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

[To insert the firm's letterhead]

ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF SHENZHEN JIECHENG NEW ENERGY TECHNOLOGY CO., LTD. AND CMBC INTERNATIONAL CAPITAL LIMITED

INTRODUCTION

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

DIRECTORS' RESPONSIBILITY FOR THE HISTORICAL FINANCIAL INFORMATION

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

REPORTING ACCOUNTANTS' RESPONSIBILITY

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

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2.1 to the Historical

Financial Information, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

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

OPINION

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

REPORT ON MATTERS UNDER THE RULES GOVERNING THE LISTING OF SECURITIES ON THE STOCK EXCHANGE AND THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

Adjustments

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

Dividends

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

[●]
Certified Public Accountants
Hong Kong

[Date]

I HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

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

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

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

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

		Year ended 31 December		
	Notes	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
Revenue	*5*	1,157,945	1,170,532	1,499,617
Cost of sales				
Cost of sales of goods	*6*	(1,147,021)	(1,135,599)	(1,373,707)
Impairment losses on inventories	*6*	(76,870)	(34,290)	(22,836)
Gross (loss)/profit		(65,946)	643	103,074
Other income and gains	*5*	13,558	22,545	17,099
Selling and distribution expenses		(3,475)	(3,524)	(4,997)
Administrative expenses		(53,738)	(64,397)	(52,799)
Research and development expenses		(33,881)	(32,717)	(24,361)
Impairment reversal/(losses) on financial assets, net	*6*	330	(3,591)	(1,593)
Other expenses		(820)	(470)	(4,280)
Finance costs	*7*	(7,399)	(13,541)	(15,902)
(LOSS)/PROFIT BEFORE TAX		(151,371)	(95,052)	16,241
Income tax expense	*10*	–	–	–
(LOSS)/PROFIT FOR THE YEAR		(151,371)	(95,052)	16,241
Attributable to:				
Owners of the parent		(150,930)	(94,311)	16,241
Non-controlling interests		(441)	(741)	–
(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT				
Basic and diluted (expressed in RMB per share)	*12*	(3.54)	(2.15)	0.37

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
(LOSS)/PROFIT FOR THE YEAR	(151,371)	(95,052)	16,241
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations	–	–	(180)
OTHER COMPREHENSIVE LOSS FOR THE YEAR	–	–	(180)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	(151,371)	(95,052)	16,061
Attributable to:			
Owners of the parent	(150,930)	(94,311)	16,061
Non-controlling interests	(441)	(741)	–
	(151,371)	(95,052)	16,061

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December		
	Notes	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS				
Property, plant and equipment	*13*	241,089	420,717	443,240
Right-of-use assets	*14*	156,110	93,849	87,389
Intangible assets	*15*	4,872	4,318	3,773
Other non-current assets	*20*	21,194	21,756	17,527
Total non-current assets		423,265	540,640	551,929
CURRENT ASSETS				
Inventories	*18*	242,766	170,299	207,232
Trade and bills receivables	*19*	48,823	82,437	115,939
Prepayments, other receivables and other assets	*20*	105,901	120,437	115,565
Financial assets at fair value through profit or loss	*21*	–	452	50,300
Pledged and restricted deposits	*22*	6,000	20,000	9,389
Cash and cash equivalents	*22*	57,463	81,545	92,763
Total current assets		460,953	475,170	591,188
TOTAL ASSETS		884,218	1,015,810	1,143,117
CURRENT LIABILITIES				
Trade and bills payables	*23*	9,682	22,677	86,091
Interest-bearing bank borrowings	*24*	145,314	287,773	314,857
Other payables and accruals	*25*	29,315	87,713	53,608
Contract liabilities	*26*	10,099	2,607	33,003
Lease liabilities	*14*	9,663	4,948	5,576
Total current liabilities		204,073	405,718	493,135
NET CURRENT ASSETS		256,880	69,452	98,053
TOTAL ASSETS LESS CURRENT LIABILITIES		680,145	610,092	649,982

		As at 31 December		
	Notes	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
NON-CURRENT LIABILITIES				
Interest-bearing bank borrowings	*24*	154,801	223,919	258,343
Lease liabilities	*14*	105,878	18,370	13,407
Deferred Income	*27*	–	38,966	35,066
Total non-current liabilities		260,679	281,255	306,816
Net assets		419,466	328,837	343,166
EQUITY				
Equity attributable to owners of the parent				
Paid-in capital	*28*	43,917	43,917	43,917
Reserves		377,066	284,920	299,249
		420,983	328,837	343,166
Non-controlling interests		(1,517)	–	–
TOTAL EQUITY		419,466	328,837	343,166

For the details of [REDACTED] investments, please refer to note 28 to the Historical Financial Information.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the parent							
		Reserves						
	Paid-in capital	Capital reserve	Share-based payment reserve	Statutory reserve	Retained profits/ (Accumulated losses)	Total	Non-controlling interests	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(note 28)	*(note 30)*	*(note 29)*	*(note 30)*				
At 1 January 2023	37,548	173,832	2,593	9,264	42,794	266,031	(1,076)	264,955
Loss for the year	–	–	–	–	(150,930)	(150,930)	(441)	(151,371)
Total comprehensive income for the year	–	–	–	–	(150,930)	(150,930)	(441)	(151,371)
Capital injection	6,369	297,284	–	–	–	303,653	–	303,653
Share-based payment expenses *(note 29)*	–	–	2,229	–	–	2,229	–	2,229
Share-based payment vested *(note 29)*	–	2,000	(2,000)	–	–	–	–	–
At 31 December 2023	43,917	473,116	2,822	9,264	(108,136)	420,983	(1,517)	419,466

	Attributable to owners of the parent								
		Reserves							
	Paid-in capital	**Capital reserve**	**Share-based payment reserve**	**Special reserve — safety fund**	**Statutory reserve**	**Retained profits/ (Accumulated losses)**	**Total**	**Non-controlling interests**	**Total equity**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(note 28)	*(note 30)*	*(note 29)*	*(note 30)*	*(note 30)*				
At 1 January 2024	43,917	473,116	2,822	–	9,264	(108,136)	420,983	(1,517)	419,466
Loss for the year	–	–	–	–	–	(94,311)	(94,311)	(741)	(95,052)
Total comprehensive income for the year	–	–	–	–	–	(94,311)	(94,311)	(741)	(95,052)
Share-based payment expenses *(note 29)*	–	–	2,165	–	–	–	2,165	–	2,165
Safety fund *(note 30)*	–	–	–	537	–	(537)	–	–	–
Disposal of a subsidiary *(note 31)*	–	–	–	–	–	–	–	2,258	2,258
At 31 December 2024	43,917	473,116	4,987	537	9,264	(202,984)	328,837	–	328,837

	Attributable to owners of the parent									
		Reserves								
	Paid-in capital	Capital reserve	Share-based payment reserve	Special reserve — safety fund	Statutory reserve	Exchange fluctuation reserve	Retained profits/ (Accumulated losses)	Total	Non-controlling interests	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(note 28)	*(note 30)*	*(note 29)*	*(note 30)*	*(note 30)*					
At 1 January 2025	43,917	473,116	4,987	537	9,264	–	(202,984)	328,837	–	328,837
Profit for the year	–	–	–	–	–	–	16,241	16,241	–	16,241
Exchange differences on translation of foreign operations	–	–	–	–	–	(180)	–	(180)	–	(180)
Total comprehensive income for the year	–	–	–	–	–	(180)	16,241	16,061	–	16,061
Share-based payment expenses *(note 29)*	–	–	(1,732)	–	–	–	–	(1,732)	–	(1,732)
Safety fund *(note 30)*	–	–	–	537	–	–	(537)	–	–	–
Utilisation of safety fund *(note 30)*	–	–	–	(1,074)	–	–	1,074	–	–	–
At 31 December 2025	43,917	473,116	3,255	–	9,264	(180)	(186,206)	343,166	–	343,166

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended 31 December		
	Notes	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
CASH FLOWS FROM OPERATING ACTIVITIES				
(Loss)/profit before tax		(151,371)	(95,052)	16,241
Adjustments for:				
Finance costs	*7*	7,399	13,541	15,902
Interest income	*5*	(1,036)	(325)	(270)
Net loss/(gain) on disposal of items of property, plant and equipment	*5*	5	(13)	(1)
Gains on disposal of right-of-use assets	*5*	(13)	(5,325)	–
Gain on disposal of a subsidiary	*5*	–	(4,329)	–
Gains from financial assets at fair value through profit or loss ("**FVTPL**")	*5*	(2,171)	(1,173)	(162)
Depreciation of property, plant and equipment	*13*	3,412	9,168	29,099
Amortisation of intangible assets	*15*	556	551	545
Depreciation of right-of-use assets	*14*	10,151	12,560	7,486
Impairment (reversal)/losses on financial assets, net	*6*	(330)	3,591	1,593
Impairment losses on inventories	*6*	76,870	34,290	22,836
Equity-settled share-based payment expenses	*29*	2,229	2,165	(1,732)
(Increase)/decrease in inventories		(178,448)	38,111	(59,769)
Decrease/(increase) in trade and bills receivables		1,363	(57,984)	(62,895)
(Increase)/decrease in pledged and restricted deposits	*22*	(6,000)	(14,000)	10,611
(Increase)/decrease in prepayments, other receivables and other assets		(40,560)	(16,828)	4,872
(Decrease)/increase in trade and bills payables		(23)	13,209	63,414
(Decrease)/increase in other payables, accruals and other liabilities		14,946	30,440	8,978
(Decrease)/increase in contract liabilities	*26*	(1,850)	(7,492)	30,396
Cash (used in)/generated from operations		(264,871)	(44,895)	87,144
Interest received	*5*	1,036	325	270
Interest element on lease liabilities	*7*	(4,689)	(4,421)	(865)
Net cash flows (used in)/generated from operating activities		(268,524)	(48,991)	86,549

	Notes	Year ended 31 December 2023 RMB'000	2024 RMB'000	2025 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from disposal of items of property, plant and equipment		2	65	120
Receipt of government grants for property, plant and equipment		–	39,000	–
Purchases of items of property, plant and equipment		(222,046)	(140,509)	(103,856)
Purchases of intangible assets		(11)	–	–
Purchases of items of land use rights	*14*	–	(26,471)	–
Purchases of other long term assets	*20*	–	(11,823)	–
Proceeds from disposal of financial assets at fair value through profit or loss		2,171	306,911	156,614
Proceeds from disposal of a subsidiary	*31*	–	6,147	–
Purchase of financial assets at fair value through profit or loss		–	(306,190)	(206,300)
Net cash flows used in investing activities		(219,884)	(132,870)	(153,422)
CASH FLOWS FROM FINANCING ACTIVITIES				
Interest-bearing bank borrowing received	*32*	300,124	407,356	373,689
Interest-bearing bank borrowing repaid	*32*	(104,398)	(178,363)	(285,491)
Interest paid	*32*	(5,746)	(13,807)	(14,091)
Principal portion of lease payments	*32*	(6,384)	(9,243)	(5,921)
Capital injection	*28*	310,000	–	10,000
Payment of professional fees related to capital injection	*28*	(6,347)	–	–
Net cash flows generated from financing activities		487,249	205,943	78,186
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(1,159)	24,082	11,313
Cash and cash equivalents at beginning of year		58,622	57,463	81,545
Effect of foreign exchange rate changes, net		–	–	(95)
CASH AND CASH EQUIVALENTS AT END OF YEAR		57,463	81,545	92,763

		Year ended 31 December		
	Notes	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS				
Cash and bank balances	*22*	63,463	101,545	102,152
Less: Pledged and restricted deposits	*22*	(6,000)	(20,000)	(9,389)
Cash and cash equivalents as stated in the statements of financial position and the statements of cash flows	*22*	57,463	81,545	92,763

