRC. The net assets of the Company as of the conversion base date, including paid-in capital, capital reserves, exchange fluctuation reserve, statutory surplus reserve and retained profits, resulting reduction in capital reserve of RMB133,855,000.

Share premium

Share premium of the Company represent the share premium contributed by the shareholders of the Company upon its conversion into a joint stock company on 27 November 2025. In addition, share premium arises from the issue of shares at a price in excess of their par value after the Company's conversion to a joint-stock company. The Company can allot and issue shares by capitalizing from the amount standing to the credit of the share premium account of the Company.

Statutory surplus reserve

In accordance with the Company Law of the PRC, certain subsidiaries of the Group which are domestic enterprises are required to allocate 10% of their profit after tax, as determined in accordance with the relevant PRC accounting standards, to their respective statutory surplus reserves until the reserve reach 50% of their respective registered capital. Subject to certain restrictions set out in the Company Law of the PRC, part of the statutory surplus reserve may be converted to increase share capital, provided that the remaining balance after the capitalisation is not less than 25% of the registered capital.

The Company

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

	Exchange fluctuation reserve	Statutory surplus reserve	Retained profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	250	40,000	450,736	490,986
Profit for the year	–	–	208,452	208,452
Other comprehensive income for the year:				
Share of other comprehensive income of an associates *(note a)*	582	–	–	582
Total comprehensive income for the year	582	–	208,452	209,034
Dividends declared and paid	–	–	(100,000)	(100,000)
At 31 December 2023	832	40,000	559,188	600,020

	Share premium	Capital reserve	Exchange fluctuation reserve	Statutory surplus reserve	Retained profits/ (Accumulated losses)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2024	–	–	832	40,000	559,188	600,020
Profit for the year	–	–	–	–	271,366	271,366
Other comprehensive loss for the year:						
Share of other comprehensive loss of an associate *(note a)*	–	–	(416)	–	–	(416)
Total comprehensive income for the year	–	–	(416)	–	271,366	270,950
Increase in paid-in capital	–	133,855	–	–	–	133,855
Conversion into a joint stock company	943,330	(133,855)	337	(40,501)	(728,310)	41,001
Transfer to statutory reserves	–	–	–	27,138	(27,138)	–
Dividends declared and paid	–	–	–	–	(100,000)	(100,000)
At 31 December 2024	943,330	–	753	26,637	(24,894)	945,826

	Share premium	Share award reserve	Exchange fluctuation reserve	Statutory surplus reserve	Retained profits/ (Accumulated losses)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2025	943,330	–	753	26,637	(24,894)	945,826
Profit for the year	–	–	–	–	216,473	216,473
Other comprehensive loss for the year:						
Share of other comprehensive loss of an associate *(note a)*	–	–	(638)	–	–	(638)
Total comprehensive income for the year	–	–	(638)	–	216,473	215,835
Issue of shares	4,920	–	–	–	–	4,920
Equity-settled share-based payments	–	1,622	–	–	–	1,622
Transfer to statutory reserves	–	–	–	19,594	(19,594)	–
Dividends declared and paid	–	–	–	–	(50,000)	(50,000)
At 31 December 2025	948,250	1,622	115	46,231	121,985	1,118,203

Note a: The associate is accounted by the Company using the equity method.

31. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the Relevant Periods, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB2,117,000, RMB23,389,000 and RMB2,984,000, respectively, in respect of lease arrangements for office premises and warehouses.

On 26 March 2024, the Company passed a shareholder's resolution to increase its registered capital from RMB80,000,000 to RMB81,000,000. The said increase in registered capital was contributed by Hangzhou Kingdom Imp & Exp by way of transfer of its entire equity interest in Zhejiang Kingsun to the Company.