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

		As at 31 December		
	Notes	**2023**	**2024**	**2025**
		RMB'000	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS				
Property, plant and equipment	*13*	9,625	9,239	41,208
Right-of-use assets	*14*	2,485	27,811	26,846
Intangible assets		11	10	8
Investments in subsidiaries	*16*	134,652	200,600	212,387
Other non-current assets		–	61	29
Total non-current assets		146,773	237,721	280,478
CURRENT ASSETS				
Inventories	*18*	154,335	141,755	90,378
Trade and bills receivables	*19*	123,943	81,941	188,641
Prepayments, other receivables and other assets	*20*	236,642	215,938	254,838
Financial assets at fair value through profit or loss	*21*	–	–	50,300
Pledged and restricted deposits	*22*	–	20,000	600
Cash and cash equivalents	*22*	49,102	42,373	77,368
Total current assets		564,022	502,007	662,125
TOTAL ASSETS		710,795	739,728	942,603
CURRENT LIABILITIES				
Trade and bills payables	*23*	46,618	67,729	122,422
Interest-bearing bank borrowings	*24*	145,198	234,198	262,468
Other payables and accruals	*25*	28,282	9,426	61,137
Contract liabilities	*26*	9,447	1,744	17,994
Lease liabilities	*14*	951	699	1,161
Total current liabilities		230,496	313,796	465,182
NET CURRENT ASSETS		333,526	188,211	196,943
TOTAL ASSETS LESS CURRENT LIABILITIES		480,299	425,932	477,421

	Notes	As at 31 December 2023 *RMB'000*	2024 *RMB'000*	2025 *RMB'000*
NON-CURRENT LIABILITIES				
Interest-bearing bank borrowings	*24*	–	–	56,835
Lease liabilities	*14*	1,735	1,150	602
Total non-current liabilities		1,735	1,150	57,437
Net assets		478,564	424,782	419,984
EQUITY				
Paid-in capital	*28*	43,917	43,917	43,917
Reserves	*30*	434,647	380,865	376,067
TOTAL EQUITY		478,564	424,782	419,984

For the details of [REDACTED] investments, please refer to note 28 to the Historical Financial Information.

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 CORPORATE AND GROUP INFORMATION

The Company is a limited liability company established in the People's Republic of China ("**PRC**") on 10 January 2012 and was converted into a joint stock limited liability company on 19 March 2026. The registered office of the Company is located in Shenzhen, Guangdong Province, China.

During the Relevant Periods, the Group, taking the comprehensive recycling of lithium battery materials as its starting point, established a fully integrated process covering recycling, hydrometallurgy, and cascade utilisation business. Consequently, the Group has developed an integrated and comprehensive capability for the generation and utilisation of lithium battery materials.

As of 31 December 2025, the Company held direct interests in its subsidiaries, all of which are private limited liability companies, the particulars of which are set out below:

Name	Place and date of incorporation/ registration and place of operations	Registered/ share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Guangdong Jiecheng New Energy Materials Technology Co., Ltd. 廣東傑成新能源材料科技有限公司 *(note i)*	PRC Chinese mainland 23 August 2021	RMB150,000,000	100%	–	Lithium battery recycling and material recovery
Jiangsu Jiecheng New Energy Technology Co., Ltd. 江蘇傑成新能源科技有限公司 *(note ii)*	PRC Chinese mainland 17 October 2022	RMB50,000,000	100%	–	Lithium battery recycling and material recovery
Jiecheng Recycling (Shenzhen) Supply Chain Co., Ltd. 傑成循環(深圳)供應鏈有限公司 (Formerly known as Shenzhen Deri New Technology Co., Ltd. 深圳市德日新科技有限公司) *(note ii)*	PRC Chinese mainland 28 July 2021	RMB1,000,000	100%	–	No actual operations
Jiecheng New Energy Group Co., Limited 傑成新能源集團有限公司 *(note iii)*	Hong Kong 4 September 2023	HKD10,000	100%	–	International trade
Zhejiang Jiecheng New Energy Technology Co., Ltd. 浙江傑成新能源科技有限公司 *(note iv)*	PRC Chinese mainland 2 January 2025	RMB100,000,000	100%	–	No actual operations

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

(i) The statutory financial statements of the entity for the years ended 31 December 2023, 2024 and 2025 prepared under China Accounting Standards for Business Enterprises ("**CAS**") were audited by Shenzhen Huatuo Xinda Certified Public Accountants ("深圳華拓信達會計師事務所(普通合夥)"), Shenzhen Ji Si Guang Yi Certified Public Accountants ("深圳集思廣益會計師事務所(普通合夥)") and Shenzhen Huatuo Xinda Certified Public Accountants ("深圳華拓信達會計師事務所(普通合夥)"), certified public accountants registered in the PRC, respectively.

(ii) The statutory financial statements of these entities for the years ended 31 December 2023 and 2024 prepared under China Accounting Standards for Business Enterprises ("**CAS**") were audited by Shenzhen Huatuo Xinda Certified Public Accountants ("深圳華拓信達會計師事務所(普通合夥)") and Shenzhen Ji Si Guang Yi Certified Public Accountants ("深圳集思廣益會計師事務所(普通合夥)"), certified public accountants registered in the PRC, respectively. As at the date of this report, no audited financial statements have been prepared for this entity for the year ended 31 December 2025.

(iii) The statutory financial statements of the entity for the period from 4 September 2023 (date of incorporation) to 31 December 2024 prepared under Hong Kong Small and Medium-Sized Entity Financial Reporting Standard ("**SME-FRS**") were audited by CH CPA & Co. ("進鏗會計師行"), certified public accountants registered in Hong Kong. As at the date of this report, no audited financial statements have been prepared for this entity for the year ended 31 December 2025.

(iv) As at the date of this report, no audited financial statements have been prepared for the entity for the year ended 31 December 2025.

2.1 BASIS OF PREPARATION

The Historical Financial Information has been prepared on a going concern basis. The directors of the Company have considered the Group's sources of liquidity and believe that adequate funding is available to fulfil the Group's debt obligations and capital expenditure requirements. Accordingly, the directors of the Company are of the opinion that it is appropriate to prepare the Historical Financial Information on a going concern basis.

For ordinary shares issued to [REDACTED] investors, pursuant to the supplemental agreements entered into between the Company and the [REDACTED] investors in relation to the termination of redemption rights, which are void ab initio as described in note 28 to the Historical Financial Information, having taken into account the legal and regulatory framework of the Company's jurisdiction and the governing law of the supplemental agreements, the directors considered that it is appropriate to present the [REDACTED] investments as equity throughout the Relevant Periods. For the details of [REDACTED] investments, please refer to note 28 to the Historical Financial Information.

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

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

The Historical Financial Information has been prepared under the historical cost convention except for financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income which have been measured at fair value.

Basis of consolidation

The Historical Financial Information includes the financial statements of the Company and its subsidiaries (collectively referred to as the "**Group**") for the Relevant Periods. A subsidiary is an entity (including a structured entity), directly 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 Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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

(b) rights arising from other contractual arrangements; and

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

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

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

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

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

2.2 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

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

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

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

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.

The application of IFRS 18 is not expected to have a material impact on the financial position of the Group but is expected to affect the presentation of the statement of profit or loss and statement of cash flows and disclosures in the future financial information. The Group will continue to assess the impact of IFRS 18 on the Group's financial information.

Except for IFRS 18, the directors of the Company anticipate that the application of these new and revised IFRS Accounting Standards have no material impact on the Group's financial performance and financial position in the foreseeable future.

2.3 MATERIAL ACCOUNTING POLICIES

Business combinations and goodwill

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

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

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

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

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

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

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

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

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

Fair value measurement

The Group measures its bank-issued wealth management products and part of its bills receivable at fair value 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 financial statements 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 financial statements 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 reporting period.

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.

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

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

An assessment is made at the end of each 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 depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

Related parties

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

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

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

(ii) has significant influence over the Group; or

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

or

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

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

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

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

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

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

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

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

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

Property, plant and equipment and depreciation

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

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property 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.

Category	Property, plant and equipment are depreciated over the following useful life
Buildings	20 years
Machinery	10 years
Others	3–5 years
Leasehold improvements	Shorter of remaining lease terms and estimated useful lives

No depreciation is provided in respect of construction in progress.

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

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

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

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

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.

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

Trademarks and patents

Purchased trademarks and patents are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 10 years, with reference to the estimated periods that the Group intends to derive future economic benefits from the use of the assets.

Software

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

Research and development costs

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

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

Leases

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

Group as a lessee

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

(i) Right-of-use assets

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

Buildings	2 to 15 years
Land	50 years

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

(ii) 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.

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

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). Lease payments on short-term leases are recognised as an expense on a straight-line basis over the lease term.

The Group applies the low-value lease recognition exemption to its leases of assets that are considered to be of low value. Lease payments on 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, fair value through other comprehensive income, and fair value through profit or loss.

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

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

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

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

Subsequent measurement

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

Financial assets at amortised cost (debt instruments)

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

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

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

Financial assets at fair value through profit or loss

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

Derecognition of financial assets

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

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

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

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

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

Impairment of financial assets

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

General approach

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

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

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

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

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade 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 and bills receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Classification as equity and financial liabilities

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of financial liability and equity instrument.

A financial liability is any liability that is (a) a contractual obligation (i) to deliver cash or another financial asset to another entity; or (ii) to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or (b) a contract that will or may be settled in the entity's own equity instruments and is: (i) a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or (ii) a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or payables, as appropriate.

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

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

Subsequent measurement

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

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

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

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

Derecognition of financial liabilities

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

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

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a specific identification basis or weighted average cost basis depending on nature or use 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 deposits as defined above.

Provisions

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

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

Income tax

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

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

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

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

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

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

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

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

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

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

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

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

Government grants

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

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments.

Revenue recognition

Revenue from contracts with customers

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

Whether the Group acts as a principal or an agent is evaluated in a transaction to determine whether revenue should be recorded on a gross or net basis. The Group is considered to be acting as the principal if it obtains control over the goods and services before they are transferred to customers. Generally, when the Group is primarily obligated in a transaction, is subject to inventory risk, has latitude in establishing prices, or has several but not all of these indicators, the Group acts as the principal and revenue is recorded on a gross basis. Generally, when the Group is not primarily obligated in a transaction, does not bear the inventory risk and does not have the ability to establish the price, the Group acts as the agent and revenue is recorded on a net basis.

Sale of recycling, hydrometallurgy, cascade utilisation products and other products

Revenue from the sale of these products is recognised at the point in time when control of the asset is transferred to the customer, generally on acceptance of the products by the customer, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Acceptance occurs when the products have been shipped to the specific location, the customer has acknowledged the receipt, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the acceptance provisions have lapsed.

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.

Government grants and subsidies, and additional deductions for value-added tax refer to accounting policies related to government grants.

Fair value gains on financial assets at fair value through profit or loss refer to accounting policies related to subsequent measurement of financial assets at fair value through profit or loss and derecognition of financial assets.

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 share award schemes. 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 cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period 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.

Other employee benefits

Pension scheme

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

Housing fund and other social insurances — Chinese mainland

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

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Events after the reporting period

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

Foreign currencies

The Historical Financial Information is presented in RMB. Entities in the Group use RMB or USD as their 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 reporting period. 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).

The functional currencies of certain overseas subsidiaries are currencies other than RMB. As at the end of each reporting period, the assets and liabilities of these entities were translated into the presentation currency of the Company 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 weighted average exchange rates for the period.

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 the statement of 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.