(b) Changes in liabilities arising from financing activities

	Bank and other loans	Leases liabilities	Amount due to related parties (non-trade)
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2023	218,828	13,399	305
Changes from financing cash Flows	(45,353)	(6,797)	(305)
New leases	6,372	2,117	–
Interest expense accrued	–	576	9
Effect of foreign exchange rate Changes	334	346	–
At 31 December 2023 and 1 January 2024	180,181	9,641	9
Changes from financing cash Flows	21,133	(8,614)	(9)
New leases	–	23,389	–
Lease termination	–	(1,352)	–
Interest expense accrued	6,928	959	–
Effect of foreign exchange rate Changes	467	(1,862)	–
At 31 December 2024 and 1 January 2025	208,709	22,161	–
Changes from financing cash Flows	34,048	(9,293)	–
New leases	–	2,984	–
Interest expense accrued	5,898	1,149	–
Effect of foreign exchange rate Changes	(618)	1,546	–
At 31 December 2025	248,037	18,547	–

(c) Total cash outflows for leases

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

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Within operating activities	2,345	2,258	4,171
Within financing activities	6,797	8,614	9,293
Total	9,142	10,872	13,464

32. COMMITMENTS

The Group had the following contractual commitments at the end of each reporting period:

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Buildings	–	–	1,819
Machinery and equipment	4,195	7,470	1,030
Total	4,195	7,470	2,849

33. PLEDGE OF ASSETS

Details of the Group's assets pledged for the Group's bank borrowings are included in notes 13 and 14 to theHistorical Financial Information.

34. RELATED PARTY TRANSACTIONS

(a) The Group had the following transactions with related parties during the Relevant Periods:

	Notes	Year ended 31 December		
		2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
An associate:				
Purchases of products	*(i)*	18,246	87,931	73,846
Sales of products	*(ii)*	12,975	23,308	12,356
Entities controlled by the directors:				
Purchases of products	*(i)*	731	330	221
Sales of products	*(ii)*	39	–	–
Sales of equipment	*(ii)*	142	–	248
Purchases of services	*(iii)*	9,217	–	–
Rental paid	*(iii)*	–	1,083	1,038
Entities controlled by close family members of a director:				
Purchases of products	*(i)*	7,641	7,405	5,985
Purchases of equipment	*(i)*	–	1,772	–
Sales of equipment	*(ii)*	–	–	341
Purchases of services	*(i)*	59	54	62
Directors:				
Interest income	*(iv)*	86	22	–
Loans from	*(v)*	94	–	–
Interest expenses	*(v)*	9	–	–
Loans to	*(iv)*	–	500	–
Interest income	*(iv)*	6	–	–
Loans from	*(v)*	400	–	–
Interest expenses	*(v)*	–*	–	–

* The amounts were less than RMB500

Notes:

(i) The purchase prices were made according to the published prices and conditions offered by the related parties to their major customers.

(ii) The sales prices were made according to the published prices and conditions offered to the major customers of the Group.

(iii) The rental and service fees paid to related parties were charged with reference to prices mutually agreed between the parties.

(iv) The loan to a close family member of a director in the year ended 31 December 2024 was unsecured, interest-bearing at 3.65% per annum and due by the end of February 2024.

Loans of RMB3,354,000 and RMB2,200,000 were provided to directors and a close family member of a director, respectively before the Relevant Periods. The loans bore interest at 3.65% per annum and were repaid in May 2024, February 2023 and January 2023, respectively.

(v) The loans from a director and a close family member of a director were unsecured, interest-bearing at 3.65% per annum and due by the end of October 2024 and February 2023, respectively.

(b) Other transactions with related parties:

The guarantee amounts provided by the related parties as at 31 December 2023, 2024 and 2025 are disclosed in note 26 to the Historical Financial Information.

(c) Outstanding balances with related parties:

		As at 31 December		
	Notes	2023	2024	2025
		RMB'000	*RMB'000*	*RMB'000*
Due from related parties (non-trade)				
Directors	*(i)*	1,586	–	–
A close family member of a director	*(i)*	6	–	–
Total		1,592	–	–
Due to related parties (non-trade)				
A director	*(ii)*	9	–	–
A close family member of a director	*(ii)*	–*	–	–
Total		9	–	–
Trade receivables (trade)				
An associate	*(iii)*	8,369	15,961	9,244
Trade payables (trade)				
An associate	*(iii)*	17,234	19,619	24,987
An entity controlled by close family members of a director	*(iii)*	733	567	799
Total		17,967	20,186	25,786

* The amounts were less than RMB500

(i) Loans of RMB3,354,000 and RMB2,200,000 were provided to directors and a close family member of a director, respectively before the Relevant Periods. The loans bore interest at 3.65% per annum and were repaid in May 2024, February 2023 and January 2023, respectively.

(ii) The loans from a director and a close family member of a director were unsecured, interest-bearing at 3.65% per annum and due by the end of October 2024 and February 2023, respectively.

(iii) As at 31 December 2023, 2024 and 2025, the outstanding balances with related parties (other than the loans) were unsecured, interest-free and repayable on demand.

(d) Compensation of key management personnel of the Group:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Salaries, allowances and benefits in kind	720	1,167	2,860
Bonuses	–	1,417	2,392
Share-based payment expenses	–	–	306
Pension scheme contributions	–	24	72
Total compensation paid to key management personnel	720	2,608	5,630

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

35. FINANCIAL INSTRUMENTS BY CATEGORY

The Group

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

31 December 2023

Financial assets

	Financial amortised cost assets at	Financial assets at fair value through other comprehensive income	Total
	RMB'000	*RMB'000*	*RMB'000*
Trade and notes receivables	280,437	–	280,437
Financial assets included in prepayments, other receivables and other assets	17,378	–	17,378
Due from related parties	1,592	–	1,592
Equity investments designated at fair value through other comprehensive income	–	200	200
Cash and cash equivalents	272,533	–	272,533
Time deposits	31,437	–	31,437
Pledged short-term deposits	107,155	–	107,155
Total	710,532	200	710,732

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Trade and notes payables	333,004
Financial liabilities included in other payables and accruals	81,069
Interest-bearing bank and other borrowings	180,181
Lease liabilities	9,641
Due to related parties	9
Total	603,904

31 December 2024

Financial assets

	Financial amortised cost assets at	Financial assets at fair value through other comprehensive income	Total
	RMB'000	*RMB'000*	*RMB'000*
Trade and notes receivables	405,207	–	405,207
Financial assets included in prepayments, other receivables and other assets	32,481	–	32,481
Equity investments designated at fair value through other comprehensive income	–	200	200
Cash and cash equivalents	280,384	–	280,384
Pledged short-term deposits	176,387	–	176,387
Total	894,459	200	894,659

Financial liabilities

	Financial liabilities at amortised cost	Financial liabilities at fair at fair value through profit or loss	Total
	RMB'000	*RMB'000*	*RMB'000*
Trade and notes bills payables	532,729	–	532,729
Financial liabilities included in other payables and accruals	153,571	–	153,571
Derivative financial instruments	–	11,050	11,050
Interest-bearing bank and other borrowings	208,709	–	208,709
Lease liabilities	22,161	–	22,161
Total	917,170	11,050	928,220

31 December 2025

Financial assets

	Financial assets at amortised cost
	RMB'000
Trade and notes receivables	415,819
Financial assets included in prepayments, other receivables and other assets	89,597
Cash and cash equivalents	345,287
Pledged short-time deposits	134,703
Total	985,406

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Trade and notes payables	522,749
Financial liabilities included in other payables and accruals	142,758
Interest-bearing bank and other borrowings	248,037
Lease liabilities	18,547
Total	932,091

The Company

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

31 December 2023

Financial assets

	Financial amortised cost assets at
	RMB'000
Trade and notes receivables	159,783
Financial assets included in prepayments, other receivables and other assets	9,474
Due from subsidiaries	226,349
Due from related parties	1,592
Cash and cash equivalents	149,095

	Financial amortised cost assets at
	RMB'000
Time deposits	31,437
Pledged short-term deposits	73,734
Total	651,464

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Trade and notes payables	223,462
Financial liabilities included in other payables and accruals	56,406
Interest-bearing bank borrowings	125,116
Lease liabilities	490
Due to subsidiaries	1,517
Due to a related party	2
Total	406,993