Operating segment information

Reportable segments are identified based on operating segments which are determined based on the structure of the Group's internal organisation, management requirements and internal reporting system. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, whose financial performance is regularly reviewed by the Group's management to make decisions about resources to be allocated to the segment and to assess its performance, and for which financial information regarding financial performance is available.

Two or more operating segments may be aggregated into a single operating segment if the segments have the same or similar economic characteristics and meet certain criteria.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

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

Deferred tax assets

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

The Group had tax losses of RMB153,990,000, RMB265,591,000 and RMB329,944,000 carried forward as at 31 December 2023, 2024 and 2025, respectively. These losses related to the entities that have a history of losses, have not expired, and may not be used to offset taxable income elsewhere in the Group. The entities have neither taxable temporary difference nor tax planning opportunities available that could 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 these tax losses carried forward.

The Group had deductible temporary differences of RMB92,882,000, RMB106,421,000 and RMB49,506,000 carried forward as at 31 December 2023, 2024 and 2025, respectively which were not recognised as deferred tax assets.

Estimation uncertainty

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

Provision for expected credit losses on trade and bills receivables

The Group uses a provision matrix to calculate ECLs for trade and bills receivables. The provision rates are based on the recognition date for groupings of various customer segments that have similar loss patterns.

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

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

Write-down of inventories to net realisable value

The Group reviews the carrying amounts of the inventories at the end of each reporting period to determine whether the inventories are carried at the lower of cost and net realisable value. The net realisable value is estimated based on the current market situation and historical experience with similar inventories. Any change in the assumptions would increase or decrease the amount of inventories written down or the related reversals of write-downs and affect the Group's financial position.

Share-based payments

The Group makes the best estimate of the number of exercisable equity instruments at the end of each reporting period. Share-based payment expenses are recognised over the vesting period based on the best available estimate of the number of equity instruments expected to vest. When determining the fair value of the equity instruments, the Group evaluates the fair value of these equity instruments granted on the grant date, primarily based on the recent transaction price. When no recent transaction price is available, the Group uses appropriate valuation models to estimate the fair value. This requires the Group to estimate the expected cash flows and to select a suitable discount rate to determine the present value of those cash flows.

Leases — Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the 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. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

4 OPERATING SEGMENT INFORMATION

During the Relevant Periods, the Group, taking the comprehensive recycling of lithium battery materials as its starting point, established a fully integrated process covering echelon utilisation, dismantling and recycling, hydrometallurgy, and material restoration. Consequently, the Group has developed an integrated and comprehensive capability for the regeneration and utilisation of lithium battery materials. Information reported to the Group's chief operating decision maker, for the purpose of resource allocation and performance assessment, focuses on the operating results of the Group as a whole as the Group's resources are integrated and no discrete operating segment financial information is available. Since this is the only reportable operating segment of the Group, no further operating segment analysis thereof is presented.

Geographical information

All the non-current assets of the Group are physically located in the Chinese mainland. The geographical location of a customer is based on the location at which the customer operates, and all of the revenue of the Group was derived from operations in the Chinese mainland during the Relevant Periods.

Information about a major customer

Revenue from a major customer, including sales to a group of entities which are known to be under common control with that customer, which amounted to 10% or more of the Group's revenue is set out below:

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Customer A	298,294	193,314	N/A

N/A represents revenue from the customer which amounted to less than 10% of the Group's revenue.

5 REVENUE, OTHER INCOME AND GAINS

(a) Disaggregated revenue information

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Types of goods			
Recycling products	976,838	983,652	1,230,348
Hydrometallurgy products	–	25,795	186,899
Cascade utilization products	181,107	160,809	82,370
Others	–	276	–
Total revenue from contracts with customers	1,157,945	1,170,532	1,499,617
Timing of revenue recognition			
Goods transferred at a point in time	1,157,945	1,170,532	1,499,617

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*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period			
Recycling products	4,616	8,528	2,326
Cascade utilization products	6,867	1,564	44
Total	11,483	10,092	2,370

(b) Performance obligation

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

Sale of products

The performance obligation is satisfied upon acceptance of the recycling, hydrometallurgy, and cascade utilisation products and other products. The Group generally require customers to pay a certain percentage of payment in advance, with the balance settled after goods delivery and mutual confirmation of the settlement statement. The Group generally grant a credit period of nil to 45 days to customers.

An analysis of other income and gains is as follows:

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Other income			
Interest income	1,036	325	270
Government grants and subsidies*	3,040	916	4,878
Income from additional value-added tax ("**VAT**")** input deduction	7,119	9,915	11,305
Total other income	11,195	11,156	16,453
Gains			
Fair value gains on financial assets at fair value through profit or loss	2,171	1,173	162
Gains on disposal of items of property, plant and equipment	–	13	1
Gains on disposal of a subsidiary	–	4,329	–
Gains on disposal of right-of-use assets	13	5,325	–
Others	179	549	483
Total gains	2,363	11,389	646
Total other income and gains	13,558	22,545	17,099

* Government grants related to income are received as compensation for expenses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs. These grants are recognised in profit or loss in the period upon actual receipt. There are no unfulfilled conditions or contingencies relating to these grants. The Group has also received certain government grants related to the purchases of items of property, plant and equipment. Where the grant relates to an asset, the fair value is credited to a deferred income account and released to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

** According to the regulations of the Ministry of Finance and the State Administration of Taxation, certain entities within the Group can enjoy an additional 5% deduction calculated based on the input VAT from the VAT payable since 1 January 2023 till 31 December 2025. The amount of additional deduction is recognised in profit or loss when the entities apply the preferential treatment.

6 PROFIT/(LOSS) BEFORE TAX

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

	Notes	Year ended 31 December 2023 RMB'000	2024 RMB'000	2025 RMB'000
Cost of inventories sold		1,147,021	1,135,599	1,373,707
Impairment losses on inventories		76,870	34,290	22,836
Depreciation of property, plant and equipment	*13*	3,412	9,168	29,099
Depreciation of right-of-use assets	*14*	10,151	12,560	7,486
Amortisation of intangible assets	*15*	556	551	545
Lease payments not included in the measurement of lease liabilities	*14*	192	57	52
Employee benefit expenses (excluding directors' and chief executive's remuneration *(note 8)*)				
Wages, salaries and other allowances		44,623	49,525	45,698
Pension scheme contributions and social welfare*		3,405	4,629	5,272
Share-based payment expenses	*29*	1,614	1,727	(2,170)
Total		49,642	55,881	48,800
Impairment (reversal)/losses on financial assets, net		(330)	3,591	1,593
Fair value gains on financial assets at fair value through profit or loss	*5*	(2,171)	(1,173)	(162)
Net loss/(gains) on disposal of property, plant and equipment	*5*	5	(13)	(1)
Net gains on disposal of a subsidiary	*5*	–	(4,329)	–
Net gains on disposal of right-of-use assets	*5*	(13)	(5,325)	–
Loss on derecognition of debt instruments measured at fair value through other comprehensive income		171	408	347

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

7 FINANCE COSTS

	Year ended 31 December 2023 RMB'000	2024 RMB'000	2025 RMB'000
Interest on interest-bearing bank borrowings	6,237	15,210	15,201
Interest on lease liabilities	4,689	4,421	865
Less: Interest capitalised	(3,527)	(6,090)	(164)
Total	7,399	13,541	15,902

8 DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the Relevant Periods is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Fees	–	–	–
Other emoluments:			
Salaries, allowances and benefits in kind	1,378	2,177	1,519
Performance related bonuses	429	603	629
Share-based payment expenses *(note 29)*	615	438	438
Pension scheme contributions	133	292	343
Subtotal	2,555	3,510	2,929
Total	2,555	3,510	2,929

During the Relevant Periods, restricted shares were granted to certain directors in respect of their services to the Group, further details of which are included in the disclosures in note 29 to the Historical Financial Information. The fair values of such restricted shares, which have been recognised in the statements of profit or loss over the vesting periods, were determined as at the dates of grant and the amounts included in the Historical Financial Information for the Relevant Periods are included in the above directors' and chief executive's remuneration disclosures.

(a) Independent non-executive directors

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

(b) Executive directors and a non-executive director

Directors' remuneration for the Relevant Periods is as follows:

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Share-based payment expenses	Pension scheme contributions	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2023						
Executive directors:						
Mr. Zheng Weipeng	–	468	135	–	41	644
Mr. Ding Bodong	–	370	113	250	31	764
Mr. Zhang Qiuhui	–	275	69	365	29	738
Mr. Zhang Wenliang	–	265	112	–	32	409
Non-executive director:						
Mr. Jiang Jiang	–	–	–	–	–	–
Total	–	1,378	429	615	133	2,555

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Share-based payment expenses	Pension scheme contributions	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2024						
Executive directors:						
Mr. Zheng Weipeng	–	569	180	–	88	837
Mr. Ding Bodong	–	447	144	–	72	663
Mr. Zhang Qiuhui	–	676	130	438	54	1,298
Mr. Zhang Wenliang	–	159	19	–	13	191
Mr. Yang Haoyu	–	326	130	–	65	521
Non-executive director:						
Mr. Jiang Jiang	–	–	–	–	–	–
Total	–	2,177	603	438	292	3,510

	Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Share-based payment expenses	Pension scheme contributions	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2025						
Executive directors:						
Mr. Zheng Weipeng	–	436	180	–	97	713
Mr. Ding Bodong	–	132	56	–	34	222
Mr. Lin Xiaojie	–	282	119	–	67	468
Mr. Zhang Qiuhui	–	361	144	438	72	1,015
Mr. Yang Haoyu	–	308	130	–	73	511
Non-executive director:						
Mr. Jiang Jiang	–	–	–	–	–	–
Total	–	1,519	629	438	343	2,929

Mr. Zheng Weipeng has been appointed as the chief executive and an executive director since the registration of the Company.

Mr. Ding Bodong was appointed as an executive director in February 2023 and resigned in May 2025.

Mr. Zhang Qiuhui was appointed as an executive director in February 2023.

Mr. Zhang Wenliang was appointed as an executive director in February 2023 and resigned in September 2024.

Mr. Yang Haoyu was appointed as an executive director in September 2024.

Mr. Lin Xiaojie was appointed as an executive director in May 2025.

Mr. Jiang Jiang was appointed as a non-executive director in February 2023.

None of the executive directors waived or agreed to waive their remuneration during the Relevant Periods.

9 FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group included 2 directors of the Company in 2023, 3 directors of the Company in 2024 and 1 director of the Company in 2025, details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining highest paid employees who are not directors of the Company are as follows:

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Salaries, allowances and benefits in kind	1,568	1,035	2,011
Performance related bonuses	317	295	552
Share-based payment expenses	–	113	346
Pension scheme contributions	81	120	273
Total	1,966	1,563	3,182

The numbers of non-director highest paid employees whose remuneration fell within the following band are as follows:

	Year ended 31 December		
	2023	**2024**	**2025**
Nil to HKD1,000,000	3	2	4
Total	3	2	4

During the Relevant Periods, restricted shares were granted to a non-director and non-chief executive highest paid employee in respect of his services to the Group, further details of which are included in the disclosures in note 29 to the Historical Financial Information. The fair values of such restricted shares, which have been recognised in the statements of profit or loss over the vesting periods, were determined as at the dates of grant and the amounts included in the financial statements for the Relevant Periods are included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

10 INCOME TAX

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

Hong Kong

The subsidiary incorporated in Hong Kong is subject to Hong Kong profits tax at the rate of 16.5% on the estimated assessable profits arising in Hong Kong. No provision for Hong Kong profits tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the Relevant Periods.

Chinese mainland

Pursuant to the Enterprise Income Tax Law of the PRC and the respective regulations (the "**EIT Law**"), the entities which operate in the Chinese mainland are subject to EIT at a rate of 25% on the taxable income, except for those which are subject to tax concession as set out below:

(a) In 2023, the Company was accredited as a "High and New Technology Enterprise" ("**HNTE**"). Hence, the Company was entitled to a preferential EIT rate of 15% for the Relevant Periods.