31 December 2024

Financial assets

	Financial assets at amortised cost
	RMB'000
Trade and notes bills receivables	249,972
Financial assets included in prepayments, other receivables and other assets	20,628
Due from subsidiaries	369,396
Cash and cash equivalents	153,517
Pledged short-term deposits	110,089
Total	903,602

Financial liabilities

	Financial liabilities at amortised cost	Financial liabilities at fair at fair value through profit or loss	Total
	RMB'000	*RMB'000*	*RMB'000*
Trade and notes payables	328,274	–	328,274
Financial liabilities included in other payables and accruals	59,055	–	59,055
Interest-bearing bank borrowings	120,067	–	120,067
Lease liabilities	5,146	–	5,146
Due to subsidiaries	31,656	–	31,656
Derivative financial instruments	–	11,050	11,050
Total	544,198	11,050	555,248

31 December 2025

Financial assets

	Financial assets at amortised cost
	RMB'000
Trade and notes receivables	221,463
Financial assets included in prepayments, other receivables and other assets	23,325
Due from subsidiaries	510,061
Cash and cash equivalents	182,901
Pledged short-term deposits	84,215
Total	1,021,965

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Trade and notes payables	302,514
Financial liabilities included in other payables and accruals	43,211
Interest-bearing bank borrowings	132,573
Lease liabilities	4,147
Due to subsidiaries	39,558
Total	522,003

36. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

The Group's finance department headed by the chief financial officer is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer. At the end of each of the Relevant Periods, the finance department analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The 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 portion of interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The changes in fair value as a result of the Group's own non-performance risk for interest-bearing bank and other borrowings as at the end of each of the Relevant Periods were assessed to be insignificant. As at the end of each of the Relevant Periods, the fair values of the non-current portion of interest-bearing bank and other borrowings were RMB50,578,000, RMB70,203,000 and RMB31,824,000, respectively.

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

The Group enters into derivative financial instruments with a commercial bank. Derivative financial instruments, including options for foreign currency, are measured using valuation techniques similar to forward pricing and swap models, using present value calculations. The models incorporate various market observable inputs including the credit quality of counterparties, foreign exchange spot and forward rates. The carrying amounts of options for foreign currency are the same as their fair values.

Fair value hierarchy

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

Assets measured at fair value:

As at 31 December 2023

	Fair value measurement using			
	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*
Equity investments designated at fair value through other comprehensive income . .	–	–	200	200

As at 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*
Equity investments designated at fair value through other comprehensive income . .	–	–	200	200

The Group did not have any financial assets measured at fair value as at 31 December 2025.

There was no movement in fair value measurements within Level 3 during the years ended 31 December 2023 and 2024.

Liabilities measured at fair value:

As at 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*
Derivative financial instruments	–	11,050	–	11,050

The Group did not have any financial liabilities measured at fair value as at 31 December 2023 and 2025.

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 other than derivatives, comprise interest-bearing bank and other borrowings and cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and other receivables, other payables and accruals and trade payables, which arise directly from its operations.

The Group also enters into derivative transactions, including principally options for foreign currency. The purpose is to manage the currency risks arising from the Group's operations and its sources of finance.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk, and liquidity risk. The board of directors of the Company reviews and agrees policies for managing each of these risks and they are summarised below. The Group's accounting policies in relation to derivatives are set out in note 2.4.

Foreign currency risk

Foreign currency risk is the risk of loss resulting from changes in foreign currency exchange rates. Fluctuations in exchange rates between the RMB and other currencies in which the Group conducts business may affect the Group's financial condition and results of operations. The Group seeks to limit its exposure to foreign currency risk by minimising its net foreign currency position.

The following table demonstrates the sensitivity at each of the reporting periods to a reasonably possible change in foreign currency exchange rates, with all other variables held constant, of the Group's profit before tax (arising from US$, EUR and THB denominated financial instruments) and the Group's equity.

The Group

	Increase/(decrease) in rate of foreign currency	Increase/ (decrease) in profit before tax	Increase/ (decrease) in equity
	%	*RMB'000*	*RMB'000*
2023			
If the RMB weakens against the US$	5	6,892	5,822
If the RMB strengthens against the US$	(5)	(6,892)	(5,822)
If the RMB weakens against the EUR	5	9,430	7,372
If the RMB strengthens against the EUR	(5)	(9,430)	(7,372)
If the RMB weakens against the THB	5	1,315	1,052
If the RMB strengthens against the THB	(5)	(1,315)	(1,052)

	Increase/(decrease) in rate of foreign currency	Increase/ (decrease) in profit before tax	Increase/ (decrease) in equity
	%	*RMB'000*	*RMB'000*
2024			
If the RMB weakens against the US$	5	8,056	6,854
If the RMB strengthens against the US$	(5)	(8,056)	(6,854)
If the RMB weakens against the EUR	5	12,476	9,689
If the RMB strengthens against the EUR	(5)	(12,476)	(9,689)
If the RMB weakens against the THB	5	691	552
If the RMB strengthens against the THB	(5)	(691)	(552)

	Increase/(decrease) in rate of foreign currency	Increase/ (decrease) in profit before tax	Increase/ (decrease) in equity
	%	RMB'000	RMB'000
2025			
If the RMB weakens against the US$	5	9,303	7,916
If the RMB strengthens against the US$	(5)	(9,303)	(7,916)
If the RMB weakens against the EUR	5	13,588	10,364
If the RMB strengthens against the EUR	(5)	(13,588)	(10,364)
If the RMB weakens against the THB	5	616	493
If the RMB strengthens against the THB	(5)	(616)	(493)

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. and the Group's exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific verification procedures.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December 2023, 2024 and 2025. The amounts presented are gross carrying amounts for financial assets.

The Group

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade receivables*	–	–	–	285,888	285,888
Financial assets included in prepayments, other receivables and other assets					
– Normal**	17,401	–	–	–	17,401
– Doubtful**	–	1,095	–	–	1,095
Due from related parties					
– Normal**	1,592	–	–	–	1,592
Pledged short-term deposits					
– Not yet past due	107,155	–	–	–	107,155
Time deposits					
– Not yet past due	31,437	–	–	–	31,437
Cash and cash equivalents					
– Not yet past due	272,533	–	–	–	272,533
Total	430,118	1,095	–	285,888	717,101

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1	**Stage 2**	**Stage 3**	**Simplified approach**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables*	–	–	–	399,901	399,901
Notes receivables	7,486	–	–	–	7,486
Financial assets included in prepayments, other receivables and other assets					
– Normal**	32,578	–	–	–	32,578
– Doubtful**	–	1,095	–	–	1,095
Pledged short-term deposits					
– Not yet past due	176,387	–	–	–	176,387
Cash and cash equivalents					
– Not yet past due	280,384	–	–	–	280,384
Total	496,835	1,095	–	399,901	897,831

As at 31 December 2025

	12-month ECLs	Lifetime ECLs			
	Stage 1	**Stage 2**	**Stage 3**	**Simplified approach**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables*	–	–	–	420,824	420,824
Financial assets included in prepayments, other receivables and other assets					
– Normal**	89,765	–	–	–	89,765
– Doubtful**	–	1,095	–	–	1,095
Pledged short-term deposits					
– Not yet past due	134,703	–	–	–	134,703
Cash and cash equivalents					
– Not yet past due	345,287	–	–	–	345,287
Total	569,755	1,095	–	420,824	991,674

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

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

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables and other receivables are disclosed in note 19 and note 20 to the Historical Financial Information, respectively.