The income tax expense/(credit) of the Group for the Relevant Periods is analysed as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Current income tax	–	–	–
Deferred income tax	–	–	–
Total	–	–	–

A reconciliation of the tax expense/(credit) applicable to profit/(loss) before tax at the statutory tax rate for the jurisdiction where the operations of the Group are substantially based to the tax expense at the effective tax rate is as follows:

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
(Loss)/Profit before tax	(151,371)	(95,052)	16,241
Tax at the statutory tax rate	(37,843)	(23,763)	4,060
Effect on preferential tax rate	9,157	6,024	214
Income not subject to tax	–	(2,084)	(1,024)
Expenses not deductible for tax	836	507	(25)
Additional deductible allowance for qualified research and development costs	(5,242)	(3,566)	(2,448)
Deductible temporary differences and tax losses utilised from previous periods	–	(10)	(15,055)
Deductible temporary differences and tax losses not recognised	33,092	22,892	14,278
Tax charge at the Group's effective tax rate	–	–	–

11 DIVIDENDS

No dividends have been paid or declared by the Company during the Relevant Periods.

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

The calculation of the basic (loss)/earnings per share amounts is based on the (loss)/profit attributable to owners of the parent, and the weighted average numbers of ordinary shares outstanding during the Relevant Periods, as adjusted to reflect the changes in share capital.

The Company was converted into a joint stock limited liability company and issued 43,917,246 shares with a par value of RMB1 each on 19 March 2026. For the purpose of calculating basic (loss)/earnings per share amounts, the weighted average number of ordinary shares deemed to be outstanding before the Company's conversion into a joint stock limited liability company was determined assuming the conversion had occurred on 1 January 2023, at the conversion ratio established in the conversion on 19 March 2026.

No adjustment has been made to the basic (loss)/earnings per share amounts presented for the Relevant Periods in respect of a dilution as the Group had no potentially dilutive ordinary shares outstanding during the Relevant Periods.

The following reflects the (loss)/earnings and share data used in the basic (loss)/earnings per share computation:

	Year ended 31 December		
	2023	**2024**	**2025**
Loss/Earnings:			
(Loss)/Profit for the year attributable to owners of the parent, used in the basic (loss)/earnings per share calculation *(RMB'000)*	(150,930)	(94,311)	16,241
Number of shares:			
Weighted average number of ordinary shares outstanding during the year, used in the basic (loss)/earnings per share calculation *(in thousand shares)*	42,665	43,917	43,917
Basic and diluted *(expressed in RMB per share)*	(3.54)	(2.15)	0.37

13 PROPERTY, PLANT AND EQUIPMENT

The Group

31 December 2023	**Machinery**	**Construction in progress**	**Leasehold improvements**	**Others**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023:					
Cost	5,714	10,361	4,737	4,293	25,105
Accumulated depreciation	(491)	–	(572)	(931)	(1,994)
Net carrying amount	5,223	10,361	4,165	3,362	23,111
At 1 January 2023, net of accumulated depreciation	5,223	10,361	4,165	3,362	23,111
Additions	4,568	211,052	2,927	2,850	221,397
Disposals	–	–	–	(7)	(7)
Transfers	3,368	(15,519)	10,639	1,512	–
Depreciation provided during the year	(772)	–	(1,155)	(1,485)	(3,412)
At 31 December 2023, net of accumulated depreciation	12,387	205,894	16,576	6,232	241,089
At 31 December 2023:					
Cost	13,650	205,894	18,303	8,587	246,434
Accumulated depreciation	(1,263)	–	(1,727)	(2,355)	(5,345)
Net carrying amount	12,387	205,894	16,576	6,232	241,089

31 December 2024	**Buildings**	**Machinery**	**Construction in progress**	**Leasehold improvements**	**Others**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2024:						
Cost	–	13,650	205,894	18,303	8,587	246,434
Accumulated depreciation	–	(1,263)	–	(1,727)	(2,355)	(5,345)
Net carrying amount	–	12,387	205,894	16,576	6,232	241,089
At 1 January 2024, net of accumulated depreciation	–	12,387	205,894	16,576	6,232	241,089
Additions	–	9,118	183,912	706	378	194,114
Disposals	–	(5)	–	–	(47)	(52)
Disposal of a subsidiary	–	(2,433)	–	(2,239)	(594)	(5,266)
Transfers	205,157	96,063	(304,872)	3,294	358	–
Depreciation provided during the year	–	(1,759)	–	(5,399)	(2,010)	(9,168)
At 31 December 2024, net of accumulated depreciation	205,157	113,371	84,934	12,938	4,317	420,717
At 31 December 2024:						
Cost	205,157	115,786	84,934	19,220	7,834	432,931
Accumulated depreciation	–	(2,415)	–	(6,282)	(3,517)	(12,214)
Net carrying amount	205,157	113,371	84,934	12,938	4,317	420,717

31 December 2025	**Buildings**	**Machinery**	**Construction in progress**	**Leasehold improvements**	**Others**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2025:						
Cost	205,157	115,786	84,934	19,220	7,834	432,931
Accumulated depreciation	–	(2,415)	–	(6,282)	(3,517)	(12,214)
Net carrying amount	205,157	113,371	84,934	12,938	4,317	420,717
At 1 January 2025, net of accumulated depreciation	205,157	113,371	84,934	12,938	4,317	420,717
Additions	–	6,786	42,300	2,439	216	51,741
Disposals	–	(41)	–	–	(78)	(119)
Transfers	2,052	4,457	(12,780)	6,239	32	–
Depreciation provided during the year	(9,769)	(11,428)	–	(5,995)	(1,907)	(29,099)
At 31 December 2025, net of accumulated depreciation	197,440	113,145	114,454	15,621	2,580	443,240
At 31 December 2025:						
Cost	207,209	126,979	114,454	27,898	7,772	484,312
Accumulated depreciation	(9,769)	(13,834)	–	(12,277)	(5,192)	(41,072)
Net carrying amount*	197,440	113,145	114,454	15,621	2,580	443,240

* As at 31 December 2025, certain items of machinery and other property, plant and equipment were pledged as security for bank facilities, with a net carrying amount of approximately RMB115,832,000.

The Company

31 December 2023	**Machinery**	**Construction in progress**	**Leasehold improvements**	**Others**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023:					
Cost	2,510	–	1,895	1,559	5,964
Accumulated depreciation	(313)	–	(183)	(496)	(992)
Net carrying amount	2,197	–	1,712	1,063	4,972
At 1 January 2023, net of accumulated depreciation	2,197	–	1,712	1,063	4,972
Additions	2,698	1,862	74	993	5,627
Disposals	–	–	–	(4)	(4)
Transfers	–	(853)	853	–	–
Depreciation provided during the year	(292)	–	(251)	(427)	(970)
At 31 December 2023, net of accumulated depreciation	4,603	1,009	2,388	1,625	9,625
At 31 December 2023:					
Cost	5,209	1,009	2,822	2,546	11,586
Accumulated depreciation	(606)	–	(434)	(921)	(1,961)
Net carrying amount	4,603	1,009	2,388	1,625	9,625

31 December 2024	**Machinery**	**Construction in progress**	**Leasehold improvements**	**Others**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2024:					
Cost	5,209	1,009	2,822	2,546	11,586
Accumulated depreciation	(606)	–	(434)	(921)	(1,961)
Net carrying amount	4,603	1,009	2,388	1,625	9,625
At 1 January 2024, net of accumulated depreciation	4,603	1,009	2,388	1,625	9,625
Additions	334	717	–	106	1,157
Disposals	(5)	–	–	(47)	(52)
Transfers	373	(373)	–	–	–
Depreciation provided during the year	(538)	–	(387)	(566)	(1,491)
At 31 December 2024, net of accumulated depreciation	4,767	1,353	2,001	1,118	9,239
At 31 December 2024:					
Cost	5,906	1,353	2,821	2,502	12,582
Accumulated depreciation	(1,139)	–	(820)	(1,384)	(3,343)
Net carrying amount	4,767	1,353	2,001	1,118	9,239

31 December 2025	Machinery	Construction in progress	Leasehold improvements	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2025:					
Cost	5,906	1,353	2,821	2,502	12,582
Accumulated depreciation	(1,139)	–	(820)	(1,384)	(3,343)
Net carrying amount	4,767	1,353	2,001	1,118	9,239
At 1 January 2025, net of accumulated depreciation	4,767	1,353	2,001	1,118	9,239
Additions	755	32,718	–	19	33,492
Disposals	–	–	–	(18)	(18)
Depreciation provided during the year	(608)	–	(387)	(510)	(1,505)
At 31 December 2025, net of accumulated depreciation	4,914	34,071	1,614	609	41,208
At 31 December 2025:					
Cost	6,661	34,071	2,821	2,393	45,946
Accumulated depreciation	(1,747)	–	(1,207)	(1,784)	(4,738)
Net carrying amount	4,914	34,071	1,614	609	41,208

14 LEASES

The Group as a lessee

The Group has lease contracts for various items of leasehold land and buildings used in its operations. Leases of leasehold land generally have lease terms of 50 years, while buildings generally have lease terms between 2 and 15 years.

(a) Right-of-use assets

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

The Group

Year ended 31 December 2023	Land	Buildings	Total
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	47,016	95,032	142,048
Additions	–	24,518	24,518
Depreciation charge *(note 6)*	(957)	(9,194)	(10,151)
Disposal as a result of early cancellation of leases	–	(305)	(305)
At the end of the year	46,059	110,051	156,110

Year ended 31 December 2024	**Land**	**Buildings**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	46,059	110,051	156,110
Additions	26,471	18,965	45,436
Depreciation charge *(note 6)*	(1,250)	(11,310)	(12,560)
Disposal of a subsidiary	–	(13,864)	(13,864)
Disposal as a result of early cancellation of leases	–	(81,273)	(81,273)
At the end of the year	71,280	22,569	93,849

Year ended 31 December 2025	**Land**	**Buildings**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	71,280	22,569	93,849
Additions	–	1,026	1,026
Depreciation charge *(note 6)*	(1,839)	(5,647)	(7,486)
At the end of the year	69,441	17,948	87,389

The Company

Year ended 31 December 2023	**Buildings**	**Total**
	RMB'000	*RMB'000*
At the beginning of the year	3,126	3,126
Additions	318	318
Depreciation charge	(959)	(959)
At the end of the year	2,485	2,485

Year ended 31 December 2024	**Land**	**Buildings**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	–	2,485	2,485
Additions	26,471	148	26,619
Depreciation charge	(294)	(999)	(1,293)
At the end of the year	26,177	1,634	27,811

Year ended 31 December 2025	**Land**	**Buildings**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	26,177	1,634	27,811
Additions	–	1,026	1,026
Depreciation charge	(882)	(1,109)	(1,991)
At the end of the year	25,295	1,551	26,846

(b) Lease liabilities

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

The Group

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	96,811	115,541	23,318
New leases	24,518	18,965	1,026
Accretion of interest recognised during the year *(note 7)*	4,689	4,421	865
Payments	(10,159)	(12,536)	(6,226)
Disposal of a subsidiary	–	(15,539)	–
Disposal as a result of early cancellation of leases	(318)	(87,534)	–
Carrying amount at the end of the year	115,541	23,318	18,983
Analysed into:			
Current portion	9,663	4,948	5,576
Non-current portion	105,878	18,370	13,407

As at 31 December 2023, 31 December 2024 and 31 December 2025, certain leasehold land with net carrying amounts of approximately RMB46,059,000, RMB45,103,000 and RMB69,441,000 was pledged as security for bank facilities granted to the Group.

The Company

	Year ended 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	3,227	2,686	1,849
New leases	318	148	1,026
Accretion of interest recognised during the year	147	106	81
Payments	(1,006)	(1,091)	(1,193)
Carrying amount at the end of the year	2,686	1,849	1,763
Analysed into:			
Current portion	951	699	1,161
Non-current portion	1,735	1,150	602

(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 *(note 7)*	4,689	4,421	865
Depreciation charge of right-of-use assets *(note 6)*	10,151	12,560	7,486
Expense relating to short-term leases or leases of low-value assets	192	57	52
Total amount recognised in profit or loss	15,032	17,038	8,403

15 INTANGIBLE ASSETS

The Group

31 December 2023	**Software**	**Trademarks and patents**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2023:			
Cost	34	5,442	5,476
Accumulated amortisation	(14)	(45)	(59)
Net carrying amount	20	5,397	5,417
At 1 January 2023, net of accumulated amortisation	20	5,397	5,417
Additions	–	11	11
Amortisation provided during the year	(11)	(545)	(556)
At 31 December 2023, net of accumulated amortisation	9	4,863	4,872
At 31 December 2023:			
Cost	34	5,454	5,488
Accumulated amortisation	(25)	(591)	(616)
Net carrying amount	9	4,863	4,872

31 December 2024	**Software**	**Trademarks and patents**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2024:			
Cost	34	5,454	5,488
Accumulated amortisation	(25)	(591)	(616)
Net carrying amount	9	4,863	4,872
At 1 January 2024, net of accumulated amortisation	9	4,863	4,872
Disposal of a subsidiary	(3)	–	(3)
Amortisation provided during the year	(6)	(545)	(551)
At 31 December 2024, net of accumulated amortisation	–	4,318	4,318
At 31 December 2024:			
Cost	–	5,454	5,454
Accumulated amortisation	–	(1,136)	(1,136)
Net carrying amount	–	4,318	4,318

31 December 2025	**Trademarks and patents** *RMB'000*	**Total** *RMB'000*
At 1 January 2025:		
Cost	5,454	5,454
Accumulated amortisation	(1,136)	(1,136)
Net carrying amount	4,318	4,318
At 1 January 2025, net of accumulated amortisation	4,318	4,318
Amortisation provided during the year	(545)	(545)
At 31 December 2025, net of accumulated amortisation	3,773	3,773
At 31 December 2025:		
Cost	5,454	5,454
Accumulated amortisation	(1,681)	(1,681)
Net carrying amount	3,773	3,773

16 INVESTMENTS IN SUBSIDIARIES

The Company

		As at 31 December	
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Investment cost	140,052	206,000	217,787
Impairment *(note i)*	(5,400)	(5,400)	(5,400)
Total	134,652	200,600	212,387

Note:

(i) Due to the business adjustment, the Company accrued impairment in the investment in a subsidiary, Jiecheng Recycling (Shenzhen) Supply Chain Co., Ltd. ("**Jiecheng Recycling**") in 2023, mainly based on observable market prices of assets less incremental costs for disposing of the asset. During the Relevant Periods, no impairment provision was made for the Company's investment in the subsidiaries except for Jiecheng Recycling.

17 DEFERRED TAX

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

The Group

Deferred tax assets

	Lease liabilities	Tax losses	Deferred income	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	23,445	–	–	23,445
Deferred tax credited to the consolidated statement of profit or loss during the year	3,819	–	–	3,819
At 31 December 2023	27,264	–	–	27,264
At 1 January 2024	27,264	–	–	27,264
Deferred tax charged to the consolidated statement of profit or loss during the year	(18,319)	–	–	(18,319)
Disposal of a subsidiary	(3,466)	–	–	(3,466)
At 31 December 2024	5,479	–	–	5,479
At 1 January 2025	5,479	–	–	5,479
Deferred tax (charged)/credited to the consolidated statement of profit or loss during the year	(1,147)	6,289	8,766	13,908
At 31 December 2025	4,332	6,289	8,766	19,387

Deferred tax liabilities

	Right-of-use assets	Property, plant and equipment	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2023	23,445	–	23,445
Deferred tax charged to the consolidated statement of profit or loss during the year	3,819	–	3,819
At 31 December 2023	27,264	–	27,264
At 1 January 2024	27,264	–	27,264
Deferred tax credited to the consolidated statement of profit or loss during the year	(18,319)	–	(18,319)
Disposal of a subsidiary	(3,466)	–	(3,466)
At 31 December 2024	5,479	–	5,479
At 1 January 2025	5,479	–	5,479
Deferred tax charged/(credited) to the consolidated statement of profit or loss during the year	(1,147)	15,055	13,908
At 31 December 2025	4,332	15,055	19,387

For presentation purposes, deferred tax assets and liabilities have been offset in the statement of financial position.

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

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Net deferred tax assets recognised in the consolidated statement of financial position	–	–	–
Net deferred tax liabilities recognised in the consolidated statement of financial position	–	–	–

The Company

Deferred tax assets

	Lease liabilities *RMB'000*	Total *RMB'000*
At 1 January 2023	469	469
Deferred tax charged to the consolidated statement of profit or loss during the year	(96)	(96)
At 31 December 2023	373	373
At 1 January 2024	373	373
Deferred tax charged to the consolidated statement of profit or loss during the year	(128)	(128)
At 31 December 2024	245	245
At 1 January 2025	245	245
Deferred tax charged to the consolidated statement of profit or loss during the year	(12)	(12)
At 31 December 2025	233	233

The Company

Deferred tax liabilities

	Right-of-use assets *RMB'000*	Total *RMB'000*
At 1 January 2023	469	469
Deferred tax credited to the consolidated statement of profit or loss during the year	(96)	(96)
At 31 December 2023	373	373
At 1 January 2024	373	373
Deferred tax credited to the consolidated statement of profit or loss during the year	(128)	(128)
At 31 December 2024	245	245
At 1 January 2025	245	245
Deferred tax credited to the consolidated statement of profit or loss during the year	(12)	(12)
At 31 December 2025	233	233

For presentation purposes, deferred tax assets and liabilities have been offset in the statement of financial position.

The following is an analysis of the deferred tax balances of the 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 consolidated statement of financial position	–	–	–
Net deferred tax liabilities recognised in the consolidated statement of financial position	–	–	–

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

The Group

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Tax losses not recognised	153,990	265,591	329,944
Deductible temporary differences	92,882	106,421	49,506
Total	246,872	372,012	379,450

The Company

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Tax losses not recognised	136,088	234,715	273,710
Deductible temporary differences	49,462	41,518	29,674
Total	185,550	276,233	303,384

As at 31 December 2023, 2024 and 2025, deferred tax assets have not been recognised in respect of tax losses of RMB153,990,000, RMB265,591,000 and RMB329,944,000 arising in the Chinese mainland, respectively, which will expire in one to ten years for offsetting against future taxable profits.

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

18 INVENTORIES

The Group

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Raw materials and consumables	40,869	57,239	75,659
Work in progress	–	3	5,721
Finished goods	201,897	113,057	125,852
Total	242,766	170,299	207,232

The Company

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Raw materials and consumables	26,645	49,837	48,991
Work in progress	–	3	–
Finished goods	127,690	91,915	41,387
Total	154,335	141,755	90,378

19 TRADE AND BILLS RECEIVABLES

The Group

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	37,180	71,510	100,287
Bills receivable, carried at amortised cost *(i)*	13,539	9,617	282
Bills receivable from third parties, measured at fair value through other comprehensive income	–	7,283	22,800
Impairment	(1,896)	(5,973)	(7,430)
Net carrying amount	48,823	82,437	115,939

The Company

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables from subsidiaries	76,383	2,295	86,532
Trade receivables from third parties	30,293	42,846	94,122
Bills receivable from subsidiaries, carried at amortised cost *(ii)*	5,280	30,000	–
Bills receivable from third parties, carried at amortised cost *(i)*	13,539	9,617	282
Bills receivable from third parties, measured at fair value through other comprehensive income	–	1,723	14,825
Impairment	(1,552)	(4,540)	(7,120)
Net carrying amount	123,943	81,941	188,641

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

The Group

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Within 3 months	48,823	82,178	115,583
3 to 6 months	–	234	342
6 months to 1 year	–	25	4
1 to 2 years	–	–	10
Total	48,823	82,437	115,939

The Company

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Within 3 months	123,943	81,941	188,294
3 to 6 months	–	–	342
6 months to 1 year	–	–	5
Total	123,943	81,941	188,641

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

The Group

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	2,624	1,896	5,973
Impairment losses, net	(728)	4,077	1,457
At the end of the year	1,896	5,973	7,430

The Company

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
At the beginning of the year	2,624	1,552	4,540
Impairment losses, net	(1,072)	2,988	2,580
At the end of the year	1,552	4,540	7,120

Notes:

(i) As at 31 December 2023, bills receivables from third parties of RMB13,539,000 were pledged as collateral for bank borrowings.

As at 31 December 2024, bills receivables from third parties of RMB7,800,000 were pledged as collateral for bank borrowings.

(ii) As at 31 December 2023, bills receivables from subsidiaries, carried at amortised cost of RMB5,280,000 were pledged as collateral for bank borrowings.

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

The bills receivable held by the Group, which were measured at amortised cost and fair value through other comprehensive income, were mostly issued by reputable banks and had short-term maturities. Accordingly, the identified impairment loss was assessed to be minimal as at the end of each of the Relevant Periods.

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

The Group

As at 31 December 2023

	Gross carrying amount *RMB'000*	**Expected credit loss rate**	**Expected credit losses** *RMB'000*
On a collective basis:			
Within 3 months	50,719	3.7%	1,896
Total	50,719	3.7%	1,896

As at 31 December 2024

	Gross carrying amount *RMB'000*	**Expected credit loss rate**	**Expected credit losses** *RMB'000*
On a collective basis:			
Within 3 months	85,623	4.0%	3,445
3 to 6 months	246	5.0%	12
6 months to 1 year	26	5.0%	1
On an individual basis	2,515	100.0%	2,515
Total	88,410	6.8%	5,973

As at 31 December 2025

	Gross carrying amount *RMB'000*	**Expected credit loss rate**	**Expected credit losses** *RMB'000*
On a collective basis:			
Within 3 months	120,478	4.1%	4,895
3 to 6 months	360	5.0%	18
6 months to 1 year	5	5.0%	1
1 to 2 years	11	10.0%	1
On an individual basis	2,515	100.0%	2,515
Total	123,369	6.0%	7,430

The Company

As at 31 December 2023

	Gross carrying amount *RMB'000*	**Expected credit loss rate**	**Expected credit losses** *RMB'000*
On a collective basis:			
Within 3 months	125,495	1.2%	1,552
Total	125,495	1.2%	1,552

As at 31 December 2024

	Gross carrying amount *RMB'000*	**Expected credit loss rate**	**Expected credit losses** *RMB'000*
On a collective basis:			
Within 3 months	83,966	2.4%	2,025
On an individual basis	2,515	100.0%	2,515
Total	86,481	5.2%	4,540

As at 31 December 2025

	Gross carrying amount *RMB'000*	**Expected credit loss rate**	**Expected credit losses** *RMB'000*
On a collective basis:			
Within 3 months	192,881	2.4%	4,586
3 to 6 months	360	5.0%	18
6 months to 1 year	5	5.0%	1
On an individual basis	2,515	100%	2,515
Total	195,761	3.6%	7,120

20 PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

The Group

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Prepayment for materials	20,171	66,390	59,937
Prepayment for equipment and construction	21,194	9,933	5,704
Other long term assets	–	11,823	11,823
Other prepayments	790	1,618	1,671
Deposits	22,416	10,304	8,965
Value-added tax recoverable	54,167	42,283	45,368
Prepaid income tax	8,131	–	–
Other receivables	8,251	7,229	7,148
Less: Impairment losses	(8,025)	(7,387)	(7,524)
Less: Non-current portion	(21,194)	(21,756)	(17,527)
Current portion	105,901	120,437	115,565

The Company

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Prepayment for materials	14,230	59,720	29,011
Prepayment for equipment and construction	–	61	29
Other prepayments	143	707	369
Deposits	4,133	2,356	3,343
Receivables from subsidiaries	188,350	146,250	202,468
Value-added tax recoverable	20,649	6,769	19,728
Prepaid income tax	8,131	–	–
Other receivables	8,117	7,091	7,041
Less: Impairment losses	(7,111)	(6,955)	(7,122)
Less: Non-current portion	–	(61)	(29)
Current portion	236,642	215,938	254,838

At the end of each of the Relevant Periods, the ECLs of the financial assets included in receivables from related parties-group companies and other receivables were measured based on the 12-month expected credit loss if these financial assets were not past due. Otherwise, the above-mentioned financial assets were measured based on the lifetime expected credit loss. An impairment analysis was performed at the end of each of the Relevant Periods.