The Company

As at 31 December 2023

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables*	–	–	–	160,672	160,672
Financial assets included in prepayments, other receivables and other assets					
– Normal**	9,497	–	–	–	9,497
– Doubtful**	–	1,095	–	–	1,095
Due from subsidiaries					
– Normal**	226,349	–	–	–	226,349
Due from related parties					
– Normal**	1,592	–	–	–	1,592
Pledged short-term deposits					
– Not yet past due	73,734	–	–	–	73,734
Time deposits					
– Not yet past due	31,437	–	–	–	31,437
Cash and cash equivalents					
– Not yet past due	149,095	–	–	–	149,095
Total	491,704	1,095	–	160,672	653,471

As at 31 December 2024

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	–	–	–	243,504	243,504
Notes receivables	6,637	–	–	–	6,637
Financial assets included in prepayments, other receivables and other assets					
– Normal**	20,725	–	–	–	20,725
– Doubtful**	–	1,095	–	–	1,095
Due from subsidiaries					
– Normal**	369,396	–	–	–	369,396
Pledged short-term deposits					
– Not yet past due	110,089	–	–	–	110,089
Cash and cash equivalents					
– Not yet past due	153,517	–	–	–	153,517
Total	660,364	1,095	–	243,504	904,963

As at 31 December 2025

	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables*	–	–	–	221,989	221,989
Financial assets included in prepayments, other receivables and other assets					
– Normal**	23,493	–	–	–	23,493
– Doubtful**	–	1,095	–	–	1,095
Due from subsidiaries					
– Normal**	510,061	–	–	–	510,061
Pledged short-term deposits					
– Not yet past due	84,215	–	–	–	84,215
Cash and cash equivalents					
– Not yet past due	182,901	–	–	–	182,901
Total	800,670	1,095	–	221,989	1,023,754

* For trade receivables to which the Company applies the simplified approach for impairment, information based on the provision matrix is disclosed in note 19 to the Historical Financial Information.

** The credit quality of notes receivables, amounts due from subsidiaries and related parties, and 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 Company's exposure to credit risk arising from trade receivables and other receivables are disclosed in notes 19 and 20 to the Historical Financial Information, respectively.

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank and other borrowings and lease liabilities.

The maturity profile of the Group's and the Company's financial liabilities as at the end of each of the Relevant Periods, based on the contractual undiscounted payments, is as follows:

The Group

	As at 31 December 2023					
	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and notes payables	117,988	215,016	–	–	–	333,004
Financial liabilities included in other payables and accruals	3,895	77,174	–	–	–	81,069

	As at 31 December 2023					
	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Due to related parties	9	–	–	–	–	9
Interest-bearing bank borrowings	–	29,276	105,822	20,975	38,191	194,264
Lease liabilities	–	417	7,144	2,198	–	9,759
Total	121,892	321,883	112,966	23,173	38,191	618,105

	As at 31 December 2024				
	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and notes payables	171,038	361,691	–	–	532,729
Financial liabilities included in other payables and accruals	2,113	151,458	–	–	153,571
Interest-bearing bank and other borrowings	–	9,146	132,459	76,884	218,489
Lease liabilities	–	716	5,120	16,672	22,508
Total	173,151	523,011	137,579	93,556	927,297

	As at 31 December 2025				
	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and notes payables	149,054	373,695	–	–	522,749
Financial liabilities included in other payables and accruals	17,109	125,649	–	–	142,758
Interest-bearing bank and other borrowings	–	18,164	199,177	34,582	251,923
Lease liabilities	–	716	4,755	13,291	18,762
Total	166,163	518,224	203,932	47,873	936,192

The Company

	As at 31 December 2023				
	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and notes payables	84,111	139,351	–	–	223,462
Financial liabilities included in other payables and accruals	240	56,166	–	–	56,406
Due to a related party	–	–	–	2	2
Due to subsidiaries	1,517	–	–	–	1,517
Interest-bearing bank borrowings	–	28,682	99,076	–	127,758
Lease liabilities	–	–	503	–	503
Total	85,868	224,199	99,579	2	409,648

	As at 31 December 2024				
	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and notes payables	121,979	206,295	–	–	328,274
Financial liabilities included in other payables and accruals	265	58,790	–	–	59,055
Due to subsidiaries	31,656	–	–	–	31,656
Interest-bearing bank borrowings	–	8,477	113,665	–	122,142
Lease liabilities	–	716	911	3,849	5,476
Total	153,900	274,278	114,576	3,849	546,603