21 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The Group

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Wealth management products, at fair value	–	452	50,300
Total	–	452	50,300

The Company

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Wealth management products, at fair value	–	–	50,300
Total	–	–	50,300

The financial assets above were wealth management products issued by banks in the Chinese mainland. They were mandatorily classified as financial assets at FVTPL as their contractual cash flows are not solely payments of principal and interest.

22 CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

The Group

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Cash and bank balances	63,463	101,545	102,152
Subtotal	63,463	101,545	102,152
Less: Pledged and restricted deposits	(6,000)	(20,000)	(9,389)
Total cash and cash equivalents	57,463	81,545	92,763

The Company

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Cash and bank balances	49,102	62,373	77,968
Subtotal	49,102	62,373	77,968
Less: Pledged and restricted deposits	–	(20,000)	(600)
Total cash and cash equivalents	49,102	42,373	77,368

At the end of each of the Relevant Periods, the amount of cash and bank balances of the Group denominated in non-RMB currencies was minimal. Cash at banks earns interest at floating rates based on daily bank deposit rate. The bank balances are deposited with creditworthy banks with no recent history of default. At the end of each of the Relevant Periods, the Group and the Company assessed the credit risk of bank balances and considered the risk to be minimal as they were placed in reputable financial institutions.

As at 31 December 2023 and 31 December 2024, certain bank balances, amounting to RMB6,000,000 and RMB20,000,000, respectively, were pledged due to the issuance of bank-insured bills. As at 31 December 2025, a certain bank balance amounting to RMB9,389,000 was frozen by judicial authorities for litigations.

23 TRADE AND BILLS PAYABLES

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

The Group

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	9,682	22,275	85,008
1 to 2 years	–	402	695
2 to 3 years	–	–	388
Total	9,682	22,677	86,091

Trade payables are non-interest-bearing. The suppliers generally require the Group to pay a certain percentage of payment in advance, with the balance settled after goods delivery and mutual confirmation of the settlement statement. The suppliers generally grant the Group a credit period of nil to 10 days. At the end of each of the Relevant Periods, the carrying amounts of trade and bills payables approximated to their fair values.

The Company

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Within 1 year	46,618	67,715	121,761
1 to 2 years	–	14	661
Total	46,618	67,729	122,422

24 INTEREST-BEARING BANK BORROWINGS

The Group

31 December 2023	**Effective interest rate**	**Maturity**	**2023**
			RMB'000
Current			
Bank loans — secured *(ii)*	0.71%–1.30%	2024	13,539
Bank loans-unsecured	2.48%	2024	5,280
Bank loans — secured *(iii) (34c)*	2.68%–4.80%	2024	126,379
Current portion of long-term bank loans — secured *(iv) (34c)*	3.85%–3.95%	2024	116
Total — current			145,314
Non-current			
Bank loans — secured *(iv) (34c)*	3.85%–3.95%	2025–2032	154,801
Total — non-current			154,801
Total			300,115

31 December 2024	**Effective interest rate**	**Maturity**	**2024**
			RMB'000
Current			
Bank loans — secured *(ii)*	2.65%	2025	7,800
Bank loans — secured *(iii) (34c)*	3.00%	2025	60,051
Bank loans — unsecured	1.15%–3.22%	2025	186,348
Current portion of long-term bank loans — secured *(iv) (34c)*	3.75%–3.85%	2025	33,574
Total — current			287,773
Non-current			
Bank loans — secured *(iv) (34c)*	3.75%–3.85%	2026–2032	223,919
Total — non-current			223,919
Total			511,692

31 December 2025	**Effective interest rate**	**Maturity**	**2025**
			RMB'000
Current			
Bank loans — secured *(iv) (34c)*	2.70%	2026	9,988
Bank loans — unsecured	1.75%–3.15%	2026	271,837
Current portion of long-term bank loans — unsecured	3.00%	2026	601
Current portion of long-term bank loans — secured *(iv) (34c)*	3.15%–3.85%	2026	32,431
Total — current			314,857
Non-current			
Bank loans — secured (iv) (34c)	2.50%–3.85%	2027–2033	224,293
Bank loans — unsecured	3.00%	2027–2028	34,050
Total — non-current			258,343
Total			573,200

Notes:

(i) The Group's bank borrowings are all denominated in RMB.

(ii) The secured bank borrowings as at 31 December 2023 totaling RMB13,539,000 were pledged by trade and bills receivables (note 19) of the Group.

The secured bank borrowings as at 31 December 2024 totaling RMB7,800,000 were pledged by trade and bills receivables (note 19) of the Group.

(iii) The secured bank borrowings as at 31 December 2023 of RMB104,489,000 was guaranteed by Mr. Zheng Weipeng (note 34), and the remaining amount of RMB21,890,000 was jointly guaranteed by Mr. Zheng Weipeng, Guangdong Jiecheng New Energy Materials Technology Co., Ltd and the Company.

The secured bank borrowings as at 31 December 2024 totaling RMB60,051,000 were secured by Mr. Zheng Weipeng (note 34).

(iv) The secured bank borrowings as at 31 December 2023 totaling RMB154,917,000 were secured by the land use right with certificate number Yue (2022) Jiangmen City Real Estate Right No.2018206 (note 14), Mr. Zheng Weipeng (note 34) and the Company.

The secured bank borrowings as at 31 December 2024 totaling RMB257,493,000 were secured by the land use right with certificate number Yue (2022) Jiangmen City Real Estate Right No.2018206 (note 14), Mr. Zheng Weipeng (note 34) and the Company.

The secured bank borrowings as at 31 December 2025 of RMB22,803,000 were secured by the land use right with certificate No. G10401–0705 (note 14), and with a net carrying amount of approximately RMB243,909,000 was secured by the land use right with certificate number Yue (2022) Jiangmen City Real Estate Right No.2018206 (note 14), property, plant and equipment (note 13), Mr. Zheng Weipeng (note 34) and the Company.

(v) As at 31 December 2023, 2024 and 2025, the Group and the Company were not in violation of the covenants related to bank loans.

An analysis of the maturity of borrowings is as follows:

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Analysed into:			
Bank loans repayable:			
Within one year	145,314	287,773	314,857
1 to 3 years	38,700	64,325	103,608
3 to 5 years	38,700	64,325	73,285
Beyond 5 years	77,401	95,269	81,450
Total	300,115	511,692	573,200

The Company

31 December 2023	**Effective interest rate**	**Maturity**	**2023**
			RMB'000
Current			
Bank loans — secured	0.71%–2.48%	2024	18,819
Bank loans — secured *(34c)*	2.68%–3.20%	2024	126,379
Total — current			145,198
Total			145,198

31 December 2024	**Effective interest rate**	**Maturity**	**2024**
			RMB'000
Current			
Bank loans — secured	2.65%	2025	7,800
Bank loans — secured *(34c)*	3.00%–3.15%	2025	60,051
Bank loans — unsecured	2.70%–3.22%	2025	166,347
Total — current			234,198
Total			234,198

31 December 2025	**Effective interest rate**	**Maturity**	**2025**
			RMB'000
Current			
Bank loans — unsecured	1.75%–3.15%	2026	261,849
Current portion of long-term bank loans — secured *(34c)*	3.00%	2026	18
Current portion of long-term bank loans — unsecured	3.00%	2026	601
Total — current			262,468
Non-current			
Bank loans — secured *(34c)*	3.00%	2026–2033	22,785
Bank loans — unsecured	3.00%	2026–2028	34,050
Total — non-current			56,835
Total			319,303

An analysis of the maturity of borrowings is as follows:

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Analysed into:			
Bank loans repayable:			
Within one year	145,198	234,198	262,468
1 to 3 years	–	–	36,845
3 to 5 years	–	–	6,522
Beyond 5 years	–	–	13,468
Total	145,198	234,198	319,303

25 OTHER PAYABLES AND ACCRUALS

The Group

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Payroll and welfare payable	5,138	7,232	7,032
Payables for purchase of property, plant and equipment	5,831	66,528	16,725
Security deposits	1,169	1,230	750
Service fee payables	337	7,522	7,710
Investment received in advance	–	–	10,000
Other tax payables	1,960	945	3,115
Others	14,880	4,256	8,276
Total	29,315	87,713	53,608

The Company

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Payroll and welfare payable	3,209	5,046	4,628
Payables for purchase of property, plant and equipment	355	117	152
Security deposits	99	980	750
Payables to subsidiaries	22,000	–	37,216
Service fee payables	335	479	498
Investment received in advance	–	–	10,000
Other tax payables	1,425	631	2,760
Others	859	2,173	5,133
Total	28,282	9,426	61,137

Other payables are unsecured and repayable on demand.

26 CONTRACT LIABILITIES

The Group recognised the following revenue-related contract liabilities:

The Group

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Advances from customers	10,099	2,607	33,003
Total	10,099	2,607	33,003

The Company

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Advances from customers	9,447	1,744	17,994
Total	9,447	1,744	17,994

The Group receives payments from customers based on billing schedules as established in the contracts. A portion of payments is usually received in advance of the transfer of the related goods under the contracts.

27 DEFERRED INCOME

The Group

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Government grants and subsidies	–	38,966	35,066

28 PAID-IN CAPITAL

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

	As at 31 December
	RMB'000
At 1 January 2023	37,548
Capital injection	6,369
At 31 December 2023	43,917
At 31 December 2023 and 1 January 2024	43,917
At 31 December 2024	43,917
At 31 December 2024 and 1 January 2025	43,917
At 31 December 2025	43,917

In March 2023, the Company obtained capital injections of RMB310,000,000 from certain [REDACTED] investors. Of the total amount, RMB6,369,000 was recognised as paid-in capital, after deducting of professional fees related to capital injection with the amount of RMB6,347,000, the remaining RMB297,284,000 was recorded as capital reserve in accordance with the relevant terms of the investment agreement.

From 2022 onwards and during the Relevant Periods, the Company entered into respective shareholders' agreements and share subscription agreements (collectively, the "**[REDACTED] Investors Agreements**") with various [REDACTED] Investors (collectively, the "**[REDACTED] Investors**") and issued ordinary shares thereto with a total consideration of approximately RMB424,630,000 (collectively, the "**[REDACTED] Investments**") with the respective par value being recorded as paid-in capital and the remainder as reserves. Pursuant to the [REDACTED] Investors Agreements, the [REDACTED] Investors were granted redemption rights by the Company.

There was no exercise of redemption rights granted by the Company throughout the Relevant Periods.

On 26 May 2026, the Company and the [REDACTED] Investors subsequently entered into supplemental agreements (the "**Supplemental Agreements**"), agreeing that the redemption rights granted by the Company have been irrevocably terminated and shall be void ab initio. Taking into account the legal and regulatory framework of the Company's jurisdiction and the governing law of the Supplemental Agreements, the directors considered that it is appropriate to present the [REDACTED] Investments as equity throughout the Relevant Periods.

Had the redemption rights granted by the Company to the [REDACTED] Investors been accounted for as financial liabilities measured at present value of the redemption amount prior to entering into the Supplemental Agreements on 26 May 2026, (i) the redemption financial liabilities, total current liabilities, net current assets, total assets less current liabilities, total non-current liabilities and net assets would have been:

	As at 31 December 2023	**As at 31 December 2024**
	RMB'000	*RMB'000*
Redemption financial liabilities	457,077	491,047
Total non-current liabilities	717,756	772,302
Net assets	(37,611)	(162,210)

	As at 31 December
	2025
	RMB'000
Redemption financial liabilities	525,018
Total current liabilities	1,018,153
Net current assets	(426,965)
Total assets less current liabilities	124,964
Net assets	(181,852)

and (ii) the finance costs associated with the redemption financial liabilities, the net loss for the year, and the basic and diluted loss per share would have been:

	For the year ended 31 December		
	2023	**2024**	**2025**
Finance costs associated with the redemption financial liabilities *(RMB'000)*	28,799	33,970	33,970
(Loss)/Profit for the year attributable to owners of the parent, used in the basic (loss)/earnings per share calculation *(RMB'000)*	(150,930)	(94,311)	16,241
Total net loss *(RMB'000)*	(179,729)	(128,281)	(17,729)
Basic and diluted loss per share *(expressed in RMB)*	(4.21)	(2.92)	(0.40)

29 SHARE-BASED PAYMENTS

To provide incentives and rewards to eligible participants who contribute to the Group's operation, the Company has designed and established a shareholding platform to operate restricted share incentive schemes (the "**Schemes**"). The restricted shares granted to the employees or other service providers under the Schemes shall be vested upon completion of certain service period. The shares granted are subject to restrictions on transfer, disposal and such other limitations set forth in the plan. After the grant of the awards, the participants became limited partners of the incentive platform. Mr. Zheng Weipeng, the chairman of the board of directors of the Company, acts as the general partner of the platform, and is obliged to repurchase the shares of the resigned eligible participants at subscription prices.

At the early stage of the Company, Mr. Zheng Weipeng, the founder of the Company transferred shares to partners and management at a price lower than fair value, which was also considered as share-based payment.

The fair value of restricted share awards is measured at the grant date based on the difference between the Company's recent share transaction price and the grantee's subscription price.

Movements in the number of restricted shares under the Schemes during the Relevant Periods are as follows:

	Year ended 31 December		
	2023	**2024**	**2025**
	'000	*'000*	*'000*
At beginning of the year	994	559	616
Granted	65	57	142
Vested	(500)	–	–
Forfeited	–	–	(365)
At end of the year	559	616	393

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

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Restricted shares granted by the Company	2,229	2,165	(1,732)

30 RESERVES

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.

(a) Capital reserve

The capital reserve of the Group includes the share premium contributed by the shareholders of the Company.

(b) Share-based payment reserve

The share-based payment reserve represents the equity-settled share awards as set out in note 29 to the Historical Financial Information.

(c) Statutory reserve

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

(d) Special reserve — safety funds

Pursuant to the Management Measures for the Extraction and Use of Enterprise Safety Production Funds, the Group is required to set aside an amount for maintenance, production and other similar funds. The funds can be used for the maintenance of production and improvements in safety and are not available for distribution to shareholders.

The following tables set forth the reserves of the Company:

	Capital reserve	**Share-based payment reserve**	**Statutory reserve**	**Retained profits/ (Accumulated losses)**	**Total reserves**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2023	173,832	2,593	9,264	58,030	243,719
Loss for the year	–	–	–	(108,585)	(108,585)
Total comprehensive loss for the year	–	–	–	(108,585)	(108,585)
Capital injection	297,284	–	–	–	297,284
Share-based payment expenses	–	2,229	–	–	2,229
Share-based payments-vested	2,000	(2,000)	–	–	–
At 31 December 2023	473,116	2,822	9,264	(50,555)	434,647

	Capital reserve	Share-based payment reserve	Statutory reserve	Accumulated losses	Total reserves
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2024	473,116	2,822	9,264	(50,555)	434,647
Loss for the year	–	–	–	(55,834)	(55,834)
Total comprehensive loss for the year	–	–	–	(55,834)	(55,834)
Share-based payment expenses	–	2,052	–	–	2,052
At 31 December 2024	473,116	4,874	9,264	(106,389)	380,865

	Capital reserve	Share-based payment reserve	Statutory reserve	Accumulated losses	Total reserves
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2025	473,116	4,874	9,264	(106,389)	380,865
Loss for the year	–	–	–	(2,943)	(2,943)
Total comprehensive loss for the year	–	–	–	(2,943)	(2,943)
Share-based payment expenses	–	(1,855)	–	–	(1,855)
At 31 December 2025	473,116	3,019	9,264	(109,332)	376,067

31 DISPOSAL OF A SUBSIDIARY

On 14 June 2024, the Group disposed of a 55% interest in Guangdong Jiecheng New Energy Environmental Protection Technology Co., Ltd.

The amounts of the assets and liabilities of Guangdong Jiecheng New Energy Environmental Protection Technology Co., Ltd. as at the date of disposal are as follows:

	2024
	RMB'000
Net assets disposed of:	
Property, plant and equipment	5,266
Right-of-use assets	13,864
Intangible assets	3
Inventories	66
Cash and cash equivalents	1,003
Other current assets	3,316
Trade and bills payables	(214)
Other payables and accruals	(7,202)
Lease liabilities	(15,539)
Non-controlling interests	2,258
Subtotal	2,821
Gain on disposal of a subsidiary	4,329
Total consideration	7,150
Satisfied by:	
Cash	7,150

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

	2024
	RMB'000
Cash consideration	7,150
Cash and bank balances disposed of	(1,003)
Net inflow of cash and cash equivalents in respect of the disposal of a subsidiary	6,147

32 NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Major non-cash transactions

During the years ended 31 December 2023, 2024 and 2025, the Group had non-cash additions to right-of-use assets and lease liabilities of RMB24,518,000, RMB18,965,000 and RMB1,026,000, respectively, in respect of lease arrangements for buildings.

(b) Changes in liabilities arising from financing activities

	Interest-bearing bank borrowings	Lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2023	103,898	96,811	200,709
Changes from financing cash flows*	195,726	(5,470)	190,256
New leases	–	24,518	24,518
Disposal as a result of early cancellation of leases	–	(318)	(318)
Interest accrued	6,237	4,689	10,926
Interest paid	(5,746)	(4,689)	(10,435)
At 31 December 2023	300,115	115,541	415,656

	Interest-bearing bank borrowings	Lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2024	300,115	115,541	415,656
Changes from financing cash flows*	228,993	(8,115)	220,878
New leases	–	18,965	18,965
Disposal as a result of early cancellation of leases	–	(87,534)	(87,534)
Disposal of a subsidiary	–	(15,539)	(15,539)
Interest accrued	15,210	4,421	19,631
Interest paid	(13,807)	(4,421)	(18,228)
Non-cash settlement**	(18,819)	–	(18,819)
At 31 December 2024	511,692	23,318	535,010

	Interest-bearing bank borrowings	Lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2025	511,692	23,318	535,010
Changes from financing cash flows*	88,198	(5,361)	82,837
New leases	–	1,026	1,026
Interest accrued	15,201	865	16,066
Interest paid	(14,091)	(865)	(14,956)
Non-cash settlement**	(27,800)	–	(27,800)
At 31 December 2025	573,200	18,983	592,183

* The principal portion of lease payments stated in the consolidated statements of cash flows includes input VAT related to payments of lease liabilities.

** The non-cash settlement comprises the settlement of borrowings arising from pledged trade and bills receivables.

(c) Total cash outflow for leases

	Year ended 31 December		
	2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Short-term lease payments and payments for leases of low-value assets not included in the measurement of the lease liability within operating activities	192	57	52
Cash payments for the interest portion of the lease liability within operating activities	4,689	4,421	865
Cash payments for the principal portion of the lease liability within financing activities	6,384	9,243	5,921
Total	11,265	13,721	6,838

33 PLEDGE OF ASSETS

Details of the Group's assets pledged at the end of each of the Relevant Periods are included in notes 13, 14, 22 and 24 to the Historical Financial Information.

34 RELATED PARTY TRANSACTIONS

(a) Names and relationships

(1) Major shareholders

Share percentage in the Company:

	As at 31 December		
	2023	2024	2025
Mr. Zheng Weipeng	9.98%	9.98%	9.98%
Shenzhen Jiecheng Investment Consulting Co., Ltd.	30.47%	30.47%	30.47%
Shenzhen Jiecheng Enterprise Management Partnership Enterprise (Limited Partnership)	20.21%	20.21%	20.21%

The ultimate controlling shareholder of the Company is Mr. Zheng Weipeng.

(2) Subsidiaries of the Company

The detailed information of the Company's subsidiaries is set out in note 1.

(3) Another related party of the Group

Name of the related party	Relationship with the Group
Shenzhen Jiecheng Zhiyuan Enterprise Management Partnership (Limited Partnership)	Controlled by the ultimate controlling shareholder

(b) Balances of related party transactions between the Group and a related party

The Group

(1) Prepayments, deposits and other receivables

Name of related party	As at 31 December 2023	2024	2025
	RMB'000	*RMB'000*	*RMB'000*
Shenzhen Jiecheng Zhiyuan Enterprise Management Partnership (Limited Partnership)	950	–	–

(c) Related party guarantees

At 31 December 2023

Granter	Guaranteed party	Guarantee amount	Inception date of guarantee	Expiry date of guarantee	Whether performance of guarantee has been completed	Outstanding draw amount under guarantee
		RMB'000				*RMB'000*
Mr. Zheng Weipeng	The Company	150,000	11 November 2022	Three years after the final repayment period	No	36,636
Mr. Zheng Weipeng	The Company	55,000	15 June 2023	Three years after the final repayment period	No	21,890
Mr. Zheng Weipeng	The Company	200,000	23 November 2022	–	No	67,853
Mr. Zheng Weipeng	A subsidiary of the Company	400,000	December 2022	Three years after the final repayment period	No	154,917
Total						281,296

At 31 December 2024

Granter	Guaranteed party	Guarantee amount	Inception date of guarantee	Expiry date of guarantee	Whether performance of guarantee has been completed	Outstanding draw amount under guarantee
		RMB'000				*RMB'000*
Mr. Zheng Weipeng	The Company	150,000	11 November 2022	Three years after the final repayment period	No	60,051
Mr. Zheng Weipeng	A subsidiary of the Company	400,000	December 2022	Three years after the final repayment period	No	257,493
Total						317,544

At 31 December 2025

Granter	Guaranteed party	Guarantee amount	Inception date of guarantee	Expiry date of guarantee	Whether performance of guarantee has been completed	Outstanding draw amount under guarantee
		RMB'000				*RMB'000*
Mr.Zheng Weipeng	The Company	240,000	4 July 2025	Three years after the final repayment period	No	22,803
Mr.Zheng Weipeng	A subsidiary of the Company	300,000	July 2025	Three years after the final repayment period	No	243,909
Total						266,712

(d) Related party lease

At 31 December 2023

Lessor	Lessee	Right-of-use assets	Lease liabilities	Depreciation charge	Accretion of interest recognised during the year
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Mr. Zheng Weipeng	The Company	265	330	53	12

At 31 December 2024

Lessor	Lessee	Right-of-use assets	Lease liabilities	Depreciation charge	Accretion of interest recognised during the year
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Mr. Zheng Weipeng	The Company	212	340	53	10

At 31 December 2025

Lessor	Lessee	Right-of-use assets	Lease liabilities	Depreciation charge	Accretion of interest recognised during the year
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Mr. Zheng Weipeng	The Company	159	349	53	9

35 COMMITMENTS AND CONTINGENCIES

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

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Contracted, but not provided for:			
Property, plant and equipment	195,687	83,461	235,317
Acquisition of a target company*	–	–	28,733
Total	195,687	83,461	264,050

* A subsidiary of the Company entered into an agreement to acquire a target company. The total consideration amounts to MYR16,590,000 (equivalent to RMB28,733,000), comprising MYR6,985,000 for the purchase of shares from existing shareholders and MYR9,605,000 for the subscription of additional shares.