	As at 31 December 2025				
	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Trade and notes payables	85,834	216,680	–	–	302,514
Financial liabilities included in other payables and accruals	5,631	37,580	–	–	43,211
Due to subsidiaries	–	–	–	39,558	39,558
Interest-bearing bank borrowings	–	17,677	116,626	–	134,303
Lease liabilities	–	716	1,159	2,469	4,344
Total	91,465	272,653	117,785	42,027	523,930

Capital management

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

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

The Group monitors capital using a gearing ratio, which is debt divided by total equity. Debt includes interest-bearing bank and other borrowings and lease liabilities. The gearing ratios as at 31 December 2023, 2024 and 2025 were as follows:

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Interest-bearing bank and other borrowings	180,181	208,709	248,037
Lease liabilities	9,641	22,161	18,547
Debt	189,822	230,870	266,584
Total equity	831,355	1,122,834	1,451,318
Gearing ratio	22.8%	20.6%	18.4%

38. INVESTMENTS IN SUBSIDIARIES

	As at 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Investments, at cost	35,666	291,452	327,796

39. AMOUNTS DUE FROM/(TO) SUBSIDIARIES

As at 31 December 2025, the amounts due from VYTEC Thailand amounting to RMB7,200,000 bore interest at 3% per annum and was repayable on 15 October 2026. The remaining amounts due from/to subsidiaries were unsecured, interest-free and repayable on demand. The carrying amounts of balances with subsidiaries approximated to their fair values.

40. EVENTS AFTER THE RELEVANT PERIODS

(1) On 25 March 2026, the Company passed a shareholders' resolution pursuant to which its share capital was increased from RMB92,460,000 to RMB95,102,000, as Zhejiang Venture Capital Co., Ltd. ("Zhejiang VC"), a [**REDACTED**] investor, subscribed 2,641,714 newly issued ordinary shares of the Company for a cash consideration of RMB100,000,000. Subsequently, on 28 April 2026, the Company passed another shareholders' resolution to further increase its registered capital to RMB99,064,000, wherein Zhejiang Construction Industrial Investment Innovation (Tongxiang) Enterprise Management Consulting Partnership (Limited Partnership) ("Zhejiang Construction"), another [**REDACTED**] investor, subscribed 3,962,571 new ordinary shares of the Company for a cash consideration of RMB150,000,000. Zhejiang VC and Zhejiang Construction are collectively referred to as the [**REDACTED**] Investors.

Pursuant to the shareholders' agreement, both [**REDACTED**] Investors were granted various special rights, including but not limited to repurchase and redemption rights (collectively, the "Divestment Rights"), anti-dilution rights, pre-emptive rights, tag-along rights, and liquidation preference rights, share transfer restrictions, most-favourable treatment rights, profit distribution rights, director nomination and other appointment rights, information and inspection rights, and veto rights. In addition, Zhejiang Construction was granted rights of first refusal (collectively, the "Special Rights").

The Divestment Rights have been automatically terminated on the day prior to the submission of a [**REDACTED**] application to The Stock Exchange of Hong Kong Limited ("Stock Exchange"). Furthermore, all other Special Rights will be automatically terminated on the [**REDACTED**]. However, in the event that: (i) the Company withdraws its [**REDACTED**] application from the Stock Exchange; (ii) the Stock Exchange, the Securities and Futures Commission of Hong Kong, or the China Securities Regulatory Commission does not accept, rejects, or disapproves the Company's [**REDACTED**]; or (iii) the Company fails to complete an [**REDACTED**] by 31 December 2027, all the Divestment Rights and Special Rights shall be resumed automatically, and shall be deemed to have been effective from the outset.

(2) On 20 March 2026, the Company declared dividends of RMB60,000,000 to its shareholders, which were paid in March 2026.

41. SUBSEQUENT FINANCIAL STATEMENTS

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