As of December 31, 2023, 2024 and 2025, we had contingent liabilities of nil, nil and RMB4,625,000, respectively.

As of December 31, 2025, the amount of two pending litigations against us were RMB9,389,000, and the amount of two pending arbitrations against us were RMB5,736,000. Taking into account the first-instance judgment of one litigation, the court ruling dismissing the claims in another litigation, and the settlement reached in the arbitrations, we have considered the associated risks and uncertainties and made a provision of RMB10,500,000 in total.

36 FINANCIAL INSTRUMENTS BY CATEGORY

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

The Group

As at 31 December 2023

Financial assets

	Financial assets at amortised cost	**Total**
	RMB'000	*RMB'000*
Trade and bills receivables	48,823	48,823
Financial assets included in prepayments, other receivables and other assets	22,642	22,642
Pledged and restricted deposits	6,000	6,000
Cash and cash equivalents	57,463	57,463
Total	134,928	134,928

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Trade and bills payables	9,682
Interest-bearing bank borrowings	300,115
Financial liabilities included in other payables and accruals	22,217
Total	332,014

As at 31 December 2024

Financial assets

	Financial assets at fair value through profit or loss	**Financial assets at fair value through other comprehensive income**		
	Mandatorily designated as such	**Debt investments**	**Financial assets at amortised cost**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills receivables	–	7,283	75,154	82,437
Financial assets included in prepayments, other receivables and other assets	–	–	10,146	10,146
Financial assets at fair value through profit or loss	452	–	–	452
Pledged and restricted deposits	–	–	20,000	20,000
Cash and cash equivalents	–	–	81,545	81,545
Total	452	7,283	186,845	194,580

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Trade and bills payables	22,677
Interest-bearing bank borrowings	511,692
Financial liabilities included in other payables and accruals	79,536
Total	613,905

As at 31 December 2025

Financial assets

	Financial assets at fair value through profit or loss	Financial assets at fair value through other comprehensive income		
	Mandatorily designated as such	**Debt investments**	**Financial assets at amortised cost**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills receivables	–	22,800	93,139	115,939
Financial assets included in prepayments, other receivables and other assets	–	–	8,589	8,589
Financial assets at fair value through profit or loss	50,300	–	–	50,300
Pledged and restricted deposits	–	–	9,389	9,389
Cash and cash equivalents	–	–	92,763	92,763
Total	50,300	22,800	203,880	276,980

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Trade and bills payables	86,091
Financial liabilities included in other payables and accruals	39,981
Interest-bearing bank borrowings	573,200
Total	699,272

37 FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts of the following financial instruments reasonably approximate their fair values because, for example, they are short term in nature or frequently repriced at current market rates:

Assets: Trade and bills receivables, other receivables, financial assets at fair value through profit or loss, pledged and restricted deposits, cash and cash equivalents, etc.

Liabilities: Trade and bills payables, interest-bearing bank borrowings, other payables and accruals, lease liabilities, etc.

The Group's finance team headed by the finance managers is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance team reports directly to the head of finance. At each reporting date, the finance team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

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

The Group has designated bills receivable as financial assets at fair value through other comprehensive income. These assets primarily represent bills receivable held by the Group in the ordinary course of business, under a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets. In addition, the Group also invests in other financial assets at fair value through profit or loss, mainly consisting of wealth management products issued by banks in the Chinese mainland. The fair values of these structured deposits have been estimated based on the net asset values announced by the banks at the end of each reporting period.

Fair value hierarchy

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

Assets and liabilities measured at fair value

The Group

As at 31 December 2023, the Group did not have any financial assets or liabilities measured at fair value.

As at 31 December 2024

	Year ended 31 December 2024		
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Total
	RMB'000	*RMB'000*	*RMB'000*
Financial assets			
Financial assets at fair value through profit or loss	452	–	452
Trade and bills receivables	–	7,283	7,283
Total	452	7,283	7,735

As at 31 December 2024, the Group did not have any financial liabilities measured at fair value.

As at 31 December 2025

	Year ended 31 December 2025		
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Total
	RMB'000	*RMB'000*	*RMB'000*
Financial assets			
Financial assets at fair value through profit or loss	50,300	–	50,300
Trade and bills receivables	–	22,800	22,800
Total	50,300	22,800	73,100

As at 31 December 2025, the Group did not have any financial liabilities measured at fair value.

38 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, other than financial assets at FVTPL, comprise interest-bearing bank borrowings, pledged deposits, 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 bills receivables, trade and bills payables, financial assets included in prepayments, deposits and other receivables, and financial liabilities included in other payables and accruals, which arise directly from its operations.

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

Credit risk

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

Maximum exposure and year-end staging

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

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 and bills receivables	–	–	–	50,719	50,719
Financial assets included in prepayments, other receivables and other assets					
— Normal	23,835	–	–	–	23,835
— Doubtful	–	–	6,832	–	6,832
Pledged and restricted deposits					
— Not yet past due	6,000	–	–	–	6,000
Cash and cash equivalents					
— Not yet past due	57,463	–	–	–	57,463
Total	87,298	–	6,832	50,719	144,849

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 and bills receivables	–	–	–	88,410	88,410
Financial assets included in prepayments, other receivables and other assets					
— Normal	10,701	–	–	–	10,701
— Doubtful	–	–	6,832	–	6,832
Pledged and restricted deposits					
— Not yet past due	20,000	–	–	–	20,000
Cash and cash equivalents					
— Not yet past due	81,545	–	–	–	81,545
Total	112,246	–	6,832	88,410	207,488

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 and bills receivables	–	–	–	123,369	123,369
Financial assets included in prepayments, other receivables and other assets					
— Normal	9,281	–	–	–	9,281
— Doubtful	–	–	6,832	–	6,832
Pledged and restricted deposits					
— Not yet past due	9,389	–	–	–	9,389
Cash and cash equivalents					
— Not yet past due	92,763	–	–	–	92,763
Total	111,433	–	6,832	123,369	241,634

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's interest-bearing bank borrowings with a floating interest rate.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax through the impact on floating rate borrowings.

The Group

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax *RMB'000*
Year ended 31 December 2023		
Interest-bearing bank borrowings	50	(1,406)
	(50)	1,406
Year ended 31 December 2024		
Interest-bearing bank borrowings	50	(2,557)
	(50)	2,557
Year ended 31 December 2025		
Interest-bearing bank borrowings	50	(2,863)
	(50)	2,863

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 and bills receivables) and projected cash flows from operations.

The maturity profile of the Group's financial liabilities and lease 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

	Less than 1 year *RMB'000*	1 to 3 years *RMB'000*	Over 3 years *RMB'000*	Total *RMB'000*
Trade and bills payables	9,682	–	–	9,682
Interest-bearing bank borrowings	151,374	49,875	132,476	333,725
Financial liabilities included in other payables and accruals	22,217	–	–	22,217
Lease liabilities	14,440	29,174	103,891	147,505
Total	197,713	79,049	236,367	513,129

As at 31 December 2024

	Less than 1 year *RMB'000*	1 to 3 years *RMB'000*	Over 3 years *RMB'000*	Total *RMB'000*
Trade and bills payables	22,677	–	–	22,677
Interest-bearing bank borrowings	302,121	80,916	183,045	566,082
Financial liabilities included in other payables and accruals	79,536	–	–	79,536
Lease liabilities	5,846	11,024	9,468	26,338
Total	410,180	91,940	192,513	694,633

As at 31 December 2025

	Less than 1 year	1 to 3 years	Over 3 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade and bills payables	86,091	–	–	86,091
Interest-bearing bank borrowings	329,604	126,046	188,253	643,903
Financial liabilities included in other payables and accruals	39,981	–	–	39,981
Lease liabilities	6,289	10,464	4,415	21,168
Total	461,965	136,510	192,668	791,143

Transfers of financial assets

Transferred financial assets that are not derecognised in their entirety

At 31 December 2023, 2024, and 2025, the Group discounted certain bills receivable in the Chinese mainland (the "**Discounted Bills**") with a carrying amount of RMB13,539,000, RMB7,800,000 and nil, respectively. In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Discounted Bills, and accordingly, it continued to recognise the full carrying amounts of the Discounted Bills and the associated bank borrowings. Subsequent to the Discounted Bills, the Group did not retain any rights on the use of the Discounted Bills, including the sale, transfer or pledge of the Discounted Bills to any other third parties. At 31 December 2023, 2024, and 2025, the carrying amount of the associated bank borrowings were RMB13,539,000, RMB7,800,000 and nil, respectively.

Transferred financial assets that are derecognised in their entirety

At 31 December 2023, 2024, and 2025, the Group discounted certain bills receivable accepted by banks in the Chinese mainland (the "**Derecognised Bills**") with a carrying amount RMB8,753,000, RMB38,926,000 and RMB4,542,000, respectively. The Derecognised Bills had a maturity of 1 to 7 months at the end of the Relevant Periods. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills may exercise the right of recourse against any, several or all of the persons liable for the Derecognised Bills, including the Group, in disregard of the order of precedence (the "**Continuing Involvement**"). In the opinion of the directors, the risk of the Group being claimed by the holders of the Derecognised Bills is remote in the absence of a default of the accepted banks. The Group has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group's Continuing Involvement in the Derecognised Bills are not significant.

During the years ended 31 December 2023, 2024, and 2025, the Group has recognised losses on the date of transfer of the Derecognised Bills amounting to RMB171,000, RMB408,000 and RMB347,000, respectively. The discount has been made evenly throughout the Relevant Periods.

Capital management

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

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

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

The Group

	As at 31 December		
	2023	**2024**	**2025**
	RMB'000	*RMB'000*	*RMB'000*
Total liabilities	464,752	686,973	799,951
Total assets	884,218	1,015,810	1,143,117
Debt-to-asset ratio	53%	68%	70%

39 EVENTS AFTER THE RELEVANT PERIODS

On 19 March 2026, the Company was converted into a joint stock limited liability company. Refer to note 1 and note 12 for details.

On 30 April 2026, according to the agreement entered into among the Company and the shareholders, Xinyu Weisen No. 1 Venture Capital Fund Partnership, Shenzhen Yongchangxuan Enterprise Management Partnership Enterprise (Limited Partnership) and Guangdong Shuishi Investment Co., Ltd. agreed to invest in the Company in the aggregate amount of RMB44.75 million with subscription for the newly increased registered capital of the Company in the aggregate amount of RMB756,000.

On 26 May 2026, the Company and the [REDACTED] Investors entered into Supplemental Agreements agreeing that the redemption rights granted by the Company have been irrecoverably terminated and shall be void ab initio. Refer to note 28 for details.

Except for the events disclosed in note 1, note 12, note 28 and note 39 in the accountants' report, there was no significant event after the end of the Relevant Periods that required additional disclosure or adjustments.

40 SUBSEQUENT FINANCIAL STATEMENTS

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